A Lighter Shade of Dark

Exploring the Value Adding and Value Subtracting Effects of Headquarters Attention and Involvement in Subsidiary Activities

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Dissertation presented at Uppsala University to be publicly examined in Lecture Hall 2 (Hörsal 2), Ekonomikum, Kyrkogårdsgatan 10, Uppsala, Wednesday, 10 October 2018 at 13:15 for the degree of Doctor of Philosophy. The examination will be conducted in English. Faculty examiner: Ram Mudambi (Fox School of Business, Temple University).

Abstract

Headquarters of multinational corporations are presented with a diverse range of stimuli that influences the issues that they pay attention to and ultimately get involved in. However, headquarters have to prioritize since their attention and resources are limited, and they cannot pay attention to all issues and get equally involved in all subsidiaries. To stand out and attract attention and involvement, subsidiaries can use different issue selling tactics to present headquarters with issues that are strategically important to the subsidiary. While headquarters can add value to their subsidiaries by paying attention and getting involved in subsidiary activities, there is also a risk of headquarters making different prioritizations than the subsidiaries, and instead subjecting them to misguided involvement and value subtraction. Existing research tends to assume that the more attention a subsidiary receives, the better off it will be. However, I reevaluate this assumption, and complement existing research by examining how subsidiaries experience headquarters attention and involvement, and the effects on subsidiary activities.

Data were collected at the subsidiary level, using interviews and a survey to capture the subsidiary perspective of headquarters attention and involvement. More specifically, 115 interviews were conducted with subsidiary managers of European MNCs based in Japan, and survey data was collected from 93 Japanese subsidiaries of European MNCs. The empirical findings highlight circumstances under which headquarters attention and involvement can add or subtract value from subsidiary activities. Furthermore, subsidiaries can highlight strategic issues during their issue selling efforts to attract headquarters involvement that has a beneficial impact on subsidiary activities. I extend the parenting literature by developing an attention-based parenting typology and showing how misaligned priorities risk exposing subsidiaries to value subtraction rather than value added during headquarters involvement. This thesis also contributes to elaborating on the attention-based view by exploring mixed types and levels of attention, as well as circumstances under which negative attention can be perceived as beneficial and value adding by subsidiaries.

By incorporating the attention-based view with the parenting literature and issue selling, this thesis extends our understanding of the headquarters-subsidiary relationship, highlights circumstances under which subsidiaries appreciate attention and involvement, and shows a darker side of headquarters’ parenting in which subsidiaries risk experiencing value subtraction.

Keywords: multinational corporation, headquarters-subsidiary relationship, attention-based view, parenting, issue selling

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ISSN 1103-8454
ISBN 978-91-506-2708-4
urn:nbn:se:uu:diva-354091 (http://urn.kb.se/resolve?urn=nbn:se:uu:diva-354091)
Acknowledgement

I would like to take this opportunity to thank everyone who has helped and supported me along the way. This journey would not have been possible without your continuous encouragement and support:

My supervisors Associate Professor Henrik Dellestrand and Professor Francesco Ciabuschi
Friends and colleagues at the department and those who participated in the Nord-IB program
Colleagues who gave feedback at numerous conferences
Professor Ulf Andersson for taking the time to be my opponent during my final seminar
Family and friends for your continued support and interest in my research

I owe special gratitude to Professor James Sallis for inspiring courses, explanations, and discussions about statistics, especially structural equation modeling in LISREL.

A special thank you goes to Felipe Monteiro, Affiliate Professor of Strategy at INSEAD, for all your help and support during my time at INSEAD. Thank you for interesting and thought-provoking discussions that have helped me develop as a researcher. Also, a special thank you to Professor Peter Williamson for making my time at Judge Business School, University of Cambridge possible.

My research and the development of this thesis would not have been possible without the generous financial support of Berch & Bordström-fonder, Företagsekonomiska Institutionen, Uppsala University; Anna Maria Lundins Resestipendier, Smålands Nation, Uppsala; Handelsbankens Forskningsstiftelser, Sweden; Scandinavia-Japan Sasakawa Foundation Grants, Sweden.
List of Papers

This thesis is based on the following papers, which are referred to in the text by their Roman numerals.


II  Nilsson, A. C. Headquarters Involvement in Subsidiary Activities: When and why do subsidiaries experience value subtrac-

III  Nilsson, A. C. and Monteiro, F. Different Parenting Styles: Ex-

IV  Nilsson, A. C. and Dellestrand, H. Gauging subsidiary influence and performance through strategic issue selling and the involve-

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Introduction

This thesis focuses on the effects of headquarters attention and involvement on subsidiaries’ relationships with their headquarters in multinational corporations (MNCs). Headquarters attention involves the noticing and focusing of time and effort by decision makers on issues and answers (Ocasio, 1997). In the context of MNCs, headquarters involvement captures a behavioral manifestation of attention since it is after time and effort have been spent focusing on issues and answers, that headquarters may decide to actively participate in and allocate resources to the subsidiaries’ activities (Ambos & Birkinshaw, 2010; Dellestrand & Kappen, 2012). Understanding subsidiaries’ perspective on when and how headquarters attention and involvement have a beneficial or detrimental impact on their activities is an area of great importance for individual subsidiaries, headquarters, and the overall MNC. This is especially important since subsidiaries can play an important part in creating value for MNCs. The effect of headquarters attention and involvement on value added and value subtracted experienced by subsidiaries is rarely examined in existing literature about MNCs, especially from the subsidiary perspective. Theoretically, this thesis contributes to knowledge about the MNC and the headquarters-subsidiary relationship (e.g., Andersson, Forsgren, & Holm, 2007; Dellestrand & Kappen, 2012; Kostova, Marano, & Tallman, 2016; Mudambi, Pedersen, & Andersson, 2014), the parenting literature (e.g., Goold, Campbell, & Alexander, 1994a), the attention-based view (e.g., Bouquet & Birkinshaw, 2008; Ocasio, 1997), and subsidiary issue selling (e.g., Dutton & Ashford, 1993; Dutton, Ashford, O’Neill, & Lawrence, 2001).

Subsidiaries have an important role in MNCs and can engage in value creating activities such as competence development, knowledge transfer, innovative product development, and providing access to unique resources in their local market (Bartlett & Ghoshal, 1986; Birkinshaw, Hood, & Jonsson, 1998; Gupta & Govindarajan, 2000). Headquarters can add value to subsidiary activities by allocating attention and actively getting involved and participating in subsidiary activities (Bouquet & Birkinshaw, 2008; Dellestrand & Kappen, 2012). Attention and involvement can add value since headquarters managers make decisions about corporate strategy and resource allocations that can help subsidiaries act on various opportunities (Cyert & March, 1963; Monteiro, 2015). Additional ways that headquarters can add value to subsidiaries include knowledge transfer, synergy management, orchestration, and sharing of core
competence (Bouquet, Morrison, & Birkinshaw, 2009; Dhanaraj & Parkhe, 2006; Nell & Ambos, 2013). However, there is also a risk for a darker side of headquarters attention and involvement, since it may be misguided at times and expose subsidiaries to a situation of value subtraction, such as increasing administrative work and hindering subsidiary activities.

Despite the risk of misguided, value subtracting headquarters involvement, subsidiaries can make important contributions to value creation in MNCs, making it critical for headquarters to pay attention and focus on adding value to their subsidiaries. Additionally, subsidiaries can also work to attract headquarters attention and involvement, influence corporate strategy, and help shape their own role within MNCs by engaging in issue selling (Birkinshaw, 1997; Dutton & Ashford, 1993). Issue selling allows subsidiaries to present ideas and issues that they consider important, to attract headquarters attention and involvement (Dutton & Ashford, 1993). They can focus on different moves such as packaging, involving others in the selling process, and the timing of their efforts as ways to make their issues stand out, since headquarters are exposed to a broad range of stimuli and the decisions made depend on what stimuli are presented and attended to (Dutton et al., 2001; Simon, 1947).

While this is an area that continues to attract scholarly interest (Menz, Kunisch, & Collis, 2015; Nell & Ambos, 2013; Ocasio & Joseph, 2018), we have a limited understanding of how subsidiaries are affected by different types and levels of headquarters attention. This thesis seeks to contribute to the literature by examining the subsidiary perspective and how subsidiary activities are affected by headquarters attention and involvement. By subsidiary perspective I mean that the focus is on the viewpoints of subsidiary managers, how their subsidiaries operate, and the relationship with headquarters. This is subsequently reflected in the data collection, in which subsidiary managers served as key informants.

To elaborate on these theoretical concepts, an example based on interviews I conducted with subsidiary managers in Tokyo, Japan can help illustrate several of the themes represented in this thesis. VikingCorp, a Japanese subsidiary of a Swedish manufacturing MNC, was renovating a factory building on its site in Saitama, outside of Tokyo, and had decided to demolish an old building to make space for a new one with improved earthquake resistance. Before the old building could be demolished, they needed to find a new location for the showers and locker room. After an investigation and numerous debates within the subsidiary, it was decided that the locker room would move to the second floor of the factory building, since it was primarily used before and after the factory workers’ shifts. However, this decision was short-lived and a Director at the subsidiary explained:

“This was questioned by one of the SVPs from the Swedish headquarters when they visited our site and said, ‘This is stupid. Why would you do it like this?’ We showed that we had
done a lot of investigations, but the SVP just responded, ‘but we wouldn’t do this in Sweden.’”

Such statements showed the headquarters’ “lack of local knowledge, both from a cultural perspective of Japan, and also from the local culture that we have in this subsidiary” as described by a Director.

Following the visit by the Senior Vice President from headquarters, another investigation was initiated at the subsidiary and four people spent three weeks considering different options: “Again we came to the same conclusions that this is the best option for us. Eventually headquarters gave up and said, ‘ok then, let’s just go ahead with your plans and have it there.’” The Director described it as a challenging and demotivating situation since:

“headquarters never believes that we have our own experience and knowledge about how to operate here. We have to prove it all the time, and it slows down the processes significantly when we have to do this for every single little bit that we want to do.”

The headquarters wanted to be involved in big as well as small decisions, which made for a challenging situation for the subsidiary. The subsidiary managers’ expectation was that the headquarters would focus its attention and involvement on activities with greater value adding potential, such as expertise regarding ongoing divestments, product development, or developing and improving global production processes. However, time and effort were instead spent reexamining decisions with a primarily local impact.

The subsidiary managers became more selective in what they did and did not bring up to the headquarters. This was done partially because they wanted to focus the headquarters’ attention and involvement on tasks that had the greatest potential for the headquarters to add value, and also because there was not enough time during the meetings. They had monthly reviews with the headquarters via video conference, but usually encountered technical difficulties and lost precious time. A Vice President explained:

“[We] need to do a lot of ground work, preparation before presenting a decision to the headquarters. We have invested in video conference equipment, but you always lose 10-15 minutes operating these functions and when you only have 60 or 120 minutes, those 15 minutes become quite important, especially when there are quite a few things that we have to go through and we only have this meeting once a month.”

Although the headquarters remained highly involved in the subsidiary’s activities, one of the VPs admitted:
“For good and bad you get a lot of focus from headquarters if you have a factory in France for instance. Right now, I can say that I’m quite happy to be far away from the headquarters because it gives me more freedom to actually work. Before it was tough because I got calls all day long asking, ‘What are you doing?’ ‘Are you on the right track?’ ‘Have you made all the actions that we agreed on?’ We had to officially ask the headquarters to give us time to actually do our job.”

While attempts to limit the headquarters’ involvement were partly by choice and partly as a consequence of technical difficulties, the question remains if the subsidiary’s relationship with the headquarters would be different if the headquarters was less involved. Would the VikingCorp subsidiary feel frustrated and abandoned if the headquarters did not pay attention or get involved in its activities? Would they realize that the headquarters’ attention and involvement are beneficial, value adding contributions to their activities? Or would they become more efficient and productive with less attention and involvement from the headquarters?

This mini case is based on interviews that I conducted with subsidiary managers during my data collection process and highlights some challenges associated with the headquarters-subsidiary relationship. It relates to how headquarters attention and involvement characterized by ignorance and a lack of knowledge (Ciabuschi, Forsgren, & Martin, 2012b) can hamper subsidiary activities. Furthermore, it shows that sometimes headquarters focus their attention and involvement on seemingly local decisions and how this can distract both headquarters and subsidiaries. However, this case also highlights that subsidiaries still consider involvement beneficial and work to focus headquarters attention on certain issues by engaging in issue selling (Dutton & Ashford, 1993). I will elaborate more on these, and related themes throughout my thesis and show both beneficial and detrimental effects of headquarters attention and involvement.

Theoretical Background

MNCs are complex, diverse, and dispersed organizations. The hierarchical position of headquarters coincides with local autonomy possessed by subsidiaries that are typically located far away and control important linkages with local actors (Ghoshal & Bartlett, 1990). There are multiple levels and hierarchies, as well as dispersed power that coexist within the federative MNC, creating unique managerial challenges (Andersson et al., 2007).
Headquarters of MNCs have been portrayed as omniscient units, with hierarchical power that controls and monitors subsidiaries. They have been described as engaging in conscious and deliberate strategizing (Chandler, 1962; Porter, 1980), while the subsidiaries’ role was to implement headquarters directives. This view has evolved, with headquarters increasingly taking on a value adding role, such as carrying out strategic planning, facilitating resource exchange within MNCs, and managing synergies (Chandler, 1991; Foss, 1997; Ghoshal & Bartlett, 1990).

The headquarters’ parenting role has become increasingly important to justify its raison d’être. As a parent, the headquarters’ goal is to add more value to its subsidiaries than any other potential parent would, through activities such as synergy management, knowledge sharing, and facilitation of shared services (Goold & Campbell, 1991; Nell & Ambos, 2013). By adding value, headquarters achieve a parenting advantage, in that their corporate strategy helps form a MNC in which the subsidiaries together are worth more than if they were owned by a different parent or operating as standalone units (Goold et al., 1994a). Although the parenting literature tends to focus on headquarters adding value, scholars have also acknowledged the risk of headquarters destroying value, due to damaging influence, appointing inappropriate managers, or excessive corporate overhead costs (Campbell, Goold, & Alexander, 1995a).

It becomes a balancing act for headquarters to fulfill their parenting role, while minimizing the risk of destroying value. The situation is further complicated by the rising influence and power of subsidiaries. The role of subsidiaries has also developed, with research increasingly recognizing them as responsible for competence development and contributing to the firm’s competitive advantage (Cantwell & Mudambi, 2005; Narula, 2014; Rugman & Verbeke, 2001). Being internationally dispersed with access to diverse resources, knowledge, and capabilities situated in different local environments helps subsidiaries develop and contribute value to the MNC (Bartlett & Ghoshal, 1989). Furthermore, operating close to customers and suppliers in foreign markets enable subsidiaries to contribute with knowledge sharing, best practices, and innovation development (Bartlett & Ghoshal, 1989; Birkinshaw & Hood, 2001; Hedlund, 1986).

The complexity of MNCs, together with the challenges of headquarters and increasing influence of subsidiaries, has created questions regarding headquarters’ abilities to add value to their subsidiaries. In extreme cases, headquarters have been described as “groping in the dark” as they suffer from not just knowledge and information processing limitations, but also an unawareness of their limitations (Ciabuschi, Forsgren, & Martín, 2011b; Denrell, Arvidsson, & Zander, 2004). The sheer ignorance perspective describes the headquarters as an outsider, with limited ability to understand and beneficially contribute to subsidiary activities (Ciabuschi et al., 2011b). This suggests that the headquarters is just one player among many competing for influence and
power within the MNC (Forsgren, Holm, & Johanson, 2005). Such circumstances open up for a more active role for subsidiaries to shape and guide headquarters involvement in issues and opportunities of strategic importance to them, instead of passively receiving top-down directives.

With the importance of subsidiaries in MNCs, and the imminent risk of headquarters destroying, rather than adding value when getting involved, it is important to further develop our understanding of how headquarters involvement (or lack thereof) affects subsidiaries. For this thesis, the MNC will be considered as follows: While the headquarters is in a hierarchical position, with the responsibility of making strategic decisions and allocating resources to the entire organizations, it is not the sole possessor of power within the federative MNC (Andersson et al., 2007; Hedlund, 1986). Subsidiaries are important in shaping the relationships with their headquarters, and some even have considerable autonomy as they compete for mandates and influence their role (Birkinshaw & Hood, 1998). However, some subsidiaries still depend on their headquarters for approval, resources, and cooperation to pursue local activities. Power is redistributed within the MNC, since it is difficult for any one person or group to be all-knowing within the globally dispersed organization. This can create tension between headquarters and international subsidiaries concerning autonomy and influence (Andersson et al., 2007; Asakawa, 2001; Handy, 1992). To help develop our understanding of these themes, this thesis explores how different aspects of headquarters attention to and involvement in subsidiary activities contributes to or hinders subsidiary activities.

**Research Gap**

The ability of headquarters to add value to subsidiaries continues to attract scholarly interest (Bouquet & Birkinshaw, 2008; Menz et al., 2015; Nell & Ambos, 2013) and is a fundamental issue when managing MNCs (Goold, Campbell, & Alexander, 1994b). Such issues are especially challenging with internationally distributed subsidiaries that are locally embedded and able to influence strategic priorities. The headquarters’ ability to acquire and process all relevant information at the subsidiary level is limited; hence headquarters do not have a complete understanding of what is going on throughout the MNC (Holm, Johanson, & Thilenius, 1995).

Although it is challenging for the headquarters to have a complete understanding of what is going on throughout the MNC, it still gets involved in subsidiary activities, with both beneficial and detrimental consequences (e.g., Ciabuschi, Dellestrand, & Martin, 2011a; Ciabuschi et al., 2012b). Previous research has mainly relied on survey-based studies to investigate the effects of headquarters attention and involvement (e.g., Ambos, Andersson, & Birkinshaw, 2010; Andersson, Buckley, & Dellestrand, 2015; Bouquet & Birkinshaw, 2008; Yamin, Tsai, & Holm, 2011). However, a more granular
approach (e.g., Monteiro & Birkinshaw, 2017) is needed to examine mecha-
nisms involved in shaping subsidiaries’ experience of headquarters attention
and involvement, and the effects on the headquarters-subsidiary relationship.

Headquarters involvement can facilitate knowledge sharing, synergy man-
agement, and allocation of resources to enhance subsidiary performance
(Chandler, 1991; Goold, 1996). Such value adding attempts constitute the
headquarters’ parenting advantage, with emphasis on headquarters managers
making decisions that improve performance in a way that subsidiary managers
would not have achieved themselves (Goold et al., 1994a). Research suggests
that headquarters’ have the potential to add value when there is an opportunity
to improve subsidiary performance, and headquarters have the skills and re-
sources to contribute, as well as adequate knowledge of the subsidiary (Goold,
Campbell, & Alexander, 1998). This requires extensive knowledge of subsid-
iary’s activities, which can be acquired through embeddedness in the subsidi-
ary’s network (Nell & Ambos, 2013). However, previous research has shown
that it can be challenging for headquarters to carry out their parenting ad-
vantages with functionally and geographically dispersed subsidiaries since
they may be unable to accommodate all the needs and opportunities available
for different subsidiaries (Ciabuschi et al., 2011b; Goold & Campbell, 1998).

Furthermore, the main focus of the parenting literature has been on under-
standing how headquarters can successfully achieve a parenting advantage
and add value. Allocating attention is an important way for headquarters to
achieve their parenting advantage and add value to subsidiaries (Bouquet &
Birkinshaw, 2008; Plourde, Parker, & Schaan, 2014), since headquarters man-
gers decide on corporate strategy, and allocate resources that enable subsidi-
aries to act on opportunities in their local environment (Cyert & March, 1963;
Monteiro, 2015). The benefits of a sound corporate strategy and achieving a
parenting advantage lie in the possibility of the headquarters’ ability to add
value and ensure that its subsidiaries are worth more together than they would
be as independent companies (Campbell, Goold, & Alexander, 1995b).

However, there is a risk of destroying value since headquarters can only
allocate a limited amount of attention to each subsidiary. This makes head-
quarters managers inherently less well informed about the subsidiaries’ activi-
ties and needs than subsidiary managers themselves are. Headquarters’ ex-
pectation to achieve a parenting advantage and adding value by making supe-
rior decisions, despite liabilities of distance and a limited understanding of
subsidiary activities is a challenge that deserves further investigation.

Previous research has primarily focused on positive attention, that is, the
extent to which headquarters recognize and acknowledge a subsidiary’s con-
tribution to the MNC as a whole (Bouquet & Birkinshaw, 2008: 579), with the
underlying assumption that the more attention subsidiaries receive, the better.
However, in addition to their focus on positive attention, Bouquet and
Birkinshaw (2008) also recognize the existence of “negative forms of atten-
tion,” in the form of “corporate control – that is, procedures undertaken by
headquarters managers to monitor and evaluate subsidiary activities” (Bouquet & Birkinshaw, 2008: 586). With limited research about negative attention (recent exceptions are: Ambos et al., 2010; Conroy & Collings, 2016), we know little about how it is manifested, whether and under what circumstance it is actually perceived as negative by subsidiaries, and whether it has a negative impact on the headquarters-subsidiary relationship.1

Additionally, existing research has not explored whether headquarters concurrently devotes positive and negative attention, and what effect this has on subsidiaries. Ambos et al. (2010) show that positive attention increases subsidiary influence while negative attention, or headquarters monitoring as they label it, decreases subsidiary autonomy. Although this is a rare example of a study that examines different types of attention, it falls short of considering the relationship between positive and negative attention, and the implications of receiving both types of attention simultaneously on subsidiary activities.

