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Attention in words, not in deeds: Effects of attention dissonance on headquarters-subsidiary communication in multinational corporations

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ABSTRACT

We introduce the notion of attention dissonance, where the subsidiary within a headquarter-subsidiary relationship feels that headquarters’ attention at the cognitive level, reflected in its strategic intentions (attention perspective), is not aligned with the routine actions the headquarters performs vis-à-vis the specific subsidiary (attention engagement). Using a comparative case study design, we investigate a European organization with subsidiaries located in both emerging and advanced markets. We show how subsidiaries in the emerging markets face attention dissonance, which impedes their ability to get business opportunities across to headquarters, thereby compromising a necessary condition for realizing economic potential in these emerging markets.

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1. Introduction

There is no doubt that geographic distance, but also cultural and linguistic distance, creates obstacles for subsidiaries in communicating knowledge and business opportunities with the headquarters\(^2\) in a multinational corporation (MNC) (Ambos & Ambos, 2009; Gupta & Govindarajan, 2000). Distance increases the cost and complexity of communication (Daft & Lengel, 1984), while at the same time increasing the risk of misinterpretation and misunderstanding due to differences in communication styles and preferences (Bhatag, Keida, Harveston, & Triandis, 2002). This implies that subsidiaries that are located at a greater distance from the headquarters experience extensive difficulties when it comes to communicating business opportunities with the headquarters and thus attract its attention. Although this may undermine the primary reason for the existence of MNCs, which is to facilitate and encourage free flow of business opportunities and knowledge within the organization (Kogut & Zander, 1993), this only becomes a serious challenge for the MNCs when distant subsidiaries happen to be strategically important and possess valuable resources. In such scenarios, the headquarters would ideally want these subsidiaries to become active and openly engage in communicating business opportunities within the organization.

Distance and its related challenges in communication were not a significant problem for MNCs based in Europe or North America, as all of their key subsidiaries and strategic markets were located in close proximity to the headquarters. Small geographic and cultural distances reduced the risk of misunderstandings and made it relatively easy for MNC managers to communicate face-to-face at a reasonably low cost. This has changed drastically in the past few years due to the transformation in global economic landscape primarily attributable to the rise of the emerging economies, famously labelled as the BRIC economies by O’Neill (2001). The fast economic growth and burgeoning middle class in these economies lured many Western MNCs to either start or expand business operations in these locations, while also bringing in value added activities such as R&D to these markets (e.g. Birkinshaw, Bouquet, & Ambos, 2007; Bruche, 2009). This gives rise to a conundrum for the Western MNCs as they are aware that being present in these locations is of great strategic value, but in order to realize maximum economic potential in the emerging markets, it is necessary to devote proper attention and quickly respond to any business opportunities observed by the subsidiaries in their local markets. However, this transition is challenging, given the
communication constraints associated with being located at a great distance from these markets (Barner-Rasmussen & Björkman, 2005). Similarly, subsidiaries at a distance from the headquarters (like subsidiaries of Western MNCs operating in emerging markets) feel frustrated when they do not get attention from the headquarters with regard to their business opportunities or face obstacles in getting them through to the headquarters, especially when they are in the strategic spotlight within the organization. This raises a very real question for MNC subsidiary managers: how to communicate business opportunities without getting entangled in the challenges related to large distances? In order to properly understand this challenge faced by subsidiary managers, we conducted our data collection in a MNC located in Sweden, which, like many Western companies, was undergoing a transition in strategic focus toward emerging markets. This means that the MNC was moving away from its traditional stronghold in the advanced European markets that were still economically recovering from the recent financial crisis. We collected data from four different subsidiaries within the same organization; two subsidiaries were located in emerging markets and two in advanced markets. This enabled us to compare subsidiary-level perceptions of the communication process and attention received for the business opportunities these subsidiaries shared with the headquarters.