The allocation of attention is a strategic choice for headquarters since it is a scarce, yet critical and sought-after resource for subsidiaries (Ambos & Birkinshaw, 2010; Hansen & Haas, 2001). It is impossible for headquarters to allocate high levels of attention to all subsidiaries. However, we have a limited understanding of decisions to allocate different types and levels of attention among subsidiaries, and how such choices affect subsidiaries’ perception of their relationship with their headquarters.

Previous research has shown that positive attention increases subsidiary influence, and negative attention reduces subsidiary autonomy (Ambos et al., 2010). Subsidiaries receiving limited or no attention tend to suffer from the “liability of internal isolation” and have lower performance than subsidiaries that are not isolated (Monteiro, Arvidsson, & Birkinshaw, 2008). However, we know less about the relationship between these different types and levels of attention, and how such a relationship affects subsidiary activities and performance.

Allocating attention helps the headquarters identify opportunities where it has skills, resources, and the knowledge to get involved and improve subsidiary performance, which contributes to achieving the parenting advantage (Goold et al., 1998). However, the discussion about adding value tends to focus on value at the firm level, with limited consideration for how subsidiaries experience headquarters attention and involvement, despite them being directly affected by it (Ambos & Mahnke, 2010). It is worth acknowledging that different actors and stakeholders within MNCs can have different perspectives on value, and it is likely that headquarters and subsidiaries experience value differently. Therefore, it is important to explore these different perspectives to

1 For the sake of consistency with previous research, the label “negative attention” is initially used to describe monitoring and controlling types of attention. A more nuanced perspective on this type of attention, and specific contingencies where it can be perceived as negative or positive, are conceptually developed and empirically shown with research conducted for this thesis.
better understand value within MNCs, and the research in this thesis focuses on examining the subsidiary perspective.

Although subsidiaries are influenced by headquarters, they are also able to determine strategic priorities both at the subsidiary and MNC levels. They can engage in issues selling, which is behavior directed toward affecting others’ (in this case headquarters’) attention to and focus on issues (Dutton & Ashford, 1993). Engaging in issue selling serves as stimuli to the headquarters to pay attention and take action, and to allocate time and effort to selected issues within the MNC (Ocasio, 1997; Simon, 1947). By presenting issues and opportunities of strategic importance, subsidiaries seek to trigger a reaction from their headquarters and stand out from other subsidiaries in the MNC.

Developing our knowledge about how subsidiaries can use issue selling to trigger headquarters attention and involvement that have beneficial, rather than detrimental effects on subsidiary activities is important for our understanding of the subsidiary role. Exploring the relationship between issue selling and headquarters attention and involvement helps expand our understanding of how subsidiaries can gain support for their activities and how headquarters allocate their attention across different subsidiaries and issues. Together, these are important aspects that contribute to our broader understanding of the dynamics of the headquarters-subsidiary relationship.

Considering the challenges that headquarters face, we have a limited understanding of how different types and levels of attention affect subsidiary perceptions of the headquarters-subsidiary relationship. Furthermore, it is important to develop a better understanding of how subsidiaries are affected by misguided headquarters involvement that is taking place under liabilities driven by distance and a limited understanding of subsidiary activities. Examining how subsidiaries can use issue selling to encourage headquarters to take an active role to beneficially affect subsidiary activities, and how this affects subsidiary influence and performance, is an important contribution to our understanding of the headquarters-subsidiary relationship, and how subsidiaries can guide headquarters towards achieving their parenting advantage.

Purpose and Research Questions

The purpose of this thesis is to examine the effect of headquarters attention and involvement on subsidiaries’ perception of their relationship with headquarters. Furthermore, I seek to understand when and how manifestations of headquarters attention have a beneficial or detrimental impact on subsidiary activities. Investigating these aspects contributes to our understanding of the headquarters-subsidiary relationship, the attention-based view of the MNC, and headquarters’ parenting role. Considering the subsidiary perspective increases our knowledge about how they experience headquarters’ actions, which is especially important since subsidiaries contribute to value creation in
MNCs. More specifically, subsidiaries that have a strategic role have been found to create value through knowledge and competence development, as well as technological and market development that can be disseminated to other subsidiaries (Andersson, Forsgren, & Holm, 2002; Frost, Birkinshaw, & Ensign, 2002). Furthermore, subsidiaries that gain expertise in a particular function or activity increase their potential value to other units and shape strategic behavior within the MNC (Andersson & Forsgren, 2000; Kogut & Zander, 1996).

Headquarters are in a position to coordinate subsidiary activities, but managers’ limited information processing capacity makes it challenging to add value. Although attention is a critical resource, it is scarce, and headquarters cannot provide high levels of it to all subsidiaries (Ambos & Birkinshaw, 2010; Hansen & Haas, 2001). Previous research has shown that positive attention contributes to increased subsidiary influence (Ambos et al., 2010), and leads to higher subsidiary performance in combination with high levels of subsidiary strategic choice (Ambos & Birkinshaw, 2010). Negative attention has, however, been shown to reduce subsidiaries’ autonomy and limit their ability to integrate into the local market (Ambos et al., 2010; Andersson et al., 2007). Additionally, research on headquarters involvement shows that it can have a negative impact on the efficiency of subsidiary innovation development and transfer (Ciabuschi et al., 2012b; Ciabuschi, Martin, & Ståhl, 2010), but positively affect the impact of innovations’ effect on subsidiary competencies (Ciabuschi et al., 2011a). While headquarters involvement in the innovation development and transfer processes can reduce efficiency because additional actors increase coordination costs and reduce transfer routinization (Ciabuschi et al., 2012b; Ciabuschi et al., 2010), involvement in subsidiary innovation development contributes extra resources, increased legitimacy, and competence development for the subsidiary (Ciabuschi et al., 2011a).

Previous studies have primarily relied on survey-based research to investigate the effects of headquarters involvement on subsidiary activities. This thesis takes a more exploratory approach as I seek to examine mechanisms involved in explaining how headquarters attention and involvement affects the value added or subtracted experienced by subsidiaries, and their relationship with headquarters. Exploring the phenomenon further provides a better understanding of different mechanisms contributing to beneficial and detrimental effects highlighted by previous research. With this in mind, the following research question is posed:

**Research Question 1: How does headquarters attention and involvement affect the headquarters-subsidiary relationship?**

As previous research shows, headquarters attention and involvement can have beneficial and detrimental effects on the headquarters-subsidiary relationship. To further examine the impact of headquarters on subsidiaries, I explore the value added or subtracted experienced by subsidiaries and how this affects
their perceptions of their relationship with the headquarters. By examining subsidiaries’ perception of headquarters’ attention and involvement, this thesis seeks to highlight how those on the receiving end experience headquarters actions. Considering the subsidiary perspective is especially important when headquarters have a limited understanding of subsidiary activities, and how their allocation of attention and involvement affects such activities. This helps develop our understanding of the potentially beneficial and detrimental effects that headquarters can have on the headquarters-subsidiary relationship. Therefore, I pose a second research question:

Research Question 2: How do subsidiaries experience value added and value subtraction when headquarters pay attention to, and get involved in, subsidiary activities?

Answering the overarching research questions posed helps achieve the purpose of this thesis, in terms of examining the impact of headquarters attention and involvement on subsidiaries’ perception of their relationship with headquarters. This is done with help of the four papers included in this thesis. Research Question 1 is answered with the help of Papers II, III and IV, as they examine different aspects of how headquarters attention and involvement affect the headquarters-subsidiary relationship. Papers II and IV examine headquarters involvement and show its beneficial and detrimental consequences for the headquarters-subsidiary relationship. Paper III focuses on different types and levels of attention, and their varying effects on the relationship between headquarters and subsidiaries. Together Papers I, II and IV address Research Question 2. Paper I investigates value creation in MNCs and the headquarters’ value adding potential to subsidiaries’ value creating process. Paper IV tests the impact of headquarters involvement on subsidiary influence and performance, contributing to our understanding of how headquarters affect the value added experienced by subsidiaries. To examine value subtraction experienced by subsidiaries, I conducted a comparative case study in Paper II. Table 1 presents an overview of the included papers.
Table 1. Overview of Research Questions in the Four Papers

<table>
<thead>
<tr>
<th>Title of Paper</th>
<th>Research Approach</th>
<th>Research Focus and Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>I Value Generation in the Multinational Corporation</td>
<td>Conceptual</td>
<td>Investigating themes related to value generation within MNCs and examining distinctions between value creation and value added.</td>
</tr>
<tr>
<td>Headquarters Involvement in Subsidiary Activities: When and why do subsidiaries experience value subtraction?</td>
<td>Qualitative</td>
<td>When and why do subsidiaries experience value subtraction from headquarters involvement, and what are the consequences thereof?</td>
</tr>
<tr>
<td>Different Parenting Styles: Examining Supportive and Monitoring Attention from Headquarters to Subsidiaries</td>
<td>Qualitative</td>
<td>Whether, when, and how do different types and levels of attention affect the way subsidiaries perceive their relationship with headquarters?</td>
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<tr>
<td>Gauging subsidiary influence and performance through strategic issue selling and the involvement of headquarters in subsidiary activities</td>
<td>Quantitative</td>
<td>How can subsidiaries guide headquarters’ involvement and how does this impact subsidiary performance?</td>
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By answering these research questions, I contribute to our understanding of the headquarters-subsidiary relationship by explaining circumstances under which subsidiaries appreciate headquarters attention and involvement as well as show a darker side fraught with friction and tension. I contribute to the parenting literature by developing an attention-based parenting typology and by showing how misaligned priorities risk exposing subsidiaries to value subtraction, rather than value added, during headquarters involvement. This thesis also adds to the attention-based view by exploring mixed types and levels of attention, and circumstances under which negative attention can be perceived as positive and value adding. Using survey data in a structural model, I contribute to the issue selling literature by testing and showing that by engaging in issue selling that highlights strategic issues, subsidiaries are able to attract value adding headquarters involvement.

Research Approach

Different analytical points of departure were used to examine the research questions from various perspectives, such as conceptual, qualitative, and quantitative research approaches. The use of multiple approaches is particularly helpful to develop a rich, in-depth understanding of the research phenomenon, in a more comprehensive way than is possible with a single method (Creswell & Clark, 2007). This thesis relies on the combination of established
theories and literature in international business and strategy research for its theoretical anchoring, including: the parenting literature (Goold et al., 1994a), attention-based view of the firm (Ocasio, 1997), and issue selling (Dutton & Ashford, 1993). These are further developed in the Theoretical Framework chapter. Additionally, the qualitative and quantitative methods used for data collection and analysis are detailed in the Data and Methods chapter, followed by a summary of the four papers that comprise this thesis in the Summary of the Papers chapter. Implications for theory and practice are discussed in the Conclusion chapter, as well as limitations of this research that open up for interesting directions for future research. Finally, the four papers are included.

This thesis is based on a compilation of papers, an approach that has allowed me to receive constructive feedback from leading scholars in my research area at conferences, and various seminars and workshops. The individual papers, as well as my overall approach to the research process, has greatly benefitted from receiving continuous feedback. It has helped me gain confidence in the relevance of my research, while acknowledging that there are shortcomings and limitations to be handled during the learning processes of developing as a researcher. I have also had the privilege of collaborating with several leading scholars within my area of interest, which has helped me, and my research evolve before being compiled in this thesis.

The overall purpose of the research project that this thesis is a part of was already established before I joined. The broad framework was already determined, but my specific research focus evolved during my time as a Ph.D. student. Given the focus of the project, I began by conceptually exploring value generation in MNCs, and found that existing research had examined both value added and value creation without clearly distinguishing the concepts. My efforts to differentiate between how value is added and created within MNCs resulted in Paper I. To move to an empirical focus, I began interviewing subsidiary managers to develop a deeper understanding of the subsidiary perspective. Papers II and III were developed based on the interviews and additional secondary data sources. They respectively explored subsidiaries’ experience of misguided headquarters involvement, and the emergence of attention-based parenting styles. Building on ideas that emerged from the interviews, I conducted a structural equation model analysis in Paper IV to examine how subsidiaries focusing on strategic issues when issue selling can trigger headquarters involvement, and in turn how this affects subsidiary influence and performance.
I complement existing research with my study of the effect of headquarters attention and involvement on the headquarters-subsidiary relationship (e.g., Andersson et al., 2007; Kostova et al., 2016), by incorporating the attention-based view (Bouquet & Birkinshaw, 2008; Ocasio, 1997) and the parenting literature (Goold et al., 1994a). Building on previous research about the headquarters-subsidiary relationship, I examined how headquarters’ parenting, attention, and involvement affect the potential value added and subtracted experienced by subsidiaries. MNCs are complex organizations, which makes exploring these themes especially interesting, given the challenges associated with managing a group of subsidiaries with varying goals, knowledge, and preferences (Cyert & March, 1963). The situation is further complicated by the dispersed and diverse nature of MNCs since subsidiaries can engage in issue selling efforts (Dutton & Ashford, 1993) to attract and guide headquarters attention and involvement towards areas that the subsidiaries consider important. Working to incorporate these different frameworks will help enhance our understanding of the impact of headquarters attention and involvement on the value added and value subtraction experienced by subsidiaries in their relationship with headquarters. The following sections present key theories and existing research to highlight the framework used for the analyses conducted in this thesis.

Multinational Corporations

Organizations are distinct from other social systems and institutions, since they are concerned with the coordination of individual and group actions, as well as the cross-level relationships between individuals, groups, organizations, and the environments that influence their joint survival (Gavetti, Levinthal, & Ocasio, 2007). Furthermore, organizations have an internal decision making and communication structure, with the hierarchical authority, possessed by headquarters, resulting in vertical specialization of decision making (Gavetti et al., 2007; Simon, 1947).

Managerial and organizational processes, such as the routines and patterns of decision making and current practices, make up MNCs’ core capabilities and shape their advantages (Forsgren, 2017). These processes are especially...
complex in MNCs since they are globally dispersed and functionally diverse groups of units with a headquarters and distinct national subsidiaries (Ghoshal & Bartlett, 1990). Although the headquarters is in a hierarchical position and tends to be responsible for strategic decision making and allocating resources, power is also dispersed throughout the MNC, with subsidiaries having access to unique knowledge and resources in their local market (Andersson et al., 2007). Subsidiaries are internationally spread out, at different geographic, cultural and linguistic distances from the headquarters (Ambos & Ambos, 2009), and with varying sets of competencies, resources, and mandates.

Headquarters consist of top-level management, and are the organizational unit in the MNC that coordinates activities carried out by the subsidiaries (Chandler, 1991; Foss, 1997). Multiple forms of headquarters can co-exist within MNCs, such as corporate, divisional, and regional headquarters (Birkinshaw, Braunerhjelm, Holm, & Terjesen, 2006) conducting administrative (loss preventing) and entrepreneurial (value adding) roles (Chandler, 1991). The role of the MNC headquarters is unique and firm-specific (Foss, 1997), meaning that their activities cannot be outsourced and no other actors within the MNC occupy the hierarchical position that the headquarters does. A central task for headquarters is coordinating subsidiary activities and resources (Holm et al., 1995), as they perform a knowledge directing function by coordinating where to selectively get involved in at the subsidiary level (Foss, 1997). However, in line with the Carnegie School, headquarters managers are constrained by their information processing ability, yet attempt to add value. At the same time, subsidiaries can use bottom-up processes to influence headquarters’ decision making (Cyert & March, 1963; Simon, 1947).

The challenges faced by MNC headquarters, compared to those in domestic companies, are amplified when they have to allocate attention and resources to their subsidiaries (Levy, 2005). Therefore, it is important to study the headquarters-subsidiary relationship to better understand the different decision-making processes involved in MNCs and how they are affected by the tension between global integration and local responsiveness.

The Headquarters-Subsidiary Relationship in MNCs

Research on the headquarters-subsidiary relationship has evolved from primarily relying on the headquarters’ perspective, focusing on organizational structure and formal control systems (Martinez & Jarillo, 1989), to greater emphasis on the complexities involved with managing an international organization. This includes a shift in focus from administrative control and hierarchical structures to a more dynamic perspective that considers strategic and intellectual dimensions such as local strategies, subsidiary roles, and bottom-up and lateral knowledge flows (Kostova et al., 2016). Subsidiaries are recognized for their strategic importance and more collaborative models of man-
agement, including metanational (Doz, Santos, & Williamson, 2001), trans-national (Bartlett & Ghoshal, 1989), and heterarchical (Hedlund, 1986) have been proposed. The headquarters-subsidiary relationship is further complicated by competing forces of global integration and local responsiveness (Doz & Prahalad, 1984).

The headquarters is conceptualized as a group of top managers who are responsible for making decisions, forming strategies and engaging in activities for the entire organization (or at least large parts of it) (Collis, Young, & Goold, 2007). Headquarters can add value to subsidiaries through two related, but different types of parenting; namely an administrative, loss preventing function and an entrepreneurial, value adding function (Foss, 1997). The administrative role seeks to control opportunistic behavior, monitor subsidiary performance and utilization of allocated resources, while the entrepreneurial role is about synergy management, knowledge sharing, determining long-term strategies, and allocating resources accordingly (Chandler, 1991; Nell & Ambos, 2013). It is essential that headquarters have sufficient understanding of the resources needed to help subsidiaries realize identified opportunities (Goold et al., 1998). Otherwise headquarters risk misinterpreting subsidiary capabilities, which can result in inaccurate evaluation of possible synergies (Goold & Campbell, 1998). Headquarters can increase their understanding and reduce such risks by spending time collecting and processing information about their subsidiaries (Goold et al., 1994b), which can be done through monitoring.

Subsidiaries are considered MNC units through legal ownership and control but are located outside of the domain of headquarters. Their importance and strategic role continues to receive scholarly attention as they are recognized as a source of competence development and value creation for MNCs (e.g., Birkinshaw et al., 1998; Cantwell & Mudambi, 2005; Kostova et al., 2016).

The range of activities occurring in the organization of potential interest for the headquarters makes managing the MNC complex and challenging. It is difficult for headquarters to pay attention to all business activities at the subsidiary level. Subsidiaries are considered units that are able to prompt involvement and have some discretion over strategic decisions. Although subsidiaries are influenced by headquarters, they can also determine strategic priorities at both the subsidiary and MNC levels. Accordingly, this shows the need for subsidiaries to sell issues of strategic importance to headquarters to get their attention and trigger involvement (Ambos et al., 2010).
Parenting Advantage

How headquarters add value to subsidiaries is a fundamental issue when managing the MNC (Goold et al., 1994b). The benefits of a sound corporate strategy and achieving a parenting advantage lies in the headquarters’ ability to add value and ensure that its subsidiaries are worth more together than as independent companies (Campbell et al., 1995b). For headquarters to achieve their parenting advantage, their influence should help subsidiaries make better decisions than they would on their own, and the activities carried out by headquarters should also be more cost efficient than if they were conducted by the subsidiaries (Goold et al., 1998).

Subsidiaries create value through their knowledge and competence development, access to unique resources, and direct interaction with customers, generating revenues and profits for the MNC. The headquarters can influence subsidiary activities and add value by improving the business plans and budgets, facilitate synergies between subsidiaries, provide competent and efficient central functions and make wise strategic decisions for the MNC as a whole (Campbell et al., 1995a). Additionally, the headquarters can add value through its parenting influence when there is an opportunity to get involved and improve subsidiary performance, it has the appropriate skills and management processes needed to realize the opportunity, and has sufficient understanding of the critical success factors to avoid destroying value through inappropriate influence (Goold et al., 1994b).

Based on these ways of developing a parenting advantage, Goold and Campbell (1987) and Goold et al. (1994a) developed a framework of three strategic management styles. For their categorization of the three management styles, they focus on the roles of planning influence and control influence exercised by headquarters. Planning influence is about the headquarters’ top-down involvement in subsidiaries’ strategy proposals, and is determined by the organizational structure, review processes, and allocation of resources (Goold & Campbell, 1987). Control influence involves how headquarters react when subsidiaries do not meet the specified targets, and the frequency of monitoring subsidiary activities (Goold & Campbell, 1987). Using these two dimensions, Goold et al. (1994a) develop three management styles: Strategic planning, strategic control, and financial control. In the strategic planning style, the parent operates closely with subsidiaries in developing strategies and emphasizing long-term goals. According to the financial control style, the parent relies on the subsidiary to develop plans and strategies, but maintains tight control focused on short-term profitability (Goold et al., 1994a). Although elements of these two parenting styles are reflected in the findings of this thesis, the strategic control style of parenting is most similar to what I have observed in my research. The strategic control style occurs when subsidiaries are responsible for proposing strategies, plans, and ideas, and the parent checks the appropriateness and then endorses ideas and proposals considered important,
and regularly monitors subsidiary performance and pays attention to strategic milestones (Goold et al., 1994a).

The parenting literature has also identified two other related, but different, types of parenting functions that can help headquarters add value to subsidiaries: an administrative, loss-preventing function and an entrepreneurial, value-adding function (Foss, 1997). The administrative parenting role seeks to prevent losses, control opportunistic subsidiary behavior, and monitor subsidiary performance, while the entrepreneurial role strives to add value through synergy management, knowledge sharing, developing strategies, and allocating resources (Chandler, 1991; Nell & Ambos, 2013).

These roles are closely related since monitoring subsidiary activities can help headquarters access important knowledge about the subsidiary that supports decisions about strategy development and resource allocations (Chandler, 1991). To achieve its parenting advantage it is essential that the headquarters adequately understands the resources needed to help the subsidiary realize its potential (Goold et al., 1998). Without a sufficient understanding, the headquarters risks misinterpreting subsidiaries’ capabilities and inaccurately evaluating possible synergies (Goold & Campbell, 1998). By spending time monitoring subsidiary activities and processing information about subsidiaries, headquarters can increase their understanding and reduce the risk of misguided involvement that destroys, rather than adds value (Goold et al., 1994b).

The parenting literature focuses on how headquarters can add value to subsidiaries to make up for the costs they incur. There are expensive overhead costs, funded by subsidiaries’ value creation, suggesting that headquarters’ value added must be greater than the incurred costs to justify their existence (Goold et al., 1994a). Much of the literature explicitly or implicitly assumes that headquarters’ knowledge situation is adequate to make rational choices about their involvement and contributions to subsidiaries’ innovation processes (Forsgren & Holm, 2010). The expectation is that headquarters can select subsidiaries and relevant activities to support and get involved in, based on their strategic importance for the MNC. When headquarters possess relevant expertise to support and enhance subsidiary activities, they can improve subsidiary performance (Campbell et al., 1995b; Egelhoff, 2010).

However, the headquarters’ ability to add value to subsidiary activities and the effect of attention and involvement are far from clear (Forsgren & Holm, 2010). Various scholars have questioned headquarters’ knowledge situation and the extent to which they have access to the resources and competence needed to add value to subsidiary activities (e.g., Ciabuschi et al., 2011b; Ciabuschi, Forsgren, & Martín, 2017; Forsgren & Holm, 2010; Tsoukas, 1996). A knowledge situation characterized by sheer ignorance (Ciabuschi et al., 2012b) or radical uncertainty (Foss, 2002; Tsoukas, 1996), in which the headquarters suffers from uncertainty because knowledge is socially embedded, rather than entirely controlled by any one actor or unit within the MNC,
makes it difficult for the headquarters to successfully carry out its parenting role. Instead, this opens up for a risk of value destruction.

Headquarters can destroy value by implementing inappropriate strategies, setting invalid objectives, and appointing unsuitable managers (Goold et al., 1994a). There is an increased risk of destroying value if decision makers (at headquarters) and those affected by the outcomes (at subsidiaries) have different priorities and interests. While destruction suggests damage to the point at which something can no longer exist or be repaired, this thesis focuses on value subtraction as a less severe occurrence of inappropriate headquarters parenting. The risk of value subtraction is a counterpoint to the potential value added by a headquarters. This follows from the suggestions that headquarters staff tend to be “less expert, less cost-effective, and less responsive” than the subsidiaries (Goold et al., 1994a: 188). Although headquarters may suffer from knowledge limitations compared to their subsidiaries, headquarters can pay attention to subsidiary activities as a way to improve their knowledge situation and ability to add value.

Attention-Based View

Attention is the focus of the mind on one of several possible stimuli, meaning withdrawing concentration from some things to more effectively address others (James, 1925). It concerns the ability of the human brain to focus on certain information for further interpretation, while ignoring other information. The concept of attention has been divided into three components: alertness, selectivity, and processing capacity (Posner & Boies, 1971). In an organizational setting, this refers to the issues that top managers at headquarters consider important and focus on (Ocasio, 1997). Filtering mechanisms are used to attenuate input, since top managers cannot pay attention to all issues in the environment (Cyert & March, 1963; Posner & Boies, 1971). When selecting stimuli to attend to, it is difficult for managers to focus on more than one stimulus or idea at the same time. Otherwise, attention oscillates between the stimuli (James, 1925). It is important to acknowledge the limits of attention allocation, which can easily be overlooked when considering a single decision, but the challenge becomes more prominent when presented with multiple choice opportunities (March & Olsen, 1979). This limited cognitive ability to process all available stimuli contributes to the limits of rationality (Simon, 1947).

The attention-based view of the firm elaborates on the notion of attention as a broad construct that regards “noticing, encoding, interpreting, and focusing of time and effort by organizational decision-makers” on issues in the form of problems, opportunities and threats in the environment, and answers such as action alternatives to address the issues (Ocasio, 1997: 189). It suggests that the behavior of an organization depends on top managers’ attention allocation.
to issues, since attention contributes to how and what organizations make decisions about (Cyert & March, 1963; Ocasio, 1997). Top managers need to pay attention to issues of strategic importance for the organization to maintain its competitive advantage and profitability (Bouquet et al., 2009; Levy, 2005). However, they are faced with the challenge of paying attention to strategically important issues, while ensuring that their attention span is diverse and receptive to issues that may gain strategic importance in the future to not miss out on valuable opportunities (Rerup, 2009).

Attention research highlights the cognitive dimensions, and the attention-based view seeks to incorporate structural dimensions of attention allocation decisions made by headquarters managers. By managing the flow of information and communication channels, such structural dimensions influence how top managers allocate their attention towards issues (Ocasio, 1997). Engaging with procedural and communication channels allows top managers to identify issues and consider their strategic importance and possible answers (Ocasio, 1997; Ocasio & Joseph, 2005).

Similar to the three components of attention (alertness, selectivity, and processing capacity) presented by Posner and Boies (1971), there are three assertions made by the attention-based view to explain top managers’ attention allocation (Ocasio, 1997). These assertions build on and complement earlier work within the Carnegie School.

First, the behavior of a firm is affected by top managers’ focus of attention, since this affects how and what the firm makes decisions about (Gavetti et al., 2007; Simon, 1947). Managers can only focus on a select number of issues and answers, and the issues that gain attention determine the direction of the firm.

Second, the context in which managers are situated influences their attention allocation. Situated attention suggests, for example that a manager’s hierarchical position within the organization determines their access to information and decisions, both of which affect the attention pattern of the organization (March & Olsen, 1979). The attention allocation can change over time, since managers are likely exposed to a variety of information as they encounter different situations, as well as procedural and communication channels. In MNCs, this becomes especially challenging since headquarters are responsible for multiple subsidiaries with various issues that they consider important.

Third, the structural distribution of attention is based on the contexts in which managers find themselves, which in turn depend on how rules, resources, and relationships within the firm regulate the distribution of, and access to, issues, answers, and decision makers (Ocasio, 1997). The different structural positions held by top managers highlight that issues and answers are valued differently throughout the firm. It is important to note that subsidiary managers can create stimuli, by selling issues that they consider important to affect the structural distribution of attention, since the values and relevance of
various issues are not the same throughout the firm (Dutton, 1986; Ocasio, 1997; Simon, 1947).

Ocasio (2011) introduces three different types of attention: attentional perspective, attentional engagement, and attentional selection. Attentional perspective is related to alertness, since it is conceived as the cognitive structures that allow for awareness and focus to selected stimuli over time (Ocasio, 2011). In the attention-based view applied to MNCs, it is comparable to visible attention, in which subsidiaries receive recognition from headquarters, and to relative attention in terms of the attention received by subsidiaries compared to other subsidiaries within the organization (Bouquet & Birkinshaw, 2008). Attentional engagement is about the process of intentional allocation of time, energy, and effort to selected environmental stimuli (Ocasio, 2011). Within the research stream applying attention to the headquarters-subsidiary relationship, attentional engagement is reflected in supportive attention, which is about the resources provided by headquarters to add value to subsidiaries (Bouquet & Birkinshaw, 2008). Attentional selection usually results from the interaction between attentional perspective and attentional engagement, and concerns the particular issues that top managers decide to focus on, at the expense of other issues (Ocasio, 1997).

Headquarters Attention

The notion of attention dates back to Simon (1947) and Cyert and March (1963), and explains how organizational adaptation is affected by attention (Ocasio, 2011). Attention is grounded in cognitive psychology and relates to bounded rationality, in which the brain selects certain information to focus on, while ignoring other information (e.g., Posner & Boies, 1971). In MNCs, headquarters’ organizational attention, in terms of issues and action alternatives that are attended to, generates a strategic agenda and guides headquarters’ resource allocations (Ocasio & Joseph, 2005). Such a situation becomes especially challenging when headquarters are tasked with making decisions about ideas that are formulated elsewhere in the organization and channeled to them in different forms of communication (Cyert & March, 1963; Gavetti et al., 2007). The attention-based view (Ocasio, 1997) has increasingly been applied to studies of MNCs and the headquarters-subsidiary relationship (e.g., Bouquet & Birkinshaw, 2008) to explore the effects of attention on MNC (Bouquet et al., 2009) and subsidiary performance (Ambos & Birkinshaw, 2010).

Headquarters’ information processing capacity is limited, and they cannot focus on too many ideas and activities at the same time (James, 1925; Ocasio, Laamanen, & Vaara, 2018). Subsidiaries often compete with each other for attention, since it is a scarce, yet crucial resource (Birkinshaw, Bouquet, & Ambos, 2007; Hansen & Haas, 2001). Both headquarters and subsidiaries benefit from promising subsidiaries receiving attention. It provides an opportunity
for headquarters to learn from competent subsidiaries (Nell, Ambos, & Schlegelmilch, 2011) and gain a competitive advantage (Bartlett & Ghoshal, 1986). Additionally, subsidiaries gain influence and can use the attention as a channel for development (Ambos et al., 2010; Galunic & Eisenhardt, 1996). More specifically, subsidiary managers, work to influence and increase the focus of decision makers’ attention on their issues (Monteiro, 2015). They can engage in issue selling in the form of providing stimuli to evoke different responses, such as affecting headquarters’ attention allocation and focus on ideas and opportunities of importance to the subsidiary (Dutton & Ashford, 1993; March & Simon, 1958). The identified opportunities, threats, projects, and processes that the headquarters pay attention to and get involved in by dedicating time and effort forms the MNC’s “pattern of organizational attention” (Ocasio, 1997: 188). This organizational attention in turn, develops the firm’s strategic agenda through the issues that are focused on and resource allocations that are made within the MNC (Gavetti et al., 2007; Ocasio & Joseph, 2005).

Headquarters attention and involvement are limited, and managers can become overwhelmed and suffer from impaired decision making when allocating excessive attention to understanding the international market (Bouquet & Birkinshaw, 2008; Bouquet et al., 2009; Simon, 1947). Such impaired decision making may hamper MNC performance (Bouquet et al., 2009). Other studies suggest that attention can improve headquarters’ decision making and firm performance, since it increases headquarters’ understanding of subsidiaries, their market with customers and suppliers, and their competitive environment (Venaik, Midgley, & Devinney, 2005).

Since headquarters managers affect corporate strategy and resource allocations, which enable subsidiaries to act on identified opportunities (Cyert & March, 1963; Monteiro, 2015), allocating attention serves as a critical resource that can add value to subsidiary activities (Bouquet & Birkinshaw, 2008; Plourde et al., 2014). Most of the research applying the attention-based view to understanding MNCs and the headquarters-subsidiary relationship (e.g., Bouquet & Birkinshaw, 2008; Bouquet et al., 2009; Plourde et al., 2014; Stevens, Moray, Bruneel, & Clarysse, 2015) focus on what is called positive attention, or, the extent to which headquarters recognize and acknowledge a subsidiary’s contribution to the MNC as a whole (Bouquet & Birkinshaw, 2008: 579), with the assumption that the more attention received, the better.

Three sub-constructs have been developed to describe how positive attention unfolds: (1) relative attention refers to the attention received vis-à-vis other subsidiaries; (2) supportive attention takes the form of resources to enable the subsidiary’s development; and (3) visible attention refers to media recognition communicated to stakeholders (Ambos & Birkinshaw, 2010; Bouquet & Birkinshaw, 2008). Since attention is a limited, headquarters cannot attend to all subsidiaries equally. Therefore headquarters prioritize attention, which explains the use of the term ‘relative’ (Levy, 2005; Prahalad & Doz, 1987). This has been described as a zero-sum game, whereby an increase
in attention for one subsidiary tends to decrease attention for another. Attention is ‘supportive’ when it results in the allocation of discretionary resources to subsidiaries as a means for development (Rugman & Verbeke, 2001). It can be seen as a way of adding value (Chandler, 1991; Goold et al., 1994b) as well as a way for subsidiaries to stay connected with headquarters (Ambos & Birkinshaw, 2010). It can take the form of bonuses for subsidiary managers, investment in local opportunities, headquarters’ interest in local markets and products, and the diffusion of best practice from a subsidiary (Bouquet & Birkinshaw, 2008; Conroy & Collings, 2016). Attention is ‘visible’ when it involves explicit recognition that the subsidiary receives in media intended for stakeholders (Bouquet & Birkinshaw, 2008). It signals what topics the headquarters is attending to, or who is viewed more favorably within the organizational network, and raises the subsidiary’s profile with external stakeholders (Ambos & Birkinshaw, 2010).

Several studies have highlighted the beneficial and value adding aspects of attention, but subsidiaries do not necessarily consider it desirable. Previous research has identified “negative forms of attention” which involve “corporate control – that is, procedures undertaken by headquarters managers to monitor and evaluate subsidiary activities” (Bouquet & Birkinshaw, 2008: 586). It also includes control of subsidiary budgets and resource allocations (Ambos et al., 2010). Frequent communication and reporting are additional control mechanisms that can be implemented to restrain subsidiary autonomy (Ambos & Birkinshaw, 2010). By limiting subsidiaries’ autonomy there is a risk that subsidiary managers become demotivated by their lack of decision-making rights and inability to act in the local market (Gupta & Govindarajan, 1986; Krühler, 2012).

However, research on management of the MNC has highlighted that corporate control can have beneficial consequences and serve as an integrative mechanism. Frequent communication and reporting can enhance information processing and improve coordination, which are both essential in complex organizations such as MNCs (Gupta & Govindarajan, 1991, 2000; O’Donnell, 2000). Additionally, communication flows among subsidiaries provides opportunities to connect decentralized attention among dispersed organizational units (Gavetti et al., 2007; Simon, 1947). Such coordination and information flows become especially important in MNCs since headquarters decision makers tend to make their decisions based on information collected at other parts of the organizations and relayed to them in various forms of communication (Cyert & March, 1963). Corporate control is also beneficial for MNCs as they tend to have various projects simultaneously around the world, making it important to ensure that their research and development (R&D) activities are well coordinated and integrated to avoid duplication of investments (Ambos & Schlegelmilch, 2007).

Although previous research has acknowledged negative attention (Ambos et al., 2010; Bouquet & Birkinshaw, 2008; Conroy & Collings, 2016), there is limited research examining its implications on subsidiaries and to what extent
it actually has negative consequences. Furthermore, existing research has not investigated the impact of subsidiaries concomitantly receiving both positive and negative attention. Although Ambos et al. (2010) investigated the effects of positive and negative attention on subsidiaries, they did not explicitly examine the relationship between the different types of attention. By considering the relationship between positive and negative attention, I examined the dynamics and potential feedback between the different types of attention as well as how such a relationship affects subsidiary activities.

Additionally, existing research has primarily been conducted in low-context cultures (e.g., Bouquet & Birkinshaw, 2008; Conroy & Collings, 2016), meaning a context in which communication explicitly exchanges information and ideas, while nonverbal communication is less significant. To further develop our understanding of mechanisms involved in how headquarters attention is received by subsidiaries, it is valuable to examine attention in a high-context culture, in which the context of communication is important, long-standing personal relationships are valuable and face-to-face communication is more significant than written communication (Money, Gilly, & Graham, 1998; Pascale, 1978). The difference between high- and low-context cultures can potentially affect the mechanisms involved in shaping subsidiaries’ experience of headquarters attention.

It is important to note that I have used the label negative attention for the sake of consistency with previous research. During the course of my research I conceptually develop and empirically show (in Paper III) a more nuanced perspective on this type of attention, relabeled as monitoring attention. This implies active engagement from headquarters, and is distinct from formalized, automatic monitoring. This corresponds well with existing research, in which negative attention and monitoring are captured in terms of frequency of headquarters’ reviewing subsidiary actions and decisions (Ambos et al., 2010; Bouquet & Birkinshaw, 2008).

Subsidiary Issue Selling

Issue selling is closely connected to attention, since it is about how subsidiary managers (or middle managers) can use different strategies to attract headquarters attention (or that of top managers) (Dutton & Ashford, 1993). It is about a stimulus that works to direct attention to certain aspects of interest at the exclusion of competing aspects that risk influencing choice in a different direction (Simon, 1947). More specifically, issue selling is concerned with “individuals’ behaviors that are directed toward affecting others’ attention to and understanding of issues” (Dutton & Ashford, 1993: 398). By using different selling tactics, subsidiaries highlight issues of strategic importance to them, as they try to attract headquarters attention and involvement, and play a role in determining the focus of organizational attention and future strategy.
Engaging in issue selling enables subsidiaries to bring together ideas and opportunities that they have detected in ways that seek to focus headquarters attention and invite involvement. Subsidiaries can conduct issue selling by focusing on three different moves: packaging, involvement, and timing (Dutton et al., 2001). Such moves are especially important since headquarters managers are exposed to a great deal of busyness and different stimuli, and their decisions largely depend on which stimuli are presented (Simon, 1947).

It is important for subsidiaries to package their issues by actively promoting and connecting the issues to other issues within their MNC, since attention is scarce (Dutton et al., 2001). Subsidiaries can enhance the packaging by conducting an internal search, identifying internal needs and constraints to align the framing, or packaging, of the issues they are presenting (Monteiro, 2015). Headquarters managers tend to pay attention to issues that are of greater value and relevance to the MNC (Ocasio, 1997). By packaging the issue in a way that demonstrates how it links to existing needs within the MNC, the subsidiary will likely reduce uncertainty and resistance, and be able to attract headquarters’ attention (Monteiro, 2015). The subsidiary is then able to guide headquarters attention toward strategically important issues, increasing headquarters’ knowledge about subsidiary activities, and in turn, attracting value adding involvement.

In addition to packaging issues to catch headquarters’ attention, subsidiaries need to choose whom to involve in their efforts. Actively promoting and connecting the issue to existing issues and goals help subsidiaries highlight the relevance and larger scope, at which point involving other subsidiaries in the efforts may be important. The impact of the issue selling efforts can be further enhanced by involving other subsidiaries in its efforts (Dutton et al., 2001). The issue appears more credible and relevant to the headquarters if the subsidiary can match it with, and incorporate the support of specific internal actors (Dutton & Ashford, 1993; Monteiro, 2015). Therefore, the prospect of headquarters attention is likely to increase.

Financial and strategic factors may also need to be considered. It is less likely that the headquarters will engage with an issue that requires a significant investment if the MNC is suffering financially. Similarly, the headquarters is less likely to be overly committed to a suggested acquisition if the strategic focus is organic growth. Demonstrating such awareness of how the subsidiary fits in and serves the purpose of the MNC will benefit the subsidiary by decreasing headquarters resistance.

Although the issue may be packaged in a relevant way, and involvement by others may be achieved, the timing may be wrong. To successfully influence headquarters attention and involvement through issue selling, subsidiaries need to have a sense of when it is appropriate to push an issue or when it is more suitable to wait. Previous research shows that the level of accumulated
support throughout the organization, expectations for action regarding the issue, and the level of convincing facts available were common aspects of timing used when judging when to go ahead with issue selling efforts (Dutton et al., 2001).

Foreign subsidiaries are established as a way for MNCs to access diverse and novel knowledge from their local networks (Bartlett & Ghoshal, 1986). However, paradoxically, opportunities presented by foreign subsidiaries risk being met with resistance (Monteiro, 2015). Well-executed issue selling efforts help subsidiaries highlight important opportunities and needs, increasing headquarters knowledge about their activities. This way headquarters can target their involvement in a beneficial way, related to the subsidiaries’ goals and needs, increasing the value added potential of the involvement.

The issue selling literature has primarily focused on the antecedents of issue selling in terms of the motives of subsidiary managers to share strategic issues with headquarters managers, and the issue selling process in terms of selling moves and tactics used (Ling et al., 2005). Therefore, this thesis seeks to complement earlier research by examining the consequences of issue selling and how the types of issues highlighted by subsidiary managers affect headquarters attention and involvement.

### The Need for Further Exploration

MNCs are complex organizations with internationally dispersed activities. Headquarters are responsible for coordinating subsidiary activities and resources (Holm et al., 1995). However, headquarters managers are constrained by their limited information processing ability, making it challenging to add value when getting involved in subsidiary activities. This also raises questions concerning headquarters’ ability to achieve a parenting advantage and make strategic decisions to allocate resources and improve subsidiary performance. However, subsidiaries can use bottom-up processes, such as issue selling to influence headquarters attention and involvement (Cyert & March, 1963; Dutton & Ashford, 1993; Simon, 1947).

Despite such challenges, previous research suggests that positive headquarters attention is a crucial resource for subsidiaries (Bouquet & Birkinshaw, 2008; Hansen & Haas, 2001). Yet, headquarters involvement can have both beneficial and detrimental consequences for subsidiary innovation activities (e.g., Ciabuschi et al., 2011a; Ciabuschi et al., 2012b). These varied findings speak to the demanding situation faced by MNC headquarters, which are amplified since they have to allocate attention and resources to functionally diverse and globally dispersed subsidiaries (Levy, 2005). Therefore, it is important to study the headquarters-subsidiary relationship to understand different decision-making processes in MNCs and how they are affected by the tension between global integration and local responsiveness. However, few
studies have examined the impact of headquarters attention and involvement on subsidiaries’ perception of their relationships with headquarters.

By incorporating the attention-based view (Bouquet & Birkinshaw, 2008; Ocasio, 1997) with the parenting literature (Goold et al., 1994a) I seek to complement earlier research and contribute to our understanding of how headquarters attention and involvement affects subsidiaries and their relationships with headquarters in MNCs, and the value added and subtracted experienced by subsidiaries. Examining these themes within the headquarters-subsidiary relationship is especially valuable, due to the enhanced complexity of managing functionally diverse and globally dispersed subsidiaries, and the challenges associated with managing a group of units with goals, knowledge, and preferences that vary across countries and continents (Cyert & March, 1963). Furthermore, although the headquarters possesses hierarchical authority, it has limited knowledge about what goes on throughout the organization. Its decisions tend to be based on information transferred from the subsidiaries (Cyert & March, 1963). Such complex conditions make it especially interesting to examine the headquarters-subsidiary relationship and how it is affected by headquarters attention and involvement.
Data and Methods

This chapter presents the data and methods used to address the research purpose of this thesis and analyze the research questions posed. First, I present the overall research project within which this thesis is encompassed, followed by the research context selected for this study. This is followed by a presentation of the multiple research methods used, including multiple case study research, qualitative data analysis, and survey research used to collect data that was analyzed using structural equation modeling. This chapter concludes by discussing ethical considerations and reflections on some challenges encountered during my research process.