A perspective that in recent years has shed new light on the development of strategy and decision-making in MNCs is the attention-based view of the firm (Ocasio, 1997). The attention-based view agrees with the notion that the organization is made up of complex networks, but also sheds light on the cognitive and social structures that define the course of the organization. Building on the work of Simon (1947), Ocasio (1997; 2011) has specifically highlighted the importance of the structural components, which are mainly the channels through which top managers obtain information about the environment. These structural components tend to influence the attention decisions made by top managers concerning different issues in the environment. Headquarters’ attention is allocated and sustained based upon the combination of subsidiary weight and voice. Weight is dependent on the position of the subsidiaries in the organizational network and the strategic importance of the local markets in which the units are located. On the other hand, subsidiary voice is a bottom-up tool employed by the subsidiaries for influencing the headquarters’ attention (Bouquet & Birkinshaw, 2008). Subsidiary voice includes the communication of business opportunities with the headquarters, as the successful implementation of business opportunities is often associated with an enhanced reputation and greater responsibility (in terms of mandates and roles) for the subsidiaries within the organization (Sargent & Matthews, 2006; Schmid, Dzedek, & Lehrer, 2014).

It is clear that our understanding of the concept of attention has developed and been enriched in the recent past, especially since the work of Ocasio (1997) on the attention-based view of the firm, but there are two main limitations in the past literature that are addressed in this study. First, previous research has mainly focused on studying attention at the level of top management or headquarters, whereas to the best of our knowledge, little research has been carried out on how people or entities, which are the recipients of top management attention, formulate perceptions of this attention and the way in which it influences their actions and behavior (Ocasio, 2011). Second, it has been assumed that when top managers direct their attention toward certain issues, both the strategic and operational dimensions of attention are always aligned with each other (Elsbach, Barr, & Hargadon, 2005). We challenge this assumption by using a particular instance where these two components of attention are not aligned with each other; namely, when an organization is in transition. For example, when it is undergoing a change in strategic focus, based on the empirical data presented in this paper.

In the remainder of this paper, we first review the literature on attention and relate it to communication in the context of MNCs, leading to the central research question guiding our empirical study. We then present our methodology, after which we continue to present our case discussion and analysis. In the final sections of our paper, we outline the implications of our findings for theory and for MNC managers, in addition to presenting suggestions for future research.

2. Literature review

2.1. Attention

The concept of attention can be defined as “noticing, encoding, interpreting, and focusing time and effort by organizational decision makers” on the issues that are confronting them and, in turn, the available solutions (Ocasio, 1997, p. 189). Ocasio (2011) identified three types of attention: attention perspective, attention engagement, and attention selection. We argue that these types of attention exist at different levels. Attention perspective is strategic, whereas attention engagement is relatively more operational in nature and pertains to the daily routines of the top management. Finally, attention selection relates to specific issues in the environment that the top managers decide to devote their attention.

2.1.1. Attention perspective

Attention perspective is tied to the strategy of the organization, in a way that “the dominant attention perspective of the firm is equivalent to the dominant strategy of the firm, when strategy is defined as a perspective on how to allocate resources in the firm” (Ocasio, 2011, p. 1288). Attention perspective serves as a guideline for top managers to allocate their attention in line with the vision and goals of a specific organization. For example, an innovation-driven organization will have an attention perspective that enables the top management to identify and accommodate novel business ideas in the environment in order to sustain its competitive edge. From an empirical standpoint, the textual portion of the annual reports (mainly the CEO letter to the shareholders) has been used by academic scholars to gauge the attention perspective of an organization (e.g. D’Aveni & MacMillan, 1990; Plourde, Parker, & Schaan, 2014).

2.1.2. Attention engagement

Attention engagement is defined as the “process of intentional, sustained allocation of cognitive resources to guide problem solving, planning, sensemaking, and decision making” (Ocasio, 2011, p. 1288). In the context of headquarters–subsidiary relationship, attention engagement is the knowledge possessed by the headquarters concerning the different subsidiaries located within the MNC. In addition, it includes the desire of the headquarters to accumulate this knowledge over time, which is mainly done by gaining additional information and tapping into novel business ideas originating from the various subsidiaries. This is possible by interacting with employees or managers from different subsidiaries and by reading official documents containing information about the subsidiaries, such as monthly reports and planning documents. Ocasio has termed this as the procedural and communication channels, which are “the formal and informal concrete activities, interactions, and communications set up by the firm to induce organizational decision makers to action on a selected set of issues” (Ocasio, 1997, p. 194). Furthermore, it is important for the headquarters to repeatedly and on a continual basis commit its resources to identify and interpret business
opportunities from a specific subsidiary, while at the same time being diverse in its attention span by focusing on multiple subsidiaries (Rerup, 2009). This is only possible when the headquarters has sufficient knowledge concerning the business operations and local environment of the different subsidiaries. In addition, the headquarters is able to regularly interact with the subsidiaries through the procedural and communication channels present in the organization (Bouquet, Morrison, & Birkinshaw, 2009).