Do Headquarters Add Value in MNCs?

This thesis is part of a larger research project, which had already been initiated before I joined. The project focused on investigating headquarters value added and how this affects subsidiary value creating activities in MNCs. Although the headquarters’ role in MNCs has been extensively discussed in the literature, its ability to add value by getting involved in subsidiary activities has received limited attention despite the complexities and interdependencies between corporate actors. The relevance of this issue is reinforced by research observations that headquarters often score relatively low in terms of their value adding contribution to subsidiary activities (Ambos & Mahnke, 2010). Headquarters’ contributions and involvement can even increase the risk of detrimental effects on subsidiary performance (Tran, Mahnke, & Ambos, 2010) and knowledge transfer efficiency between subsidiaries (Ciabuschi et al., 2011b; Yamin et al., 2011).

Within this research project, I had the opportunity to develop my research focus during my time as a Ph.D. student. The project focused on survey-based research, but I began my research process by conceptually exploring headquarters’ value adding potential and subsidiaries’ value creating activities, since existing research did not provide a clear distinction between the concepts which were frequently used interchangeably. To further develop the subsidiary perspective on the headquarters’ potential to add value, I conducted in-depth interviews with subsidiary managers, followed by the collection of survey data.
Research Context

The Multinational Corporation

This thesis focuses on MNCs and understanding the impact of headquarters attention and involvement on the headquarters-subsidiary relationship, and the value added and value subtracted experienced by subsidiaries. MNCs provide an interesting research context since they operate in several environments and face complex and diverse factors such as numerous employee nationalities, floating exchange rates, language differences, and multiple time zones (e.g., Chang & Taylor, 1999; Roth & Kostova, 2003). Complex organizations, such as MNCs, provide rigorous opportunities to develop and further expand theories by incorporating new explanatory variables and mechanisms (Roth & Kostova, 2003).

It is challenging for headquarters to have complete overview of what goes on throughout their dispersed and goal-disparate organizations since their ability to obtain and process information is limited (Holm et al., 1995). This leaves room for subsidiaries to influence headquarters attention and involvement in their activities. Therefore, the combination of subsidiaries increasingly gaining influence and recognition for their value creating role within MNCs, and the challenges headquarters face in managing such complex organizations make for an interesting empirical setting to explore the headquarters-subsidiary relationship (Roth & Kostova, 2003).

Multiple types of headquarters, and their coexistence, have been discussed in existing literature, such as divisional, functional, regional, and corporate headquarters (Birkinshaw et al., 2006), which carry out administrative and entrepreneurial functions (Chandler, 1991; Foss, 1997). When collecting data, respondents specified which headquarters was most relevant for them in terms of strategic development and resource allocations. Although many respondents mentioned having a regional headquarters, they picked the corporate headquarters as most relevant when discussing different aspects of the headquarters-subsidiary relationship.2

Subsidiaries are recognized for their contribution to firms’ competitive advantages (Cantwell & Mudambi, 2005; Rugman & Verbeke, 2001), and serve as the unit of observation for this thesis. Data collection was carried out at the subsidiary level to help develop our understanding of how subsidiaries experience headquarters attention and involvement. Limited previous research has explored the impact of headquarters attention to, and involvement in subsidiary activities (Ocasio, 2011). Therefore, focusing on the subsidiary perspective helps develop our understanding of how subsidiaries experience headquarters involvement and their perception of the headquarters-subsidiary relationship.

2 While the focus during data collection was on the corporate headquarters, future research would benefit from further investigating the role and function of regional headquarters and why they were circumvented.
Top subsidiary managers, together with other managers closely involved in the headquarters-subsidiary relationship, were the main informants during the data collection. Subsidiary managers are directly involved in local subsidiary activities, so they are also familiar with the impact of headquarters involvement on such activities (e.g., Andersson, Dellestrand, & Pedersen, 2014). Subsidiary managers’ perceptions are used, since such managers have demonstrated important skills, knowledge, judgement, and the capability to make critical decisions for the subsidiary (e.g., Nell & Ambos, 2013). Furthermore, since they are part of the day-to-day business, local respondents are in a favorable position to adequately assess the impact of headquarters involvement on subsidiary activities (Collis et al., 2007). Using the perception of subsidiary managers is beneficial, given the purpose of this thesis and its research questions, since it allows for an understanding of how headquarters attention and involvement affects the headquarters-subsidiary relationship, as well as the value added and subtracted experienced by subsidiaries.

Relevance of the Japanese Context
Examining the impact of headquarters attention and involvement in subsidiaries’ relationships with their headquarters in a context with well-established subsidiaries that are expected to have an important role in their MNCs, provides a valuable research setting. Studying subsidiaries in an important market provides great circumstances to capture subsidiaries that are engaged in learning, knowledge transfer, and competence development, which are all relevant and important aspects for subsidiary value creation (Cantwell & Mudambi, 2005; Rugman & Verbeke, 2001). This allowed me to investigate subsidiaries engaged in value creation, and how different aspects of headquarters involvement affect these activities. It is also relevant to examine subsidiaries located in a host market that is considerably different from the headquarters’ home country to capture potential effects of cultural and country differences. A context with such characteristics contributes to the theoretical analysis in this thesis, since subsidiaries are expected to have an important role in their MNCs. Therefore, headquarters should also be cautious about their involvement to ensure a well-functioning organization.

Japan is a context that encompasses these characteristics and data for this thesis was primarily collected from top managers of subsidiaries located in Tokyo. The focus was on Japanese subsidiaries of MNCs with headquarters in Sweden and Europe. Japan is an interesting research context since it is technologically advanced with the world’s third largest economy, making it an important market. A presence in the Japanese market gives MNCs access to valuable customers, while facing tough competition from both Japanese and other international companies. This provides an environment in which subsidiaries are likely to engage in learning and competence development, and in turn value creation, making them an important part of their MNCs.
It is a particularly relevant context to study Swedish manufacturing firms and their subsidiaries, which make up a large part of this study. Many of the Swedish MNCs have a long history in Japan, establishing subsidiaries decades ago and having been present via distributors or other arrangements for even longer. They tend to have a reputation of developing innovative, high-quality products that are appreciated by the demanding Japanese customers. While Japan is an important market and subsidiaries can be expected to have a significant role in their MNCs, there are also indications that other markets may be gaining in interest and attracting more of headquarters attention.

During the course of my research, Japan’s relevance was reinforced by findings about manifestations of attention in high- and low-context cultures. Previous research on headquarters attention has primarily been conducted in low-context cultures (e.g., Bouquet & Birkinshaw, 2008; Conroy & Collings, 2016; Greve, 2008), in which communication is used to exchange information and ideas, verbal messages tend to be explicit, while nonverbal elements are less significant, and disagreements are depersonalized. To further develop our understanding of attention, it is valuable to use a high-context cultural setting to examine if different factors and mechanisms emerge as important. In a high-context culture, the context of communication is important to understand the intended meaning of the message. When, how, where, and by whom something is said can be more important than what is actually (Money et al., 1998). Long-standing personal relationships are important, and face-to-face communication is valued over written communication (Pascale, 1978). Such differences in the extent of explicit and implicit communication, and interpretation of the message make it likely that the mechanisms involved in shaping subsidiaries’ experience of headquarters involvement and attention vary across low- and high-context cultures. Examining headquarters attention and involvement in a high-context culture is beneficial for broadening our understanding of the mechanisms involved in shaping subsidiaries’ experience and relationship with the headquarters.

Examining headquarters attention to Japanese subsidiaries is also interesting given Japan’s lowering international status compared to Chinese subsidiaries for example. For a long time, Japanese subsidiaries enjoyed high status, and several of those included in this study remain a top-five or top-ten market in their MNCs. However, it is also noticeable that other markets are gaining importance, which may result in Japanese subsidiaries feeling a sense of isolation or jealousy vis-à-vis other subsidiaries.

Research Methods

To achieve the purpose of this thesis and answer the research questions posed, it was important to utilize a broader spectrum of methods, so both qualitative and quantitative research methods were used in the papers that make up this thesis. The various methods helped me develop a richer understanding of a
complex research phenomenon and allowed for more breadth and depth than a single method alone could provide (Creswell & Clark, 2007). Furthermore, the different methods complement and supplement each other, as they provide different analytical tools to understand the phenomenon. I conducted multiple case studies, relying mainly on interviews with subsidiary managers, together with archival data sources, for Papers II and III. The qualitative approach enabled me to broadly explore the headquarters-subsidiary relationship, allowing different mechanisms to emerge over the course of multiple rounds of interviews. Additionally, I collected survey data that I analyzed using structural equation modeling in LISREL in Paper IV. This quantitative approach enabled me to examine and test the relationships between different concepts.

To gain a broad understanding of the headquarters-subsidiary relationship, I conducted face-to-face, semi-structured interviews with subsidiary managers from a range of MNCs in Japan. The findings from the initial interviews were used to conduct additional rounds of interviews to develop the multiple case studies used for Papers II and III, as well as inform and update the survey before distributing it to subsidiary managers.

The different forms of data collection helped address different aspects of the research phenomenon. Table 2 presents an overview of the progression of the data collection and paper development. Qualitative methods were used for Papers II and III, since the research questions were more exploratory, while a quantitative approach was used in Paper IV, as it builds on earlier findings and tests different relationships. It is worth mentioning that the project was intended to primarily focus on the survey-based research. However, modifications were made during the data collection processes, in light of emerging research interests, as well as a greater response from managers to participate in interviews than initially expected.
Table 2. Progression of data collection and paper development

<table>
<thead>
<tr>
<th>Conceptual Paper (Paper I)</th>
<th>Conceptual paper disentangling the concepts of value added and value creation within MNCs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple Case Study (Paper II)</td>
<td>Multiple case study based on four Japanese subsidiaries of Swedish manufacturing firms. In-depth interviews conducted to understand the challenges associated with headquarters involvement in subsidiary activities.</td>
</tr>
<tr>
<td>Multiple Case Study (Paper III)</td>
<td>Comparative case study based on five Japanese subsidiaries of Swedish manufacturing firms. In-depth interviews conducted to understand the subsidiary perspective on headquarters allocating mixed levels and types of attention.</td>
</tr>
<tr>
<td>Survey Research (Paper IV)</td>
<td>Data collected using a survey sent to managers of Japanese subsidiaries of European MNCs. Survey questions focused on subsidiaries’ perceptions of the headquarters-subsidiary relationship and headquarters involvement.</td>
</tr>
</tbody>
</table>

Multiple Case Study Research

I used a comparative case approach to collect the qualitative data (Eisenhardt & Graebner, 2007). Case studies enabled the development of a more comprehensive understanding of complex social relationships, making it an appropriate approach for underexplored research phenomena (Graebner, 2009; Yin, 2014).

Data Collection and Case Selection

In total, 115 interviews were conducted with subsidiary managers in Tokyo, during two phases of qualitative data collection. Table 3 provides an overview of all the conducted interviews. The initial phase was exploratory and took place in January 2015. I conducted in-depth, face-to-face interviews with top subsidiary managers of 35 European MNCs in Japan, from a range of industries (manufacturing, shipping, medical equipment, pharmaceutical and luxury retail) to learn more about the subsidiaries’ perception of the headquarters’ role and gain a deeper understanding of the benefits and challenges associated with the headquarters-subsidiary relationship. Although only a subset of the 35 subsidiaries underwent further investigation and a deeper analysis during Phase Two, all 35 subsidiaries and interviews conducted during Phase One are represented in Table 3.
The interviews during Phase One provided an overview of my research phenomenon and helped inform me about themes of interest. The diverse range of interviews contributed to a broader understanding of the headquarters-subsidiary relationship, and allowed me to select parts of the empirical material to pursue further during additional rounds of follow-up interviews.

Table 3. Overview of conducted interviews

<table>
<thead>
<tr>
<th>Company</th>
<th>HQ location</th>
<th>Industry</th>
<th>Interviewed managers</th>
<th>Number of interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Swedish</td>
<td>Chamber of Commerce</td>
<td>General Manager</td>
<td>1</td>
</tr>
<tr>
<td>2*</td>
<td>Sweden</td>
<td>Manufacturing</td>
<td>President &amp; Representative Director, Director of Operations, Division Manager, CFO, HR Director Representative Director, CFO, Segment Manager I, Segment Manager II, Asia Marketing Coordinator, Administrative Leader, Sales Support Manager</td>
<td>10</td>
</tr>
<tr>
<td>3*</td>
<td>Sweden</td>
<td>Manufacturing</td>
<td>President &amp; Representative Director, Director &amp; VP, VP, VP of Communication, Department Manager Business Development, Project Manager, Division Controller CFO, (new) CFO, Sales Director, Sr. Manager, HR Director, Master Technician</td>
<td>10</td>
</tr>
<tr>
<td>4*</td>
<td>Sweden</td>
<td>Manufacturing</td>
<td>Communication, Department Manager Business Development, Project Manager, Division Controller CFO, (new) CFO, Sales Director, Sr. Manager, HR Director, Master Technician</td>
<td>11</td>
</tr>
<tr>
<td>5*</td>
<td>Sweden</td>
<td>Manufacturing</td>
<td>Representative Director &amp; President, General Manager, CFO, Marketing Manager</td>
<td>11</td>
</tr>
<tr>
<td>6*</td>
<td>Sweden</td>
<td>Manufacturing</td>
<td>Sr. VP I, Sr. VP II, CFO, Director I, Director II, Director III, President, R&amp;D Director, R&amp;D Manager, Project Manager R&amp;D, Engineering Integration Manager CFO, HR Director, Sr. Management Advisor</td>
<td>8</td>
</tr>
<tr>
<td>7*</td>
<td>Sweden</td>
<td>Manufacturing</td>
<td>Sr. VP I, Sr. VP II, CFO, Director I, Director II, Director III, President, R&amp;D Director, R&amp;D Manager, Project Manager R&amp;D, Engineering Integration Manager CFO, HR Director, Sr. Management Advisor</td>
<td>8</td>
</tr>
<tr>
<td>8*</td>
<td>Sweden</td>
<td>Manufacturing</td>
<td>Sr. VP I, Sr. VP II, CFO, Director I, Director II, Director III, President, R&amp;D Director, R&amp;D Manager, Project Manager R&amp;D, Engineering Integration Manager CFO, HR Director, Sr. Management Advisor</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>Sweden</td>
<td>Manufacturing</td>
<td>Reporting Director &amp; General Manager</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>Sweden</td>
<td>Manufacturing</td>
<td>President</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>Norway</td>
<td>Manufacturing</td>
<td>General Manager, Chief Engineer R&amp;D</td>
<td>2</td>
</tr>
<tr>
<td>12</td>
<td>UK</td>
<td>Manufacturing</td>
<td>President &amp; CEO</td>
<td>1</td>
</tr>
<tr>
<td>13</td>
<td>Denmark</td>
<td>Analytical solutions</td>
<td>President &amp; Representative Director, Application Manager</td>
<td>2</td>
</tr>
<tr>
<td>14</td>
<td>Norway</td>
<td>Reverse vending</td>
<td>President</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Country</td>
<td>Function</td>
<td>Position and Role</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---------</td>
<td>---------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Norway</td>
<td>Logistics</td>
<td>Head of Region East Asia, Head of Trade I, Head of Trade II, Head of Sales, Head of Operations, Port Operations Assistant</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Germany</td>
<td>Logistics</td>
<td>Managing Director, Operations Manager</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Denmark</td>
<td>Logistics</td>
<td>Managing Director</td>
<td></td>
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<td>19</td>
<td>Sweden</td>
<td>Logistics</td>
<td>General Manager Procurement Asia Pacific</td>
<td></td>
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<td>20</td>
<td>Sweden</td>
<td>Home appliances</td>
<td>Head of Region Japan and Korea</td>
<td></td>
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<td>21</td>
<td>Sweden</td>
<td>Telecommunications</td>
<td>Sales Director</td>
<td></td>
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<tr>
<td>22</td>
<td>Sweden</td>
<td>IT systems</td>
<td>Managing Director</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Sweden</td>
<td>Education</td>
<td>President</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Sweden</td>
<td>Medical equipment</td>
<td>President &amp; Representative Director, CFO, Director I, HR Director, Sr. Advisor</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Sweden</td>
<td>Medical equipment</td>
<td>HR Director, Controller</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Denmark</td>
<td>Pharmaceutical</td>
<td>President &amp; Representative Director, VP Finance &amp; Legal, Sr. Manager of Strategic Development, Director I</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Denmark</td>
<td>Pharmaceutical</td>
<td>President &amp; Representative Director, VP R&amp;D, HR Director</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Italy</td>
<td>Luxury fashion</td>
<td>President &amp; Representative Director</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Italy</td>
<td>Luxury fashion</td>
<td>Flagship Store Manager</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Italy</td>
<td>Luxury fashion</td>
<td>COO</td>
<td></td>
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<td>31</td>
<td>Italy</td>
<td>Luxury fashion</td>
<td>President &amp; CEO</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Switzerland</td>
<td>Luxury watch brand</td>
<td>Representative Director &amp; CEO</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>France</td>
<td>Cosmetics</td>
<td>VP R&amp;D Asia Pacific Operations</td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>France</td>
<td>Gourmet foods</td>
<td>Country Manager</td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Greece</td>
<td>Jewelry</td>
<td>President &amp; CEO Asia Pacific</td>
<td></td>
</tr>
</tbody>
</table>

Total interviews: 115

* Denotes subsidiaries that underwent a deeper analysis, according to the selection criteria described below and constitutes the data in Papers II and III.

The interview questions were generally broad, and open-ended to encourage interviewees to elaborate on their answers (Yin, 2014). This was also in line with the exploratory nature of the research during Phase One. The interviews lasted for an hour on average. I started the interviews by explaining my research topic and the purpose of the interviews. The managers were then asked to describe their professional background and tenure at the MNC to establish
their profiles. This also helped ensure that those I was interviewing had contact with the headquarters and were in a position to inform me about my research topic. Examples of the main questions that I asked during the initial interviews include: “What does the headquarters do when it gets involved?” “What effect does headquarters involvement have on your subsidiary activities?” “What are benefits and challenges associated with headquarters involvement?”

Several themes of interest emerged during the interviews conducted during Phase One, which I pursued further in a subset of the initial 35 subsidiaries. Managers described both benefits and challenges associated with headquarters involvement, as well as receiving mixed (positive and negative) attention from headquarters. These themes were explored further in seven subsidiaries during multiple rounds of interviews during Phase Two of the data collection.

The selection of the seven subsidiaries to pursue further during Phase Two was based on theoretical sampling (Yin, 2014) to capture variance in terms of how subsidiaries experienced headquarters involvement (Paper II), and the level and type of attention that the subsidiaries received (Paper III). The subsidiaries were selected because the themes of interest were present during the initial phase of interviews, limiting the group of subsidiaries from which to select. Several subsidiaries were of interests and willing to participate in additional interviews.3 To minimize variance in areas that were not of primary interest for the analysis, the selected subsidiaries all have their headquarters in Sweden, are within the manufacturing industry, and had sales and production mandates in Japan, with some also having R&D. This allowed the analysis to focus on variance in the themes of interest, rather than being distracted by variance from other characteristics. The manufacturing industry was especially interesting because most of the interviewed subsidiaries had sales and production mandates, which suggests they had a more advanced role in their MNCs compared to other interviewed Japanese subsidiaries in the shipping or luxury retail industries, for example, which primarily focused on sales. Both the medical equipment and pharmaceutical industries are strictly regulated, limiting the freedom of their subsidiaries to act in the host market and influence the headquarters-subsidiary relationship. With such factors in mind, in addition to the presence of the research themes of interest, the seven subsidiaries described in Table 4 underwent further analysis during Phase Two of the data collection process.

Multiple cases were used in Papers II and III, since they enable a broader investigation of the research questions and allows for complementarities and comparisons between the cases, which helps expose nuances that enhance theory development (Eisenhardt, 1991; Eisenhardt & Graebner, 2007). Multiple managers with different roles were selected in each subsidiary to better under-

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3 See Paper III for an example of how several of the initial 35 subsidiaries are mapped according to the findings, showing their relevance despite not being selected to participate in Phase Two.
stand how they were affected by headquarters attention and involvement. Theory development was enhanced by multiple interviews conducted on several occasions. More specifically, Phase Two consisted of multiple rounds of follow-up interviews with subsidiaries, in which the themes of interest were present, and managers were willing to participate in additional interviews. Face-to-face follow-up interviews were conducted in April 2015 and August 2016, and additional Skype interviews were conducted in May 2017. These interviews enabled me to ask more specific questions about emergent themes and develop a deeper understanding of the subsidiaries’ experiences of headquarters attention and involvement.

Paper II provides a more detailed explanation of case selection and the interviews with the four subsidiaries (Companies 3, 5, 7, and 8) that experienced value subtraction, as well as the findings. The subsidiaries are intentionally diverse in their characteristics. They vary in type of ownership, and MNC and subsidiary size. However, they are all in the manufacturing industry, with headquarters in Sweden. The differences are intentional and allows for constructive variance and interesting comparisons between subsidiaries with a range of knowledge, capabilities and recognition within their MNCs (Gupta & Govindarajan, 1991).

The subsidiaries included in the exploration of different types and levels of headquarters attention are Companies 2, 3, 4, 5 and 6, and a more detailed explanation of the case selection as well as findings can be found in Paper III. The subsidiaries vary in age but are all well-established and have been in Japan for at least 10 years. They all belong to Swedish manufacturing firms with a global reach. The subsidiaries all have sales and production mandates, apart from Jupiter, which also has a R&D mandate.

All interviews were audio recorded with the interviewees’ consent and later transcribed. Several of the managers were interviewed on multiple occasions to help reduce potential biases. Interviewees’ anonymity was emphasized to encourage openness and candidness of their answers (Davis & Eisenhardt, 2011; Graebner, 2009). Archival sources, such as annual reports, press releases, and newspaper articles were used to support and compare answers from the interviews.
<table>
<thead>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Industry</td>
<td>Manufacturing</td>
<td>Manufacturing</td>
<td>Manufacturing</td>
<td>Manufacturing</td>
<td>Manufacturing</td>
<td>Manufacturing</td>
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<td>Privately owned</td>
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<td>Privately owned</td>
<td>Publicly traded</td>
<td>Privately owned</td>
<td>Publicly traded</td>
</tr>
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<td>Sweden</td>
<td>Sweden</td>
<td>Sweden</td>
<td>Sweden</td>
<td>Sweden</td>
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<tr>
<td>MNC employees</td>
<td>15,000</td>
<td>5,000</td>
<td>120,000</td>
<td>45,000</td>
<td>2,000</td>
<td>15,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Subsidiary employees</td>
<td>200</td>
<td>25</td>
<td>300</td>
<td>40</td>
<td>35</td>
<td>500</td>
<td>600</td>
</tr>
<tr>
<td>Subsidiary mandates</td>
<td>Sales</td>
<td>Production</td>
<td>Sales</td>
<td>Production</td>
<td>Sales</td>
<td>Production</td>
<td>Sales</td>
</tr>
<tr>
<td>Informants</td>
<td>President &amp; Representative Director, Director of Operations, Division Manager, HR &amp; GA Manager, CFO</td>
<td>Vice President, Asia &amp; Pacific Administrative Leader, Sales Support Manager, Segment Manager, Segment Manager II, Asia Marketing Coordinator, Finance Controller</td>
<td>President &amp; Representative Director, Director &amp; Vice President, Business Development Manager, Project Manager, Division Controller, Vice President, Communication Manager</td>
<td>Director of Sales, Senior Manager, CFO, (new) CFO, HR Director, Master Technician</td>
<td>President &amp; Representative Director, General Manager, Marketing Manager, CFO</td>
<td>Sr. Vice President I, Sr. Vice President II, Business Control Director, Director I, Director II</td>
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<td>Number of interviews (Total minutes)</td>
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<td>10 (750 min)</td>
<td>11 (585 min)</td>
<td>11 (485 min)</td>
<td>8 (555 min)</td>
<td>7 (525 min)</td>
<td>4 (235 min)</td>
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<td>Annual reports, Press releases, Newspaper articles</td>
<td>Annual reports, Press releases, Newspaper articles</td>
<td>Annual reports, Press releases, Newspaper articles</td>
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<td>Annual reports, Press releases, Newspaper articles</td>
<td>Annual reports, Press releases, Newspaper articles</td>
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</table>
Qualitative Data Analysis

I used multiple techniques to increase the trustworthiness of the qualitative data collection, such as granting anonymity, within-subsidiary triangulation, multiple interviews with several managers, and multiple iterations of data analysis moving between data and theory (Gibbert, Ruigrok, & Wicki, 2008; Lincoln & Guba, 1985). I wrote case stories and triangulated interview data with additional data sources (Jick, 1979).

The data was coded using NVivo 10 and analyzed in an iterative manner, moving between data, literature, and theory to refine my findings, while relating them to existing theories and elaborating my findings (Arora et al., 2016). Existing research on both headquarters involvement (Ciabuschi et al., 2011a; Ciabuschi et al., 2012b; Dellestrand, 2011), and attention (Ambos et al., 2010; Bouquet & Birkinshaw, 2008) primarily relied on survey-based research for data collection. Since such methods do not capture the details of the mechanism involved and the nuances of headquarters involvement and different types and levels of attention, I analyzed the interviews broadly, without a priori hypotheses in mind, but with existing literature as inspiration.

To analyze subsidiaries experiencing value subtraction for Paper II, I focused on identifying occasions when subsidiaries discussed challenges or expressed concern or frustration regarding headquarters involvement. The findings were triangulated with other interviews conducted within the same MNC, site visits, and annual reports, whenever possible. I focused on instances when managers felt demotivated or mentioned their subsidiary suffering from opportunity loss. Managers also discussed how misaligned priorities with headquarters and ill-fitting standardization contributed to such an experience. The data analysis process sought to identify instances of friction in the headquarters–subsidiary relationship and explain subsidiaries’ experience of headquarters involvement at such times.

Paper III examines subsidiaries receiving different types and levels of attention. Previous studies have measured attention but relied on methods that did not capture subsidiaries receiving varying levels of positive and monitoring attention, nor how this affected subsidiaries. Therefore, my coding was inspired by the attention literature, while remaining open. I coded the interviews broadly to capture previously overlooked insights. The attention literature drew my focus to comments by interviewees about receiving recognition, support, and resources from headquarters, as well as occurrences of reporting, reviewing, and control exercised by headquarters.

To analyze positive attention, I identified instances when managers discussed their subsidiaries receiving resources and support (tangible and intangible) and headquarters taking an interest in learning about the subsidiary. Headquarters’ visits emerged from the data as an important source of recognition and support, which was not highlighted by previous research. Managers also discussed situations in which headquarters monitored and controlled cer-
tain activities, and these were coded as monitoring attention. Rules and routines for getting headquarters’ approval for different decisions were also considered monitoring attention if they required active engagement from headquarters, rather than formalized, automatic processes. This is in line with previously used measures of negative attention, which focused on the frequency of headquarters reviewing subsidiary actions such as operating expenditures, budgeting, and strategic business plans (e.g., Bouquet & Birkinshaw, 2008).

First order, in vivo codes were developed for both studies, based on the expressions used by managers to develop a detailed representation of the data. In an iterative process, the first order codes were further informed by theoretical concepts reflected in the data. Second-order themes were created by grouping thematically similar and reoccurring codes. During the final stage, the first order codes and second order themes derived from the data were carefully reviewed together with existing literature and emerging findings to ensure that the identified dimensions represent the data (e.g., Conroy & Collings, 2016).

Survey Research

The survey was constructed during multiple project meetings and went through iterations of feedback from both academics and business managers before being distributed. This was largely completed before I joined the project as a Ph.D. student, but I had the opportunity to modify aspects of the survey based on my research interest and themes that emerged from initial interviews. The distributed survey included themes capturing headquarters’ resource allocations and value added to subsidiaries, knowledge transfer from both headquarters and subsidiaries, headquarters’ benevolence, and subsidiary issue selling, influence and performance. The questions were primarily answered using a Likert type scale.

Japanese subsidiaries of European MNCs made up the target population for this survey. More specifically, the survey was distributed to Japanese subsidiaries of MNCs headquartered in Denmark, Finland, Germany, the Netherlands, Norway, Sweden, and the UK. All these countries are located in the northern part of Europe. Norway, Denmark, Sweden, Finland and the Netherlands are all relatively small, while Germany and the UK are among the largest countries in Europe.

The selection of subsidiaries was made based on membership in the respective countries’ chambers of industry and commerce in Japan. However, membership is open to a broad range of companies, hence Japanese companies and companies with headquarters located in countries other than that of the chamber were excluded from the sample. Furthermore, financial service companies were also excluded.
Subsidiary managers served as respondents, which is an advantage since they are directly involved in the local subsidiary activities and are more familiar with the local impact of headquarters involvement (e.g., Andersson et al., 2014). Additionally, subsidiary managers tend to have demonstrated important skills, knowledge, judgement, and the capability to make critical decisions for the subsidiary by the time they are appointed to senior positions (e.g., Nell & Ambos, 2013). Although self-reported assessments may contain errors, subsidiary managers involved in the day-to-day business are in a favorable position to explicitly evaluate headquarters (Collis et al., 2007: 399).

The survey data was collected in three rounds, in April 2015, May 2016, and May 2017. Many of the surveys were distributed in paper form, together with a stamped envelope, to the members of the Scandinavian chambers during interviews and other occasions during the initial round of data collection in 2015. When I distributed the surveys in paper form, I had met the respondents for an interview relating to the qualitative data collection process, giving me an opportunity to explain the research project and the purpose of the survey. None of the managers wanted to complete the survey at that time, so I left it and a stamped envelope for them to complete and return at their convenience. The response rate for the paper surveys was almost 100 percent.

The later rounds consisted of an online survey and an introduction email containing the link to the survey (hosted via Google Forms) that was distributed to the respondents. The email introduced me as a Ph.D. researcher at Uppsala University, together with others involved in the project. It also explained the purpose of the survey and emphasized the anonymity of the results. To improve the response rate, follow-up reminders were sent after the initial survey distribution. Although the response rate was high, there was reluctance, and several of those who did not complete the survey expressed concerns regarding the survey being hosted via a non-university sponsored link and the information requested being too sensitive.

In total, 182 subsidiaries from the different chambers of commerce received the survey. The total sample analyzed included 93 Japanese subsidiaries, with an overall response rate of 51 percent. The response rate across the members of the different chambers varied from a low of 41 percent (Denmark) to a high of 68 percent (Sweden). A majority of the respondents were subsidiary executive officers, while the remaining respondents were financial, marketing, sales, or production managers, all of whom closely interacted with their headquarters. I obtained answers from multiple managers in most subsidiaries, and subsequently performed t-tests between answers from managers within a subsidiary on selected items and found no significant difference between answers. Consequently, the analysis builds on multiple answers from most subsidiaries that were averaged for each item. The data quality is relatively high, with missing values at 5 percent or less. Multiple imputation in LISREL 8.80 was used to replace missing values with means due to the small sample size.
The collected survey data was used to write Paper IV. The data was analyzed using a structural equation model and a LISREL analysis testing the relationships between subsidiary issue selling, headquarters involvement, and subsidiary influence and performance.

Ethical Considerations

To the best of my knowledge, I have complied with established ethical norms for conducting research for this thesis. All interviewees and survey respondents were informed about the research being conducted and how their answers would be used (i.e. primarily for academic publications), enabling respondents to provide informed consent before participating (Diener & Crandall, 1978). Survey respondents received an introductory letter with the survey, providing an explanation of the data collection process as well as privacy assurance that no individual or firm-specific information would be disclosed in the publications. All participation was voluntary, and neither interviewees nor respondents received any financial incentives to participate in the study. Participating managers and companies were offered anonymity, hence pseudonyms are used for company names and only titles are used to describe interviewees (see Papers II and III).

My Ph.D. studies and data collection were partly financed by several external sources, the Jan Wallander and Tom Hedelius Foundation, the Berch & Borgström Fund, the Anna Maria Lundin Travel Grant, the Sasakawa Foundation, which I disclose in all academic output (i.e. conference papers and journal submissions) associated with this data, and state that the findings have not been influenced by the funding received (Bryman & Bell, 2011).

Reflections on the Research Process

The survey data collection process presented significant challenges, mainly related to the design, length, and distribution of the survey. The first page of the survey requested personal information about the respondent, and contact information for the respondent and their managers. Such detailed information made several potential respondents uncomfortable, despite my assurance that the information would be anonymized when analyzed and presented. The use of an online survey hosted by Google Forms due to the lack of a university hosted survey tool raised additional concerns among potential respondents regarding anonymity, access to the survey answers, and my credibility as a researcher. One manager, who declined to participate in the survey replied to my invitation email detailing his concerns as such:
“Due to identity/confidentiality/social engineering risks there is no way I would answer this kind of survey. It just asks for way too much information that could be used in a damaging way, especially considering this is just an email and an online form (not even hosted or linked on an official university page.) Please understand social engineering is an actual risk for companies. I hope this feedback helps you in your research.”

A consideration for future research is to distribute the survey without requesting detailed personal information from the respondents, since it may be considered invasive and deter managers from participating.

Distributing the survey via headquarters is another consideration to encourage managers to participate when the research has been endorsed by headquarters. However, this presents a double-edged sword since research supported by the headquarters may increase subsidiaries’ willingness to participate, but it also risks having the researcher perceived as a “headquarters spy” (Welch, Marschan-Piekkari, Penttinen, & Tahvanainen, 2002: 621). I contacted subsidiary managers directly for both the survey research and the interviews to minimize the risk of being perceived as relaying information to the headquarters.

It was relatively easier to arrange interviews than to get respondents for the survey. However, finding a balance between following the interview questions and being open to new ideas that emerged during the interviews was challenging. At times, the managers had a preconceived idea of what they wanted to share and thoughts that they wanted to discuss, however when these significantly differed from my intention with the interview it was challenging to keep the focus without dismissing aspects that the interviewee considered more important. Although there were some challenges during the interviews, the managers who agreed to be interviewed were in general willing to share and spend time discussing my research. Many of them expressed interest in the topic and highlighted its importance. Top subsidiary managers, especially expats are often isolated, in that they do not have colleagues in the subsidiary to discuss certain concerns with and have difficulty relating to headquarters managers, since they are far away both geographically and in terms of responsibilities. Therefore, the interviews sometimes resembled therapy sessions, with the managers opening up and providing rich data during longer interviews, appreciating an attentive listener (Welch et al., 2002). While their time and openness were greatly appreciated, it increased the challenge of balancing the structure of the interview between prepared questions and remaining open to ideas that emerged throughout the interviews, as well as analyzing the interviews and identifying aspects of relevance for theory development.
Summary of the Papers

This chapter presents a summary of the four papers included in this thesis. The papers were specifically ordered based on their research focus. Paper I provides a conceptual overview of value generation in MNCs by distinguishing between value added and value creation taking place within MNCs. The empirical papers that follow focus on different ways that headquarters can add and subtract value from subsidiary activities. Paper II explores the effects of misguided headquarters involvement in subsidiary activities and highlights when and why subsidiaries experience value subtraction. Paper III examines headquarters’ parenting styles that emerged from different types and levels of attention being allocated to subsidiaries. While Papers II and III are qualitative, Paper IV is based on a structural equation model, with a LISREL analysis of survey data. It examines the effect of subsidiary issue selling on headquarters involvement, and how this affects subsidiary influence and performance. Table 6 provides an overview of the main findings of the four papers.

Paper I: Value Generation in the Multinational Corporation

MNCs are complex, internationally dispersed, and goal-disparate organizations with influence distributed among different units. As markets become increasingly competitive, it is important for MNCs to generate value. Both headquarters and subsidiaries are responsible for contributing to value generation, albeit they may do so in different ways. This builds on the notion that it is possible to discern two separate concepts that relate to value generation, namely value creation and value added. These concepts are often used interchangeably (sometimes even in the same paper), without a clear distinction as to what they de facto reflect or what their underlying mechanisms of value creation and value added might be. This book chapter seeks to disentangle differences in the unit and level of analysis, as well as differences in the terminology to highlight that they are distinct phenomena with separate features and characteristics, which makes it problematic to use the concepts as synonyms.

Based on a set of assumptions regarding headquarters-subsidiary relations, conceptual arguments related to value generation are developed. Teasing out the differences between the concepts becomes important, as it leads to a fuller
understanding of what headquarters do in different situations and what the headquarters-subsidiary relationship entails for value generation.

Characteristics inherent to value adding activities make them suitable to be carried out by headquarters, while the value creation process is more appropriately conducted by subsidiaries. The phenomena can be further distinguished by focusing on differences between the meaning of adding and creating. On the one hand, ‘to add’ is a verb that means “to join (something) to something else so as to increase the amount, size, importance, etc.” (Oxford English Dictionary, 2017). This corresponds well with the conceptualization of value adding activities as activities that seek to add something to something else to positively contribute to the value creation process. On the other hand, ‘to create’ is a verb that means “to bring into being, cause to exist; esp. to produce where nothing was before” (Oxford English Dictionary, 2017). This definition is in line with the conceptualization of the value creation process, which is about ensuring that the final product or service is worth more than the individual parts. This is captured by the term ‘create’ since it is about causing something to exist that did not previously exist in that form. Value creation is more complex than adding multiple parts together in a beneficial way since it is about combining parts to create value that did not previously exist.

Overall, net positive value is created for MNCs when the benefits of the value creation process outweigh the related costs, including those of the value adding activities conducted. Due to the differences in the concepts, as well as the unit and level of analysis, differentiating the concepts is important to add analytical power, open up new avenues for research, and more thoroughly understand headquarters’ role and function, as well as the headquarters-subsidiary relationship in MNCs.

In this chapter, we argue that value adding activities tend to be conducted by headquarters, but are dependent on varying knowledge situations of headquarters, while the value creation process tends to occur at the subsidiary level. Establishing differences between the concepts enables increased analytical power when analyzing complex organizations such as MNCs and can provide a greater understanding of the headquarters-subsidiary relationship. Value adding activities are some of the most important tasks performed by headquarters, which is why they are the focus of this chapter. Increasing our understanding of the differences between the concepts allows for a more detailed description of headquarters, as well as when and how headquarters involvement at the subsidiary level can improve subsidiary performance. Furthermore, it allows for a closer look at the roles and functions of the different units, and how they contribute to value generation in MNCs.
Subsidiaries are recognized for competence development and their potential to create value for MNCs (Cantwell & Mudambi, 2005; Ciabuschi, Dellestrand, & Nilsson, 2015; Rugman & Verbeke, 2001), which are essential for firms to sustain their competitive advantage (Narula, 2014). To encourage subsidiaries’ value creating activities, headquarters can become involved and initiate activities such as knowledge sharing, synergy management, strategic decision making, and the utilization and allocation of resources to pursue such strategies to enhance subsidiary and MNC performance (Chandler, 1991; Goold, 1996). Such value adding efforts constitute headquarters’ parenting advantage, which is focused on headquarters’ potential to add value to their subsidiaries through management capabilities, sharing resources, and synergy management (e.g. Foss, 1997; Goold et al., 1994b; Nell & Ambos, 2013).

Headquarters’ parenting advantage can add value when headquarters see opportunities to improve subsidiaries’ performance, sufficiently understand the subsidiaries’ business, and have skills and resources to contribute (Goold et al., 1998). Such involvement requires extensive knowledge of subsidiary activities, which can be gained through embeddedness in the subsidiary network (Nell & Ambos, 2013). However, with subsidiaries functionally and geographically dispersed, it can be challenging for headquarters to achieve their parenting advantage, because they may not be able to accommodate the needs of, and opportunities available to different subsidiaries (Ciabuschi et al., 2011b; Goold & Campbell, 1998).

Although previous research has shown both beneficial and detrimental consequences of headquarters involvement (e.g. Ciabuschi et al., 2011a; Ciabuschi et al., 2012b), this paper focuses on understanding when and why subsidiaries experience misguided headquarters involvement and what the consequences may be. I used an inductive, qualitative study to explore instances in which tension occurred in the headquarters-subsidiary relationship and illustrate how subsidiaries experience value subtraction. Previous research has mainly relied on survey-based studies when investigating the effects of headquarters involvement. By using a more granular approach (e.g. Monteiro & Birkinshaw, 2017), I was able to examine mechanisms involved in shaping the subsidiaries’ experience of headquarters involvement.

I identified two specific forms of value subtraction – demotivation and opportunity loss – and illustrate how each of these manifests in subsidiaries. This research begins to fill a gap in terms of empirical work examining value subtraction by showing that misguided headquarters involvement can hamper subsidiary activities and demotivate managers. These concerns are critical, as tension and problems in the headquarters-subsidiary relationship will affect
performance if subsidiaries are dissatisfied with their headquarters. With subsidiaries making important contributions to MNCs’ competitive advantage (e.g. Birkinshaw et al., 1998; Cantwell & Mudambi, 2005; Rugman & Verbeke, 2001), problems in their relationship with headquarters can negatively affect both subsidiary and MNC performance if they cannot carry out their activities. Therefore, it is important to better understand when and why subsidiaries experience value subtraction.

Paper III: Different Parenting Styles: Examining Supportive and Monitoring Attention from Headquarters to Subsidiaries

Headquarters and their ability to add value to their subsidiaries is a research topic that continues to receive increasing scholarly interest (Nell & Ambos, 2013). One key way that headquarters add value is by allocating attention to subsidiaries, which has been shown to increase their performance (Bouquet & Birkinshaw, 2008; Plourde et al., 2014). Attention is a scarce and important resource, since the focus of headquarters managers affects corporate strategy and subsidiaries’ resource allocations and ability to act on opportunities (Cyert & March, 1963; Monteiro, 2015).

Bouquet and Birkinshaw (2008), and most subsequent research (e.g. Bouquet et al., 2009; Plourde et al., 2014), has focused on positive attention, described as the extent to which headquarters recognize and acknowledge a subsidiary’s contribution to the MNC (Bouquet & Birkinshaw, 2008: 579). This stream of literature explicitly or implicitly assumes that the more positive attention a subsidiary receives, the better.

Despite their exclusive focus on positive attention, it is important to note that in their original work, Bouquet and Birkinshaw also explicitly acknowledge the existence of “negative forms of attention” characterized as “corporate control – that is, procedures undertaken by headquarters managers to monitor and evaluate subsidiary activities” (Bouquet & Birkinshaw, 2008: 586). Yet, we do not know whether and under what circumstances subsidiaries perceive negative attention as such, nor whether it has a negative impact on their relationships with headquarters. There is very limited research examining negative attention, how it is manifested, and what effects it has on subsidiaries (recent exceptions are: Ambos et al., 2010; Conroy & Collings, 2016). More importantly, scholars have so far neglected to explicitly examine whether headquarters concomitantly devote positive and negative attention, and how this affects subsidiaries.

It is very plausible that subsidiaries simultaneously receive a mix of positive and negative attention, similar to how parents likely give a combination of supportive and monitoring attention to their children to balance encourage-
ment with control to guide their children’s development. Therefore, it is important to investigate whether, when, and how different types (positive/negative) and levels (high/low) of attention affect how subsidiaries perceive their relationships with headquarters.

In order to examine this, we used a more granular research design (e.g., Monteiro & Birkinshaw, 2017) to observe the possible coexistence of positive and negative headquarters attention to subsidiaries. As much as annual reports and surveying subsidiary CEOs have been very useful to show the effects of positive attention on performance (Ambos & Birkinshaw, 2010; Bouquet & Birkinshaw, 2008), we chose to investigate this phenomenon through a qualitative multiple case study. By triangulating secondary data with field observations and multiple interviews in five subsidiaries of Swedish MNCs in Japan, we were able to develop a more detailed understanding of the different facets involved in the (often simultaneous) manifestation of support and monitoring by headquarters to subsidiaries.

The main theoretical contributions of this paper are to the attention-based view (Bouquet & Birkinshaw, 2008; Ocasio, 1997), and the parenting literature (Goold et al., 1998; Nell & Ambos, 2013). First, it provides a more nuanced understanding of positive attention and its effects on subsidiaries. Additionally, highlights circumstances under which monitoring attention can be perceived as positive by subsidiaries, showing that it can have beneficial implications if combined with high levels of positive attention. Second, building on these effects, we take an inductive approach to identify five types of parenting in an attention-based parenting typology – Satisfying, Hyper-attentive, Abandoning, Hindering, and Custodian.

Paper IV: Gauging subsidiary influence and performance through strategic issue selling and the involvement of headquarters in subsidiary activities

Research on MNCs have found that subsidiaries actively shape their own roles, as well as influence corporate strategies (e.g., Ambos et al., 2010; Birkinshaw, 1997; Bouquet & Birkinshaw, 2008). In fact, an MNC can be viewed as a network of units resembling a loosely coupled organization (Andersson et al., 2007), in which subsidiaries strive to gain influence over their own operations, as well as the operations of others. At the same time, certain subsidiary structures and processes drive headquarters involvement in subsidiary activities (Cavanagh, Freeman, Kalfadellis, & Cavusgil, 2017; Dellestrand & Kappen, 2012). This builds on the observation that headquarters need to keep informed about the needs and resources dispersed throughout MNC networks, which trigger headquarters’ actions (Galunic & Eisenhardt, 2001). Headquarters are active players in the MNC arena as they respond to
stimuli, pay attention to selected issues, and get involved in subsidiary activities (Andersson et al., 2007; Simon, 1947).

Headquarters’ involvement is a way of concretizing attention allocation and allows for empirically capturing and analyzing the elusive and abstract concept of attention (Ocasio, 1997, 2011). There have been multiple calls for research on the application of the attention-based view of the firm (Bouquet & Birkinshaw, 2011; Bouquet et al., 2009; Ocasio, 2011). This paper attempts to fill that gap. Investigating headquarters’ involvement addresses the call for research about specifying the meta-construct of headquarters’ attention in that “research investigating the unique qualities of effective global leaders should broaden its focus to include their concrete attention practices, rather than focusing solely on the particular cognitive tendencies they demonstrate in strategic decision-making activities” (Bouquet et al., 2009: 124). Furthermore, Rugman and Verbeke (2001) link attention as a generic concept to parental involvement, by which headquarters can recognize and support promising subsidiaries. This is especially important since internally isolated subsidiaries rarely engage in knowledge sharing activities and risk having a lower performance than other subsidiaries (Monteiro et al., 2008). Thus, involvement captures headquarters’ actual behavior. In doing so, organizational behaviors, priorities, and concerns are addressed, which are quintessential themes for studying organizations (Gavetti et al., 2007; Ocasio, 1997; Rumelt, Schendel, & Teece, 1994). Despite a recent scholarly interest in headquarters involvement (e.g., Ciabuschi et al., 2017; Decreton, Dellestrand, Kappen, & Nell, 2017), there is a lack of research investigating how subsidiaries can encourage headquarters to take an active role in subsidiary level activities and how this affects subsidiary influence over MNC decisions and subsidiary performance. I seek to fill this gap by analyzing the outcomes of headquarters involvement triggered by subsidiary issue selling.

I show that subsidiaries can engage in issue selling and trigger headquarters involvement when they focus on communicating issues of strategic importance. Furthermore, headquarters involvement directly increases subsidiary influence over corporate investment decisions and improves their performance compared to competitors. This helps improve our understanding of how subsidiaries can gain influence within MNCs, which in turn has a positive effect on subsidiary performance. Furthermore, my findings suggest that headquarters involvement, in terms of resource allocations, as well as close interaction and cooperation with subsidiaries, has a stronger effect on subsidiary performance than subsidiary influence does.
<table>
<thead>
<tr>
<th>Paper</th>
<th>Title</th>
<th>Research question</th>
<th>Research approach</th>
<th>Main concepts</th>
<th>Main findings</th>
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<tr>
<td>I</td>
<td>Value Generation in the Multinational Corporation</td>
<td>Investigating themes related to value generation within MNCs and examine distinctions between value creation and value added.</td>
<td>Conceptual</td>
<td>Value generation, Value added, Value creation, Net value</td>
<td>Both headquarters and subsidiaries are responsible for contributing to MNC value generation but do so in different ways. Differences between the concepts of value added and value creation, and associated activities and processes are examined. Findings suggest that value adding activities tend to be conducted by headquarters and contribute to subsidiary value creation processes.</td>
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<td>II</td>
<td>Headquarters Involvement in Subsidiary Activities: When and why do subsidiaries experience value subtraction?</td>
<td>When and why do subsidiaries experience value subtraction from headquarters involvement, and what are the consequences thereof?</td>
<td>Qualitative</td>
<td>Misguided involvement, Global standardization, Missed opportunities, Demotivation, Value subtraction</td>
<td>Misguided headquarters involvement risks exposing subsidiaries to value subtraction. Involvement characterized by misaligned priorities and global standardization exposes subsidiaries to value subtraction in the form of opportunity loss and demotivation, which exposes limitations in the headquarters-parenting role and creates tension in the headquarters-subsidiary relationship.</td>
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<td>III</td>
<td>Different Parenting Styles: Examining Supportive and Monitoring Attention from Headquarters to Subsidiaries</td>
<td>Whether, when and how do different types and levels of attention affect the way subsidiaries perceive their relationship with headquarters?</td>
<td>Qualitative</td>
<td>Positive attention, Monitoring attention, Headquarters-subsidiary relationship</td>
<td>Subsidiaries receive different types and levels of headquarters attention and an attention-based parenting typology is developed. Most interesting is the finding that negative attention, in combination with positive attention is considered beneficial by subsidiaries.</td>
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<td>IV</td>
<td>Gauging subsidiary influence and performance through strategic issue selling and the involvement of headquarters in subsidiary activities</td>
<td>How can subsidiaries guide headquarters’ involvement and how does this impact subsidiary performance?</td>
<td>Quantitative</td>
<td>Subsidiary issue selling, Headquarters involvement, Subsidiary influence, Subsidiary performance</td>
<td>Subsidiary issue selling focusing on strategic issues drives headquarters involvement, which has a positive effect on subsidiary influence over corporate investment decisions and business performance.</td>
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Conclusion

This concluding chapter presents theoretical implications for understanding the headquarters-subsidiary relationship, and contributes to the parenting literature, the attention-based view, and subsidiary issues selling. These implications are based on findings in the four papers summarized in the previous chapter. I then present managerial implication of my research findings, which are primarily based on the findings in the four papers, but also influenced by the larger set of interviews conducted during the initial, exploratory data collection phase. It is a conundrum that managers still seem to be dealing with challenges described by research conducted during the 1980s and 1990s, and I discuss important aspects for headquarters and subsidiary managers to consider to address this situation. Finally, I end this chapter by discussing research limitations of this study, which open up for interesting areas of future research.

Implications for Theory

The Headquarters-Subsidiary Relationship in MNCs

This thesis contributes to the literature by examining challenges and opportunities involved in managing a complex organization such as a MNC, with collective entities that form an internal decision making and communication structure (Gavetti et al., 2007). More specifically, this thesis examines the headquarters-subsidiary relationship from the subsidiary perspective. Examining this is especially interesting in light of the conflicts and tensions that can exist within MNCs when subsidiaries identify with their own goals and values, rather than those of the entire MNC (Gavetti et al., 2007; Simon, 1947).

By examining the effects of headquarters attention and involvement on subsidiary activities, a deeper understanding of the headquarters-subsidiary relationship emerges, highlighting circumstances under which active headquarters are appreciated, as well as elucidating a darker side of the relationship fraught with frictions and tensions. Attention requires the headquarters to notice and allocate time and effort to issues and answers (Ocasio, 1997). For MNCs, headquarters involvement in subsidiary activities represents a behavioral manifestation of attention. It is only after headquarters have paid attention by spending time and effort on subsidiary issues that they may decide to get involved in subsidiary activities by actively participating in, allocating resources
to, and interacting and cooperating with their subsidiaries (Dellestrand & Kappen, 2012). Examining when and how headquarters attention and involvement benefit or hamper subsidiary activities is important for our understanding of the headquarters-subsidiary relationship.

A contribution to the headquarters-subsidiary relationship literature is showing a darker side of the headquarters-subsidiary relationship. I am able to untangle underlying mechanisms involved in subsidiaries experiencing value subtraction in the forms of missed opportunities and demotivated managers from headquarters involvement characterized by misaligned priorities and global standardization (as shown in Paper II). This highlights instances that are less severe than value destruction (Goold et al., 1994a), but still of concern for subsidiary performance. Value subtraction becomes especially concerning when we consider the importance of subsidiaries as a source of value creation for MNCs (e.g., Birkinshaw et al., 1998; Cantwell & Mudambi, 2005; Rugman & Verbeke, 2001).

Misguided headquarters involvement can be considered a manifestation of subgoal conflicts and differentiation within organizations since subsidiary managers tend to identify more with the values of their subsidiary than the organization as a whole (Gavetti et al., 2007; March & Simon, 1958). Demotivated managers can have negative consequences for subsidiaries’ performance in terms of reducing managers’ incentives and output. Awareness of the consequences of conflicting interests, and how subsidiary managers are affected by headquarters involvement contributes to our knowledge of when and how conflicting interests may reduce organizations’ abilities to coordinate action among their groups (March & Simon, 1958; Simon, 1947). However, an even more important part of understanding misguided headquarters involvement and value subtraction is the contribution of insights regarding how MNCs retain their abilities to induce cooperation, despite conflicting interests and goals (Gavetti et al., 2007). By examining the consequences of misguided involvement, I increase our understanding of value subtraction compared to value destruction (Goold et al., 1994a). I also show that even if value subtraction presents an opportunity cost, it is still considered less than the perceived value added of being part of the MNC (Cyert & March, 1963; Gavetti et al., 2007). The subsidiary managers may feel frustrated, yet remain within the MNC, suggesting that the benefits of MNCs and headquarters are greater than the opportunity costs presented by misguided involvement.

The finding that headquarters involvement characterized by misaligned priorities and global standardization can expose subsidiaries to opportunity loss and demotivate managers, highlights challenges in the headquarters-subsidiary relationship. It also supports a more pessimistic view about headquarters’ ability to achieve a parenting advantage and efficiently allocate resources between projects and subsidiaries. It also questions the headquarters’ role as an orchestrator, its ability to ensure value creation and capture (Dhanaraj &
Parkhe, 2006), and raises concerns about the headquarters’ knowledge situation. Headquarters can be ignorant and lack adequate knowledge about subsidiary activities since they are not operating at the subsidiary level. This may challenge headquarters’ decision making abilities (Bower, 1986). Since knowledge is context specific, especially in dispersed MNCs, no one has a complete overview. This makes it challenging for headquarters to acquire knowledge and even realize what knowledge to seek (Ciabuschi, Dellestrand, & Holm, 2012a; Weick & Roberts, 1993). Subsidiaries may comply with the headquarters’ detrimental involvement, even if they realize the consequences and are experiencing value subtraction because they accept the headquarters’ hierarchical position as legitimate and its right to issue commands and determine strategy (Mudambi, 2011). Headquarters may also have managed to effectively communicate to their subsidiaries that there are times when value subtraction for some subsidiaries is acceptable to achieve overall value generation for the MNCs. With this in mind, subsidiaries may continue to partake in collective action, as long as the benefits from cooperating within the MNC are greater than the opportunity costs of value subtraction (Gavetti et al., 2007).

Although Paper II examines a darker side of headquarters involvement, such as value subtracting consequences experienced by subsidiaries, it is also important to recognize a brighter side of the headquarters-subsidiary relationship. Headquarters involvement that is guided by subsidiary issue selling is found to have a beneficial impact on subsidiary influence and performance (as described in Paper IV). Subsidiary issue selling provides headquarters with a better understanding of how and where to target their involvement in issues that the subsidiary considers important. Doing so may reduce underlying liabilities driven by distance and a limited understanding of subsidiary activities that contribute to the value subtracting involvement by headquarters (as described in Paper II).

My findings show that headquarters involvement, when guided by subsidiary issue selling, increases subsidiary influence over corporate investment decisions and improves subsidiary business performance (as described in Paper IV). Previous research suggests that subsidiaries receiving resources and gaining influence are also more likely to gain different types of mandates (Birkinshaw, 1996) and become recognized as a center of excellence (Holm & Pedersen, 2000). Furthermore, my findings support a federative view of the MNC, and a headquarters-subsidiary relationship characterized by distributed influence since no one person or unit within the MNC is all knowing or omniscient (Andersson et al., 2007; Handy, 1992).

With influence distributed throughout the MNC, there is intra-MNC competition for resources and a risk of subsidiaries overselling the value of their projects and activities (Mudambi, 1999). This makes it increasingly challenging and important for headquarters to efficient allocate resources. The headquarters, with an overview of the MNC is in a superior position to facilitate
synergies and efficiently allocate resources, even if it means taking resources away from some subsidiaries to give more to other projects and subsidiaries (Lamont, 1997). It is important for headquarters to be responsive to bottom-up efforts such as issue selling as a means to gain knowledge about subsidiary activities and understand where headquarters involvement has the potential to add, rather than subtract value.

Parenting and Value Added

I extend our understanding of headquarters’ parenting role by developing an attention-based parenting typology and by examining a darker side of parenting in the form of value subtraction. Exploring the effects of subsidiaries receiving mixed attention enabled me to develop an attention-based parenting typology (as presented in Paper III) consisting of: Satisfying headquarters, which provides mainly positive attention; Hyper-attentive headquarters, which leaves subsidiaries feeling overwhelmed with positive attention; Abandoning headquarters, which provides low levels of attention and almost seems to forget the subsidiary; Hindering headquarters, which smothers subsidiaries with excessive monitoring and control; and Custodian headquarters, which provide a combination of high positive and monitoring attention, which the subsidiary considered beneficial.

The development of this attention-based parenting typology complements the entrepreneurial and administrative parenting roles (Chandler, 1991; Foss, 1997). The entrepreneurial role of determining long-term strategies and allocating resources accordingly is related to supportive attention, which is focused on resource allocations to subsidiaries (Bouquet & Birkinshaw, 2008; Foss, 1997). To engage in strategic planning and synergy management as part of its entrepreneurial role (Chandler, 1991; Goold & Campbell, 1998), headquarters allocate attention to intra-firm opportunities and dependencies. The interrelatedness between attention and parenting suggests that headquarters providing high levels of supportive attention are likely carrying out their entrepreneurial, value adding parenting role as well.

There are also similarities between the administrative role and monitoring attention. The administrative role is focused on loss prevention, by monitoring subsidiary performance and the use of resources. This role provides both incentives and sanctions for subsidiaries (Chandler, 1991). Headquarters taking on the administrative role are also likely to provide their subsidiaries with high levels of monitoring attention.

In addition to complementing the administrative and entrepreneurial roles, the attention-based parenting typology complements the strategic control parenting style (Goold et al., 1994a). Strategic planning and financial control styles are also identified by Goold et al. (1994a), but the strategic control parenting style is most similar to the custodian parenting style. Subsidiaries are responsible for proposing strategies, plans and ideas, while the parent checks
the appropriateness and supports ideas considered important. Furthermore, the parent regularly monitors subsidiary performance and checks on strategic milestones, which resembles the high positive and monitoring attention of the custodian parenting style.

Although previous research has identified multiple parenting styles, it is not obvious that these constitute the best way to describe and categorize headquarters’ role and function. Attention has been described as a form of parental involvement during which headquarters recognize and support promising subsidiaries (Rugman & Verbeke, 2001). By incorporating the attention-based perspective when developing the parenting typology, I integrated a previously underexplored aspect of how headquarters can carry out their parenting role and add or subtract value to their subsidiaries. Attention constitutes an important resource for subsidiaries to increase their influence and performance, making it a valuable consideration for the parenting role and its effects on the value added experienced by subsidiaries. Incorporating an attention perspective also sheds light on a darker side of parenting, since several of the parenting types identified highlight the challenges involved in parenting and the possibility of too much or too little attention hampering subsidiary activities in different ways.

Focusing on the subsidiary perspective when developing the parenting typology is an important contribution, since much of the parenting literature focuses on the headquarters perspective and what the managers think they do. Incorporating the subsidiary perspective allows for the consideration of how subsidiaries receive headquarters attention and involvement. It helps to better capture the outcomes of headquarters’ parenting activities and elaborates our understanding of the mechanisms involved and the consequences of headquarters’ actions as experience by subsidiaries.

My findings about subsidiaries benefitting from a parenting style that combines high levels of both positive and monitoring attention resonates with similar arguments made in the corporate governance literature. Sundaramurthy and Lewis (2003) developed a paradoxical approach to corporate governance, advocating the simultaneous need for control and collaboration. Embracing and balancing discipline and a collaborative approach to strategic formulation creates a paradoxical perspective that facilitates learning and adaptation (Lewis, 2000; Poole & Van de Ven, 1989). High performing teams are helped by the functional coexistence of trust and conflicts, since trust facilitates collaboration while conflict stimulates critical feedback to drive learning (Lewicki, McAllister, & Bies, 1998). The suggested need for simultaneous control and collaboration to help facilitate self-correcting governance structures resonates well with the finding of benefits associated with the custodian parenting style.

Although the parenting view assumes that headquarters add value and work to ensure that subsidiaries perform better than they would as standalone entities or under the stewardship of a different parent (Goold et al., 1994a), there
is also an underexplored, darker side of parenting. The findings of this thesis contribute to our understanding of such a darker side by examining how subsidiaries experience misguided headquarters involvement that is characterized by a limited understanding of subsidiary activities. Misguided headquarters involvement burdened by misaligned priorities and global standardization, risks subtracting value by demotivating managers and impeding subsidiary activities.

With MNCs seeking to achieve cooperation among subsidiaries that have a variety of interests and goals, each subsidiary can only receive a limited amount of attention (Gavetti et al., 2007; March & Simon, 1958). The parent is inherently less informed about subsidiary activities than the subsidiary itself, which makes it challenging for the headquarters to perceive better strategies in a fraction of the time devoted by subsidiary managers (Goold et al., 1994a). Therefore, headquarters are likely to make decisions that correspond to the context that they are embedded in, based on the information and stimuli that are presented to them through different forms of communication (Gavetti et al., 2007). This suggests that despite making decisions that subtract value from specific subsidiaries, value may be added to others and generate overall value for the MNC. In such a situation, it becomes important for headquarters to clearly communicate their decisions and explain the importance of overall value generation for the MNC even with some subsidiaries experiencing value subtraction.

Attention-Based View of the Firm

Existing research examining headquarters attention has primarily focused on positive attention and contributed by showing that headquarters attention is influenced by organizational and environmental factors (Bouquet & Birkinshaw, 2008, 2011), the legitimacy of subsidiary issue selling (Conroy & Collings, 2016), and expatriate managers (Plourde et al., 2014). Receiving positive attention also increases subsidiaries’ influence within MNCs and improves both subsidiary and MNC performance (Ambos et al., 2010; Ambos & Birkinshaw, 2010; Bouquet et al., 2009). Positive attention has been the focus of most research applying the attention-based view to the headquarters-subsidary relationship in MNCs, even though Bouquet and Birkinshaw (2008) and others (e.g., Ambos et al., 2010; Conroy & Collings, 2016) have acknowledged “negative forms of attention” in terms of headquarters monitoring subsidiary activities. Existing research has largely overlooked the effect of such monitoring attention, especially the impact of receiving a combination of positive and monitoring attention (see Ambos et al., 2010; Conroy & Collings, 2016 for recent exceptions). The multiple case study presented in Paper III

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4 Unless we assume that headquarters are omniscient, or subsidiaries are incompetent, which is not the case in this thesis. Instead this thesis assumes bounded rationality by both headquarters and subsidiaries.
examines this scenario and allows for investigating the relationship between positive and monitoring attention. Conducting a multiple case study to capture subsidiaries receiving different types and levels of attention highlights important differences in the situations and challenges they faced. Examining the combination of positive and monitoring attention allows for identifying different mechanisms that would not be as apparent and identifiable if I was studying only one type of attention. It also makes it possible to examine the relationship between the different types and levels of attention which was not investigated by Ambos et al. (2010) when they examined the impact of positive and monitoring attention on subsidiary influence and autonomy, respectively. By examining the combination of subsidiaries receiving positive and monitoring attention, and the relationship between the two, I am able to show that, for example, receiving low positive attention has a different effect on the subsidiary if combined with high or low monitoring attention. Such different effects are difficult to capture when studying the different types of attention separately. Given the empirical findings, I could tease out different mechanisms of how various types and levels of attention affect the headquarters-subsidiary relationship.

This thesis contributes to the attention-based view (Bouquet & Birkinshaw, 2008; Ocasio, 1997) by elaborating our understanding of positive attention and showing the different impacts of monitoring attention. The findings confirm the existing notion of benefits associated with positive attention and develop it further by elaborating on when and how positive attention is beneficial for subsidiaries. Receiving positive attention contributes to subsidiaries getting increased support, resource allocations, and dedication from headquarters, which helps them pursue their activities and capture customers. Headquarters visits are an important form of positive attention that is underexplored in previous research.

Previous studies have primarily relied on survey-based research and archival data, hence using a multiple case study allows for a more detailed exploration with more in-depth insights. Additionally, this approach helped highlight the subsidiary perspective. It has been suggested that headquarters attention has a curvilinear relationship with MNC performance since increased attention to international issues risks burdening headquarters managers, hampering their decision making (Bouquet et al., 2009). However, by exploring this from a subsidiary perspective, it becomes apparent that excessive positive attention, also known as hyper-attention (Bouquet, Barsoux, & Levy, 2015) can hinder subsidiary activities since significant time is spent accommodating the needs of headquarters, at the expense of carrying out subsidiary activities.

Research within the attention-based view tends to assume that the more attention subsidiaries receive, the better. However, findings in this thesis suggests a need to reevaluate such an assumption and consider the possibility of varying types and levels of attention having both beneficial and detrimental
effects on subsidiaries. Attention is a scarce, yet important resource for subsidiaries (Ambos & Birkinshaw, 2010; Hansen & Haas, 2001), but the findings in this thesis suggest that excessive attention, positive or monitoring can serve as a burden, rather than a resource. Much in the same way that headquarters managers only have limited cognitive ability to attend to the stimuli presented to them, subsidiaries can become overwhelmed by the implications of receiving excessive attention.

The findings in this thesis also suggest a need to consider the quality, rather than quantity of attention, since it is not obvious that receiving more attention is beneficial, even if it is positive attention. Rather it shows that subsidiaries appreciate quality attention, such as visits or support where the knowledge exchange is high and headquarters gain understanding for how to contribute to subsidiary activities.

This notion of quality attention, rather than quantity is also relevant for the reinterpretation of negative attention that is presented in Paper III. The multiple case study reexamines the effect of negative attention and highlights circumstances under which it has a negative and a beneficial effect on subsidiaries. These findings allow for reinterpreting negative attention as monitoring attention since that more closely captures its nature. Reinterpreting negative attention in this way reduces the negative connotation since it is not obvious that negative attention, which has been used to describe monitoring and controlling types of attention inherently has negative consequences. It is important to note that monitoring attention implies active engagement from headquarters, and is distinct from automated, formalized monitoring routines.

Headquarters monitoring attention is considered beneficial when it enables subsidiaries to inform headquarters about their situation, and in turn receive increased support. It is important to note that the negative connotation of monitoring was not evident when subsidiaries received it in combination with positive attention. As seen in the case company Saturn (presented in Paper III), negative attention was desired since the managers considered it important to receive directives from the headquarters and have an established process to follow. The case company Jupiter highlighted the importance of receiving high levels of mixed attention, since they positively reinforce each other and add value to the subsidiary.

The rich qualitative data collected in a high-context culture such as Japan is an additional contribution from this thesis, since previous research has mostly collected data in low-context Anglo-Saxon settings (Bouquet & Birkinshaw, 2008; Conroy & Collings, 2016; Greve, 2008). In Japan, the context of communication, such as when, how, where, and by whom something is communicated, can be as important, if not more so, than what is actually said (Money et al., 1998). Additionally, long-standing personal relationships are valued, and face-to-face communication is important (Pascale, 1978). When studying attention in this context, it became evident that visits by headquarters are an important part of supportive attention and provide an especially...
strong signal of subsidiaries’ importance to local customers and suppliers. Such contextual factors are less important in low-context cultures, where most previous research on attention has been carried out (Bouquet & Birkinshaw, 2008; Conroy & Collings, 2016; Greve, 2008).

Subsidiary Issue Selling

Existing literature on subsidiary issue selling primarily consists of theoretical or qualitative work. This thesis complements and extends previous research by testing these concepts using survey data in a structural model. In addition to the empirical contribution, the findings elaborate on an outcome of subsidiary issue selling in terms of headquarters involvement and its effects on subsidiary influence and performance. This shows the importance of engaging in issue selling focused on strategic issues for subsidiaries to attract beneficial headquarters involvement. My findings highlight the benefits of subsidiaries presenting headquarters with stimuli related to issues considered important by the subsidiary, since headquarters managers have a limited ability to process all the busyness and information they are presented with (Simon, 1947). The benefits associated with subsidiaries actively using their channels of communication to sell issues of strategic importance to headquarters as a means to direct their attention are reiterated by my findings.

Issue selling is relevant in MNCs since it can help bring subsidiaries’ issues to the fore of headquarters managers’ attention (Cyert & March, 1963; Gavetti et al., 2007). This is particularly important since headquarters managers have a limited attention span, and the decisions made partially depend on the order in which issues are presented to the headquarters (March & Simon, 1958).

My findings reinforce the notion of a federative structure with influence distributed throughout MNCs and suggest issue selling as a means for subsidiaries to affect their own influence over corporate decisions and business performance. Such efforts can also contribute to subsidiary evolution since using issue selling to trigger headquarters involvement develops both subsidiaries’ choices and headquarters’ assigned role for subsidiaries (Birkinshaw & Hood, 1998).

Issue selling can serve as a helpful tool for subsidiaries in the internal market system, when faced with intense intra-firm competition for attention, resources, and influence. As attention is central to subsidiaries maintaining an influential position within MNCs, and more attention to certain issues inevitably results in less to others, issue selling can attract quality involvement that helps develop subsidiary business. Redirecting headquarters attention towards emerging trends and developments in subsidiaries’ local environments is important and is a prerequisite for subsidiary influence and autonomy (Bouquet & Birkinshaw, 2008; Ocasio, 2011).
Subsidiaries have to work hard to legitimize key issues to help portray themselves as committed corporate citizens that play by the rules of the corporate game (Conroy & Collings, 2016). This is in line with my findings since issue selling focused on strategic content, such as strengthening MNC strategy, strengthening the subsidiary position within the market, and issues that are important for the long term, helps attract headquarters involvement. Linking issue selling to MNC strategy and long-term goals helps portray the subsidiary as a committed corporate citizen that is invested in the MNC, making it more likely to gain attention and benefit from headquarters involvement.

Implications for Practice
During the research for this thesis, I conducted 115 interviews with subsidiary managers working for European MNCs in Japan. I was surprised to find that many of the managers shared experiences similar to those described in existing literature. I became interested in finding out why MNCs, with decades of experience in Japan and other international markets still faced many of the same challenges as described by research conducted during the 1980s and 1990s. In this section, I highlight managerial implications of my research and make suggestions for both headquarters and subsidiary managers.

Why do Subsidiaries Still Feel Underappreciated?
Subsidiary managers working for European MNCs in Japan expressed frustration and discontent over headquarters’ lack of attention to the effect of time differences, fluctuating exchange rates, benefits of responding to customer requests, importance of translating documents, training sessions and reporting systems, and inefficient redundancies that leave subsidiaries feeling isolated and underappreciated. Perhaps headquarters’ attention is reduced the further away the subsidiary is located. Similarly, subsidiary managers felt that they missed out on valuable information and insights that were more readily available to their colleagues at headquarters, or in nearby subsidiaries. Distant subsidiaries did receive information from their headquarters, but managers still felt they were missing out. As the Director of Purchasing for a leading European automotive company in Japan explained:

“We normally get the information, but it’s not the same getting it in an email as actually listening to it and hearing it. Information, the longer it travels, the more it loses on the way.”

Even with advanced communication technology, such as cutting-edge video conference equipment, various email functions, chat programs, and file
sharing platforms aiming to make distance insignificant, the challenge of how to allocate attention and successfully share information and knowledge within large international companies persists. While technology may aid in transferring and sharing information, knowledge is more difficult to transfer. Similarly, explicit knowledge, which can more easily be written down, codified and articulated, is more easily transferred. However, the challenge becomes evident when dealing with tacit, informal knowledge that is held in peoples’ minds and is difficult to write down and share. With much of business reliant on tacit know-how, it is especially important for companies to ensure its successful transfer, despite the associated challenges.

Although the intention of communication technology is to better connect globally dispersed people, such technologies may instead render people feeling isolated and disconnected from the other parts of the company, which can be counterproductive and hamper value creation across the organization. For example, it reduces headquarters’ visits to their distant subsidiaries, which is a valuable and appreciated form of attention. Such a situation risks enlarging the cultural gap that may already exist and contributing to continued misunderstandings between headquarters and subsidiaries. As the COO of a European luxury retail company in Japan noted:

“Instruments like video conferences or enhanced communication tools, mobile phones somehow have made people closer, but they have reduced the opportunity of actually visiting a country and experiencing a country. ...Before they were coming here and seeing the stores on their own. Of course, it’s more cost effective but it is less culturally effective I would say.”

Lost in Translation

Managers often expressed frustration with the lack, or poor level of translations they received from their headquarters. This applied to documents, reporting systems, and training sessions, leaving subsidiary managers disappointed and unable to take advantage of some of the knowledge shared by the headquarters. Subsidiary managers felt isolated because the European subsidiaries often received this information in their local language. The lack of headquarters attention to the needs of their subsidiaries may create internal isolation and exclusion from knowledge transfer within MNCs, and in turn under-performance compared to other subsidiaries.

Although documents can be more accurately translated locally, it still takes time and effort, and is an added cost for the Japanese subsidiaries, that the European subsidiaries do not bear. However, the bigger concern is about translating the reporting systems and internal training programs. The trouble with the reporting systems arises when, for example sales engineers, who primarily work in Japanese with Japanese customers, cannot use the company’s invoice
system, since it cannot handle Japanese written characters. Headquarters expects the subsidiaries to comply with and use the companies’ systems, leaving the subsidiaries feeling misunderstood and at times ignored, since headquarters do not take into consideration the language differences.

What might appear to be a minor concern, can actually create a significant hindrance for the subsidiary. Additionally, it can leave managers feeling as though their work is marginalized because of the headquarters’ lack of understanding and consideration for the challenges created by a system that is not suitable for the local language.

Another situation in which the lack of translation can leave the subsidiary feeling forgotten is during internal training programs, which are usually conducted in English. Although many of the companies in this study use English as their working language, not everyone within the subsidiaries are fluent enough to attend training sessions in English and comprehend the message as intended. Some companies required subsidiary employees to attend training sessions, regardless of their level of English proficiency, while others conducted language tests before admitting managers to more specialized training programs. Although both approaches have their benefits, they risk alienating subsidiary employees and managers, excluding them from important information and relevant training.

A more inclusive approach used by some of the subsidiaries focused on ‘training the trainer’. The headquarters was responsible for organizing the initial training session, which the local trainer would attend and then return to Japan and hold a local training session in Japanese. Depending on the type of training and the level of autonomy of the subsidiary, some trainers were also able to adjust the content to make it more suitable for Japanese business culture and laws. The President and Representative Director of a leading European electric equipment company in Japan explains how they successfully implemented this approach:

“We can identify one person who will take charge in the country. They might go to get trained with a whole lot of countries and then come back here and train the trainer. Because very often we need to translate it to Japanese and because if you get [someone from HQ] that comes here and is trying to go to one of our companies in Mishima [in rural Japan], it becomes difficult because of the language, the English language is not the best. So, you have what we call superusers, who will go and do the training and then we translate the documentation and then cascade it down in proper training to Japanese. Otherwise it will go over their head and it will be completely wasted.”
Consolidate Reporting Systems and Decrease Redundancies for Subsidiaries

In large MNCs, headquarters often lack an overview or inventory of the tasks and reports it asks subsidiaries to carry out. This can become especially evident in matrix organizations, in which different departments might request similar reports to be submitted for review. Insufficient coordination within headquarters can overload subsidiaries with reports and information to send, taking time away from valuable meetings with customers and other responsibilities. Such an overload of monitoring risks subjecting subsidiaries to value subtraction if it creates work inefficiencies and distracts and demotivates managers from carrying out their main business activities, such as pursuing customers.

Several subsidiaries also submitted various data using Excel files and other types of manual reporting via emails, which was inefficient and increased the risk of files and information getting lost. The Vice President for Asia and the Pacific for a European company in the air-treatment business explained the overwhelming situation in his subsidiary:

“We have a finance system, but the problem is that in addition to that, there are so many Excel files that are used...There was always a request [from HQ] for complementary information to be submitted, but who uses that? ...Everything was to be reported to the headquarters. Every sales engineer was supposed to report everything they did. At headquarters they said, ‘it only takes half an hour per month’, ‘sure, but they also have 37 other things that are supposed to be reported, that also only take half an hour a month, so sorry, he doesn’t have time to go visit any customers this week because he needs to complete all the reports.’”

Consolidating reporting systems and reducing redundancies can free up time for subsidiaries to engage in market research, pursuing new customers, expanding business with existing customers, and providing feedback on product improvements based on customer feedback. It also provides headquarters with an overview of the information and knowledge transferred from subsidiaries which can help highlight potential synergies among the dispersed subsidiaries.

Lack of Interest in Potential Benefits of Responding to Customer Requests

Japanese customers are known for their high expectations of product quality, which can be considered both a burden and a blessing. It is the subsidiaries’ responsibility to engage in the local market, identifying important market trends and sharing such knowledge with headquarters. The knowledge and
market data on consumers and competitors that flow from subsidiaries to headquarters are considered some of the most important contributions by subsidiaries to their companies. However, headquarters are not always interested in incorporating this information.

Many subsidiaries face resistance when making requests of their headquarters about product improvements, despite the requests initially coming from customers with experience using the products. Quality improvement requests made by Japanese subsidiaries are often met with comments that it would be too expensive and an unnecessary cost, since the products are selling well around the world already. However, companies that listen and take advantage of the opportunities to use the insights from technologically advanced customers, who are usually leading in their industries, seem to benefit. Headquarters can learn from customers, since they are testing and using the products on a more detailed and applied level than the producer company itself.

Managers explained that it can be challenging to gain customers’ trust, but once a relationship has been established, the customers are interested in improving the products for themselves, which can create benefits for the producing company as well and help solve weaknesses that remain, even after introducing a product to the market. The President and Representative Director of a Swedish manufacturing firm in Japan explained:

“Well, when you’re in, when you have passed that [market entry barrier], then you can actually learn some from that, you learn more about your own products, you can improve things. Plus, [the product] is often very well tested, very well gone through so it’s much less risk of anything going wrong later on. …I have learnt a lot from our Japanese customers, about our own products and sometimes solved weaknesses.”

Solving weaknesses and finding improvements to incorporate into the next product generation can help headquarters advance products in unanticipated ways, and open up new, unexpected business opportunities in different markets. This highlights the important benefits of listening to and incorporating subsidiary feedback from customers, rather than disregarding such ideas and requests.

Benefits of Increased Local Responsiveness

Increased local responsiveness would allow subsidiaries to better meet the needs of their local customers and could also lead to improved products for the global market. Despite reluctance from headquarters to locally adapt products, many subsidiaries consider it beneficial to offer products and services tailored to the needs of their local customers. Subsidiary managers explained that it would help them appeal to customers, and their sales would increase. The President and CEO of the Japanese subsidiary of an Italian luxury brand
explained that incorporating locally adapted products would not hurt the brand, which was the headquarters’ argument for product standardization. Instead, the company would benefit, since it could appeal to local customers who might not be interested in standardized products because of local trends. However, he also noted that there should be a combination, with the majority of the products stemming from more standard products.

“I think there should always be a mix, they say that out of 100 percent of the products that you sell in the market, 70 percent can be guided by headquarters and 30 percent can be really local adaptations. If I need a shoe heel of 3.5 cm because Japanese ladies don’t want to wear a 7 cm heel or 9 cm heels, but the office ladies normally wear a 3.5 cm heel, please do the 3.5 cm. These kinds of adaptations don’t really change the image, but are smart, tactical adjustments that can give you more commercial strength. It will not affect the brand image because it’s still 70 percent of your global corporate image, but that 30 percent could generate good business.”

The benefits of local ideas are not limited to the subsidiary, but can also result in solutions that are valuable for the firm as a whole. Subsidiaries can develop innovative solutions to problems that headquarters are not aware of, making it important for headquarters to listen to and learn from distant subsidiaries.

The VP of Communication for a Japanese subsidiary of a European robotics company explained that a reporting tool developed by a business unit within the subsidiary helped that unit perform 30 percent better than it had the previous year. Previously, sales engineers would need to return to the office to report their customer visits by using Excel or Word files, which was time consuming and disorganized. By developing and using a more integrated application in their smartphones, the sales engineers could report customer information right after their meetings, and avoid having to go back to the office before the next meeting. The information was all in one place, rather than in various Excel and Word files. This made it more efficient for those reporting, as well as for the managers evaluating the information. The VP of Communication called it a success and explained that it would soon be rolled out to the entire subsidiary as well as the headquarters.

“We used to do business updates or visit reports in Excel or Word, but now it’s all integrated... Your manager can trace whatever you are doing. You don’t have to come back to the office and sit at your desk in front of the PC to get a report; you can just do this while you are waiting for the train through your smartphone. So, it’s very much handy now... Our sales engineers can spend more time with customers. It’s a good
cycle. They’re doing good, 30 percent better than last year. This is very much a successful case, and I think the whole organization will move to this way. The reporting burden is going to decrease.”

The headquarters did not realize the amount of time needed for the reporting within the Japanese subsidiary, but through the efforts of the subsidiary, a new tool was developed to help address a situation that existed throughout the MNC.

Subsidiaries can also help develop new products based on market requests, which can then be globally incorporated. The R&D Director for the Japanese subsidiary of a European food packaging company explained that they have worked closely with Japanese customers several times to develop new and innovative package solutions for chilled products. Japan has a large chilled food and beverage market, especially with vending machines being very popular and spotted on most street corners in Tokyo selling drinks and food. When relevant, these products and packaging solutions have been transferred globally and sold by subsidiaries in other countries. Since the Japanese subsidiary is leading within the MNC in chilled development, transferring the packaging solutions has been beneficial and helped other subsidiaries attract new customers, increasing their sales.

What is Preventing Headquarters from Embracing Subsidiary Ideas?

International subsidiaries are tasked with scouting the local market for opportunities and ideas to enhance the business, both locally and for the whole MNC. Operating in different environments exposes subsidiaries to new scenarios that can be used to develop old and new products and services. Yet, many subsidiaries meet significant hurdles when making suggestions to their headquarters, and face resistance.

Subsidiaries may encounter resistance if headquarters do not appreciate the importance of the local market. If headquarters do not consider the local market significant enough to influence their decisions, it becomes difficult for subsidiaries to gain support for their ideas. Complacency and a satisfaction with the current state of the company prevents the headquarters from embracing subsidiary ideas that deviate from the existing norms and standards within the MNC. Headquarters’ sense of need for an influx of outside ideas is lacking, which hinders subsidiaries from developing. Such a situation prevents MNCs from benefitting from the infusion of new and innovative ideas that subsidiaries can identify by operating in an environment that is very different from that of the headquarters’.

Headquarters may also suffer from a limited understanding of the importance of the adaptations. Subsidiaries of international firms are globally dispersed, operating in diverse environments and cultures, which means that
customer expectations of the products and services vary greatly. However, headquarters may not be as attuned to such nuances as the subsidiaries that are operating in these markets and may therefore resist subsidiary ideas. A Swedish manufacturer of dehumidifiers tried to sell its products in Japan and China, despite being designed for Swedish climate. Japan and China both have significantly more humid climates than in Sweden, so the dehumidifiers were poorly suited for the Japanese and Chinese markets. However, the headquarters did not permit changes to the products due to the fear of losing scale in production and not appreciating the importance of the differences. The President of the Japanese subsidiary explained that several of their customers were experiencing problems, and in one critical case, a dehumidifier caught on fire in a customer’s factory. Fortunately, no one was injured, and the damages were contained. However, it was a dangerous way to finally get headquarters’ attention and extra resources to adapt the products to better fit the more humid climates in Japan and China.

A lack of interest in subsidiaries’ ideas can also stem from headquarters not realizing the benefits of listening to and embracing such opportunities. Headquarters may not recognize the importance of the opportunities presented, nor how they can contribute to various synergy effects or the companies’ competitive advantage. The investments (both time and resources) may seem to outweigh the potential benefits, making headquarters hesitant and reluctant. Subsidiaries would benefit from being more proactive in communicating their ideas, and their benefits, not just for the subsidiary itself, but for other subsidiaries and the overall company.

Concern for disruption of the brand image might also contribute to the headquarters’ reluctance to accept subsidiary ideas for local adaptation. Large MNCs with subsidiaries scattered around the world understandably want to maintain brand consistency and may favor standardization to achieve economies of scale during their production process. With a headquarters that wants to minimize deviation and ensure global consistency of products and services, it can be challenging for subsidiaries to be responsive to their local market. However, it is important for subsidiaries to explain how they will manage local adaptation while retaining the global brand image, as well as how such a combination will strengthen their local position and relationship with customers. When applicable, the subsidiaries can also emphasize the relevance and benefits of incorporating the adaptation into other markets.

New Missions for Headquarters and Subsidiaries

Even with advanced technology and instant updates, subsidiaries appreciate headquarters’ visits and face-to-face meetings, which enhance knowledge sharing, and make up a key advantage for MNCs. Visits can increase headquarters’ understanding of subsidiaries’ reality, help headquarters recognize the challenges created when missing a proper translation of a reporting system or training program, and make headquarters appreciate the implications of the
time difference. It is important for headquarters to ensure that knowledge and routines are passed on to new managers when they are introduced to the teams working with globally dispersed subsidiaries. Even if the company has significant experience operating internationally, new team members may not, which risks creating inefficiencies for the subsidiaries. The visits and close interaction between the headquarters and its subsidiaries also facilitates a dialogue based on respect, which is critical to achieve a mutually beneficial outcome and a developing relationship.

Companies that just rely on the practices used at the headquarters, without consideration for global differences, risk marginalizing subsidiaries, leaving managers frustrated and demotivated, and treading through inefficiencies. Capturing the benefits of listening to international customers and reducing inefficiencies, frustration, and demotivation of subsidiary managers will take time but can open up for unexpected business opportunities, both through product improvements and freeing up time for managers to pursue innovative business opportunities.

It is important for headquarters to be receptive and responsive when evaluating subsidiary ideas, but it is also critical that subsidiaries work to promote their ideas. Subsidiaries fight for headquarters’ attention and in large companies, this competition can be among hundreds of subsidiaries around the world. Headquarters’ attention is limited, making it essential for subsidiaries to promote their ideas in ways that help headquarters understand why they are beneficial and necessary for the subsidiaries, as well as the MNCs. Connecting the local idea to larger projects or suggesting synergy effects by collaborating with other subsidiaries may help the headquarters understand the overall advantages.

While this study was conducted in Japan, focusing on top executives working for European MNCs, there is reason to believe that managers in similar situations will recognize the experience. It is likely that the same or similar challenges exist in headquarters-subsidiary relationships spanning different geographic constellations since transferring knowledge, especially tacit knowledge, remains difficult across distance.

Despite many MNCs having years of international experience, subsidiary managers still feel frustrated over the lack of understanding from their headquarters. It seems strange that we are still in this situation, even though we have known about these issues for decades. Why does the paradox persist and what can we do about it?

Headquarters should consider the importance of:

- Recognizing the value of visits and face-to-face meetings to increase understanding of subsidiaries’ contexts, opportunities, and challenges.
- Ensuring proper introduction of new headquarters managers, to maintain routines and minimize the risk of introducing inefficiencies.
- Appreciating and using global differences as an advantage during innovation and production development processes.
- Being open to pursuing unexpected business opportunities that arise locally.
- Ensuring knowledge retention when managers change positions and during organizational restructuring.

Subsidiaries should consider the importance of:
- Being proactive in showing headquarters the value of the local market and the benefits of incorporating subsidiary ideas.
- Highlighting advantages that headquarters and other subsidiaries can gain from their ideas and which potential problems the ideas solve.
- Attracting headquarters attention through different communication channels.
- Using face-to-face meetings whenever possible to increase headquarters’ understanding of the subsidiaries’ business and customers.

Limitations and Directions for Future Research

While I have made an effort to explicate when and how attention and involvement affect how subsidiaries perceive their relationship with headquarters, and how this contributes to the value added or subtracted experienced by subsidiaries, this study has a number of limitations. First, one should be cautious about making generalizations given the restricted sample of the case studies and the survey. I conducted several rounds of interviews, with most managers being interviewed multiple times, but future research could explore how mixed types and levels of attention affect subsidiaries’ perception of their relationships with headquarters over time, and if parenting styles change. A longitudinal study would help contribute with a better understanding of the antecedents and consequences of headquarters attention over time and allow for investigating parenting styles potentially evolving.

Second, this thesis has explored dyadic headquarters-subsidiary relationships in several MNCs. It would be beneficial for future research to move beyond the dyadic relationship to study multiple subsidiaries within the same MNC. This would allow for investigating the effect of subsidiaries’ own roles and actions, together with those of sister subsidiaries, on the allocation of headquarters attention. Including multiple subsidiaries within the same MNC in a longitudinal study would, in addition to making it possible to explore if and how parenting styles change over time, allow for comparing environments and how this may affect the required parenting style. My data were collected from subsidiaries based in Japan, hence investigating varying environments with varying levels of competition, may provide additional valuable insights.
Investigating communication patterns between headquarters and subsidiaries, and how varying strategic vocabularies, rhetorical tactics and forms of talk and text (Ocasio et al., 2018) affect headquarters-subsidiary relationships and headquarters’ attention allocation provides another promising avenue for future research. This will help enhance our understanding of the extent to which units possessing a common vocabulary, or forms of talk and text, experience more efficient communication and how these patterns of communication influence attention allocation and decision making within the organization (March & Simon, 1958: 166-168). Furthermore, communication channels contribute to the movement of information and stimuli from sources of origin to points of decision making, linking decentralized attention among units within the firm (Gavetti et al., 2007; March & Simon, 1958: 166-168). Exploring such movement of information and communication patterns can help shed light on which stimuli reach headquarters’ attention and how subsequent decisions are made.

Moving beyond the dyadic relationship to include multiple subsidiaries, as well as different stakeholders, would open up for the possibility of examining when and how value is appropriated by different actors. Much like how value can be experienced differently by subsidiaries, it is likely that various stakeholders appropriate value in different ways, during different activities. Therefore, future research would benefit from exploring when and how value is appropriated by various MNC stakeholders.

Third, I followed previous research and focused on headquarters monitoring and control when studying negative attention. However, negative attention could also imply value destruction. To increase our understanding of negative attention, future research would benefit from exploring the extent to which headquarters attention can lead to value destruction and its potentially damaging effects on subsidiaries. Further investigation of value destroying involvement would also contribute to our understanding of a darker side of the parenting role and allow for a more distinct separation between value destroying and subtracting involvement.

Fourth, the findings of this thesis provide only initial insights into how subsidiary issue selling triggers headquarters involvement, but highlight the importance of exploring the means available to subsidiaries to affect headquarters involvement and subsidiary influence in greater detail. Future research would benefit from exploring different forms of issue selling and their effect on headquarters attention and involvement in more detail to develop a better understanding of the bottom-up processes available to subsidiaries.

The themes explored in this thesis open up for future research opportunities, such as further exploring the role and function of headquarters within MNCs. While the value adding role of the headquarters is often implicitly assumed, this thesis examines a darker side of headquarters activities that expose subsidiaries to value subtraction. Yet, more research is needed to better understand such actions. Headquarters may get involved in subsidiary activities for
rent-seeking purposes to increase their own or other subsidiaries’ performance (Foss, Foss, & Nell, 2012) at the expense of the focus subsidiary. This calls for further investigation targeting headquarters and their decisions about attention allocation and involvement in subsidiary activities.

Another line of inquiry emerging from the work in this thesis is the internal market competition for headquarters attention and scarce resources. Previous research has focused on a dyadic headquarters-subsidiary relationship. However, to better understand the issue selling moves that subsidiaries use, and the attention allocation and involvement decisions headquarters make, it is important to consider MNCs in their entirety. This would allow for a broader, more dynamic understanding of the headquarters-subsidiary relationship, by examining questions such as: How do headquarters make attention allocations given finite time and resources despite having a broad range of subsidiaries? How do subsidiary managers engage in issue selling in relation to other subsidiaries? How do headquarters attention and parenting styles develop over time? Additionally, it would be beneficial for future research to also consider the role of regional or divisional headquarters. Many of the subsidiary managers I interviewed mentioned being part of a regional structure within their MNCs, but described the regional headquarters as having a “nominal role.” Moving beyond a dyadic relationship structure to consider an MNC network structure would help enhance our understanding of different headquarters roles, attention allocation and parenting styles, as well as strategic management of MNCs.
References


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Appendix A

Headquarters – Subsidiary Value Creation and Value Added
Research conducted by Amalia Nilsson
PhD Candidate at the Dept. of Business Studies, Uppsala University
amalia.nilsson@fek.uu.se

**Respondent**

Background information:

<table>
<thead>
<tr>
<th>Headquarters’ name (HQ = unit that you directly report to)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidiary’s name</td>
<td></td>
</tr>
<tr>
<td>Respondent’s name</td>
<td></td>
</tr>
<tr>
<td>Respondent’s title</td>
<td></td>
</tr>
<tr>
<td>Respondent’s email address</td>
<td></td>
</tr>
<tr>
<td>Respondent’s phone number</td>
<td></td>
</tr>
<tr>
<td>Respondent's country of origin</td>
<td></td>
</tr>
</tbody>
</table>

How many years have you worked within the MNC? (MNC = multinational company)

<table>
<thead>
<tr>
<th>Subsidiary name</th>
<th>25-34</th>
<th>35-45</th>
<th>46-55</th>
<th>56-65</th>
<th>66-...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent’s name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent’s title</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent’s email address</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Respondent’s phone number</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Respondent's country of origin</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

How many years have you worked within the subsidiary?

<table>
<thead>
<tr>
<th>Age of the respondent</th>
<th>25-34</th>
<th>35-45</th>
<th>46-55</th>
<th>56-65</th>
<th>66-...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational level of the respondent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent (e.g., Engineering, Business, Marketing, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Educational background of the respondent (e.g., Engineering, Business, Marketing, etc.)

<table>
<thead>
<tr>
<th>Educational level of the respondent</th>
<th>High-school</th>
<th>Some college</th>
<th>University degree</th>
<th>MBA</th>
<th>PhD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent’s name</td>
<td>25-34</td>
<td>35-45</td>
<td>46-55</td>
<td>56-5</td>
<td>66-...</td>
</tr>
<tr>
<td>Educational background of the respondent (e.g., Engineering, Business, Marketing, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Functional background of the respondent (e.g., Finance, HR, Marketing etc.)

<table>
<thead>
<tr>
<th>Functional background of the respondent (e.g., Finance, HR, Marketing etc.)</th>
<th></th>
</tr>
</thead>
</table>
Has the respondent:

<table>
<thead>
<tr>
<th>Study experience in another country</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience in an international division</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Worked as an expatriate within the company</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Worked internationally within a different company</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>

Please evaluate each of the following statements:  \(1 = \text{fully disagree}; 7 = \text{fully agree}; \text{DNK} = \text{do not know}\)

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>DNK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company subsidiaries share close ties among themselves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is very little interaction among company subsidiaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relations among company subsidiaries are very close</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company subsidiaries share frequent communications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company subsidiaries discuss common problems frequently</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HQ frequently visits YOUR subsidiary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidiary managers, from YOUR subsidiary frequently visit HQ</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

How often does HQ make local visits to YOUR subsidiary?

________________________________________

Who (role/function) and how often do employees from YOUR subsidiary visit HQ?

________________________________________

Name and contact information to the person(s) you report to at HQ:

________________________________________
HQ Role and Function

1. Evaluate the importance of the following effects of HQ’s resource allocation on YOUR subsidiary:  
   \(1=\text{not important}; \ 7=\text{very important}; \ DNK=\text{do not know}\)

   **Example:** is the effect of HQ resources allocations on the replacement of outdated products/services within YOUR subsidiary not important/very important

<table>
<thead>
<tr>
<th>Effect</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>DNK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacement of outdated products/services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>Improvement of product quality/service quality</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>Expansion of product assortment/assortment of services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>Entering of new markets</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>Increasing market share</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>Increasing flexibility of production/services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>Reduction of labor costs</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>Fulfillment of standards requirements</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>Fulfillment of government regulations</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>Mitigation of environmental damage</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
</tbody>
</table>

2. With regard to HQ’s intervention, evaluate the following statements:  
   \(1=\text{totally disagree}; \ 7=\text{totally agree}; \ DNK=\text{do not know}\)

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>DNK</th>
</tr>
</thead>
<tbody>
<tr>
<td>HQ has allocated extra resources when necessary to our subsidiary</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>HQ has participated closely in our subsidiary operations</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>HQ has taken important initiatives for developing our subsidiary business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>HQ cooperation with our subsidiary has been characterized by frequent interaction</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>DNK</td>
</tr>
</tbody>
</table>

3. How does YOUR subsidiary perceive the impact of HQ on YOUR subsidiary's competencies in the following functions/areas: \(-3=\text{negative impact}; \ 0=\text{no impact}; \ +3=\text{positive impact}; \ DNK=\text{do not know}\)

<table>
<thead>
<tr>
<th>Function</th>
<th>-3</th>
<th>-2</th>
<th>-1</th>
<th>0</th>
<th>+1</th>
<th>+2</th>
<th>+3</th>
<th>DNK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business strategy</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
<tr>
<td>New business creation</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
<tr>
<td>Marketing</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
<tr>
<td>New product development</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
<tr>
<td>Production processes</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
<tr>
<td>Technology</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
</tbody>
</table>
4. How does YOUR subsidiary perceive the impact of HQ on YOUR subsidiary in terms of: (-3= negative impact; 0= no impact; +3= positive impact; DNK=do not know)

<table>
<thead>
<tr>
<th></th>
<th>-3</th>
<th>-2</th>
<th>-1</th>
<th>0</th>
<th>+1</th>
<th>+2</th>
<th>+3</th>
<th>DNK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production efficiency</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
<tr>
<td>Technological advant</td>
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<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
<tr>
<td>Innovativeness (Rate</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
<tr>
<td>Organizational effi</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
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<td>-1</td>
<td>0</td>
<td>+1</td>
<td>+2</td>
<td>+3</td>
<td>DNK</td>
</tr>
</tbody>
</table>

5. Please evaluate the importance of inflows from the HQ to YOUR subsidiary regarding the following types of knowledge: (1= not at all; 7= very much; DNK=do not know)

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<th>DNK</th>
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<tbody>
<tr>
<td>Market data on consumers</td>
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<td>Market data on competitors</td>
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<td>DNK</td>
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<tr>
<td>Marketing know-how</td>
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<td>DNK</td>
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<tr>
<td>Distribution know-how</td>
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<td>DNK</td>
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<tr>
<td>Technology know-how</td>
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<td>DNK</td>
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<tr>
<td>Purchasing know-how</td>
<td>1</td>
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<td>DNK</td>
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</table>

6. Please evaluate the importance of outflows from YOUR subsidiary to the HQ regarding the following types of knowledge: (1= not at all; 7= very much; DNK=do not know)

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<th>DNK</th>
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<tbody>
<tr>
<td>Market data on consumers</td>
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<tr>
<td>Market data on competitors</td>
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<tr>
<td>Marketing know-how</td>
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<td>DNK</td>
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<tr>
<td>Distribution of know-how</td>
<td>1</td>
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<td>DNK</td>
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<tr>
<td>Technology know-how</td>
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<td>DNK</td>
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<tr>
<td>Purchasing know-how</td>
<td>1</td>
<td>2</td>
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<td>4</td>
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<td>6</td>
<td>7</td>
<td>DNK</td>
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</tbody>
</table>

7. To what extent does the HQ influence the major decisions affecting YOUR subsidiary in the following areas: (1= no influence on decisions; 7= setting most decisions; DNK=do not know)

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<th>6</th>
<th>7</th>
<th>DNK</th>
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</thead>
<tbody>
<tr>
<td>Setting of budgets</td>
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<tr>
<td>Major capital investments</td>
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<td>7</td>
<td>DNK</td>
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<tr>
<td>Business strategy</td>
<td>1</td>
<td>2</td>
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<td>4</td>
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<td>7</td>
<td>DNK</td>
</tr>
<tr>
<td>New business creation</td>
<td>1</td>
<td>2</td>
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<td>7</td>
<td>DNK</td>
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<tr>
<td>Marketing</td>
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<td>DNK</td>
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</tbody>
</table>
### 8. Please evaluate the following statements: (1= not at all; 7= very much; DNK=do not know)

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>DNK</th>
</tr>
</thead>
<tbody>
<tr>
<td>We often try to resist the initiatives of HQ</td>
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<tr>
<td>HQ initiatives cause delays in our operations</td>
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<tr>
<td>HQ initiatives consume more resources than what is gained from them</td>
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<tr>
<td>We have difficulties in understanding HQ initiatives</td>
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<tr>
<td>HQ looks out for what is best for the MNC</td>
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<tr>
<td>HQ looks out for what is best for our subsidiary</td>
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<tr>
<td>The interests of HQ are aligned with our interest</td>
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<tr>
<td>HQ recognizes opportunities within the MNC</td>
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<tr>
<td>HQ recognizes opportunities in our subsidiary</td>
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<tr>
<td>HQ is steering the MNC in the right direction</td>
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<tr>
<td>HQ adequately justifies its actions</td>
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<tr>
<td>We can identify with the challenges that HQ is facing</td>
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<td>We feel that HQ has sufficient knowledge of our operations to intervene</td>
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</table>

### 9. When communicating with the HQ to get its support, YOUR subsidiary highlights issues that: (1 = fully disagree; 7 = fully agree; DNK=do not know)

| Issue                                                                 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | DNK |
|                                                                      |---|---|---|---|---|---|---|-----|
| Have a good earlier track record                                     |   |   |   |   |   |   |   |     |
| Are easily evaluated in a business plan                              |   |   |   |   |   |   |   |     |
| Have clear bottom line implications                                  |   |   |   |   |   |   |   |     |
| We have a strong patent portfolio for                                |   |   |   |   |   |   |   |     |
| We have received support for earlier                                |   |   |   |   |   |   |   |     |
| HQ is familiar with                                                   |   |   |   |   |   |   |   |     |
| Strengthens the MNC strategy                                          |   |   |   |   |   |   |   |     |
| Strengthens our position in important markets                        |   |   |   |   |   |   |   |     |
| We are profitable in                                                  |   |   |   |   |   |   |   |     |
| Have great profit potential                                          |   |   |   |   |   |   |   |     |
| Have great potential to add novelty                                  |   |   |   |   |   |   |   |     |
| Provide a focused solution                                            |   |   |   |   |   |   |   |     |
| Set the MNC on a clear path                                           |   |   |   |   |   |   |   |     |
| We have competencies that require little adaptation when implementing them in the rest of the MNC |   |   |   |   |   |   |   |     |
| We have novel ideas                                                   |   |   |   |   |   |   |   |     |
| Provide HQ with a clear identification of outcomes for the resource allocation |   |   |   |   |   |   |   |     |
Relates to ongoing operations 1 2 3 4 5 6 7 DNK
Connects to other units’ operations 1 2 3 4 5 6 7 DNK
Are coherent with our operations 1 2 3 4 5 6 7 DNK
Have support throughout the MNC 1 2 3 4 5 6 7 DNK
Have support external to the MNC 1 2 3 4 5 6 7 DNK
Are connected to other units within the MNC 1 2 3 4 5 6 7 DNK
Are connected to external units 1 2 3 4 5 6 7 DNK
Are important for the long term 1 2 3 4 5 6 7 DNK

Unit Performance
10. Compared with other major competitors, how would you rate YOUR subsidiary’s performance over the last three years in the following areas: (1 = much worse; 7 = much better; DNK=do not know)

<table>
<thead>
<tr>
<th>Area</th>
<th>1</th>
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<th>5</th>
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<th>7</th>
<th>DNK</th>
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</thead>
<tbody>
<tr>
<td>Marketing</td>
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<td>Growth in sales</td>
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<td>Profitability</td>
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<td>Market share</td>
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<td>Profit-to-sales ratio</td>
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<td>Cash flow from operations</td>
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<td>Return on investment</td>
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<td>New product development</td>
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<td>Market development</td>
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<td>R&amp;D activities</td>
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<td>Overall performance</td>
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</table>

11. Please evaluate the following statements: (1 = not at all; 7 = very much; DNK=do not know)

<table>
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<tr>
<th>Statement</th>
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<th>7</th>
<th>DNK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please evaluate how successful YOUR subsidiary has been in comparison to other subsidiaries within your organization in the last three years.</td>
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<tr>
<td>Please evaluate how successful YOUR subsidiary has been in comparison to competitors in the same line of industry and of about the same size in the last three years.</td>
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<tr>
<td>Please evaluate to what degree YOUR subsidiary has achieved its most important goals in the last three years.</td>
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</table>
12. What impact has YOUR subsidiary had on the development of competencies of other units within the MNC in the following areas: (1 = no impact at all; 7 = very high impact; DNK=do not know)

<table>
<thead>
<tr>
<th>Area</th>
<th>1</th>
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<th>7</th>
<th>DNK</th>
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</thead>
<tbody>
<tr>
<td>Research (basic or applied)</td>
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<tr>
<td>Development</td>
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<td>Production of goods or services</td>
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<td>Marketing</td>
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<td>Sales</td>
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<td>Logistics/distribution</td>
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<td>Purchasing</td>
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</table>

13. To what extent has YOUR subsidiary influenced the MNC when it concerns: (1 = no influence at all; 7 = very high influence; DNK=do not know)

<table>
<thead>
<tr>
<th>Area</th>
<th>1</th>
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<th>DNK</th>
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</thead>
<tbody>
<tr>
<td>Corporate investments in production</td>
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<tr>
<td>Corporate investments in R&amp;D</td>
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<td>Corporate introduction of new products</td>
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<tr>
<td>Establishment of new corporate units within its host market</td>
<td>1</td>
<td>2</td>
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<td>6</td>
<td>7</td>
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<tr>
<td>Establishment of new corporate units outside its host market</td>
<td>1</td>
<td>2</td>
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<tr>
<td>Corporate acquisitions in its host markets</td>
<td>1</td>
<td>2</td>
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<tr>
<td>Corporate acquisition outside its host market</td>
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<tr>
<td>Corporate business volume</td>
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<td>Corporate competitiveness</td>
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<td>Corporate profitability</td>
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</table>

14. Is YOUR subsidiary considered to be a center of excellence

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
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<tbody>
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</tbody>
</table>

15. Does YOUR subsidiary have a mandate to (please select all applicable options):

<table>
<thead>
<tr>
<th>Mandate</th>
<th>Create competencies</th>
<th>Exploit competencies</th>
<th>Utilize the competencies of others</th>
<th>Broker competencies within the MNC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>
Please feel free to provide any additional comments regarding new initiatives that you may consider important to strengthen your relationship with the HQ and that could enable the HQ to further help YOUR subsidiary increase value creation.

Thank you for your time and contribution.
DOCTORAL THESES
Department of Business Studies, Uppsala University


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