2.1.3. Attention selection

The attention of top managers has also been viewed as a scarce resource, so they have to be selective in devoting their attention towards certain issues (Cyert & March, 1963). Attention selection is the decision made by the top managers to focus their attention on a specific set of issues at a certain time, while ignoring other issues in the environment (Ocasio, 2011). Attention selection may be viewed as an output of the interplay between attention perspective and attention engagement. Ideally, the attention perspective and attention engagement of the top managers are aligned to each other, meaning that headquarters should possess greater knowledge and tap into business ideas from subsidiaries that are considered strategically important for the organization (cf. Elsbach et al., 2005). In addition, the interactions and information received by the top managers through the procedural and communication channels should be in line with the strategic orientation of the organization. On the contrary, a lack of alignment between attention perspective and attention engagement may also be observed; for example, when the communication channels in the organization work in such a way that they impede the top managers from directing their attention towards subsidiaries or business ideas that are strategically important for the whole organization. In other words, when attention perspective and attention engagement are not aligned with each other, this will likely lead to a lack of alignment of attention selection with attention perspective. Hence, managers may run the risk of concentrating their attention on the kind of issues (or business opportunities) that are not in line with the company’s expressed strategy.

2.2. Communication of business opportunities

Subsidiaries in MNCs are increasingly becoming a source of new and useful business ideas, which are beneficial for the organization, as they are embedded in both the organization and the local markets in which they operate. In addition, the successful implementation of these business ideas normally reaps positive returns for the subsidiaries involved in the process (for a comprehensive review, see Strutzenberger & Ambos, 2014). We define business opportunities as any business idea originating from subsidiaries in the MNC that seeks to change the way the organization functions through available resources or by generating new resources by using external means (Birkinshaw, 1997). We view business opportunities as similar to subsidiary initiatives, which are entrepreneurial endeavors undertaken by the subsidiaries on their own with minimal or no assistance from the headquarters. On the other hand, communication is an outcome-oriented two-way exchange of information between the headquarters and a given subsidiary concerning a particular business opportunity (Kalla, 2005). The nature and extent of the communication process has an impact on how the headquarters interprets and understands the specific business opportunity shared by a subsidiary, which brings into question the knowledge situation of the headquarters. For example, it will take more time for the headquarters to properly evaluate business opportunities shared by the subsidiaries of which it has less knowledge concerning their local environment and business operations. Furthermore, as Monteiro (2015) shows, the headquarters is more likely to ignore business ideas from subsidiaries when these are novel in relation to its existing knowledge and experience.

In this study, we focus on communication processes in MNCs as an explicit manifestation of headquarters attention. We view the communication of business opportunities from the subsidiaries as their voice and hence as an external stimulus that requires the headquarters to choose whether to direct its attention or not (Bouquet & Birkinshaw, 2008; Monteiro, 2015). Subsidiaries may gain knowledge concerning the headquarters’ attention perspective through different mediums used by the headquarters to convey its strategy to external stakeholder (e.g. annual reports) and company employees (e.g. CEO messages, newsletters), while they are unable to know exactly whether the headquarters may actually act upon what they plan or say on a long-term continual basis (above, we defined this as attention engagement). However, the subsidiaries can make an assessment of the headquarters’ attention engagement through the decisions made by the headquarters with regard to attention selection towards the business opportunities shared by the subsidiaries in the past (e.g. Weick, Sutcliffe, & Obstfeld, 2005). For example, subsidiaries may gauge the knowledge possessed by the headquarters concerning their specific unit and local environment. Subsidiaries may perceive the headquarters’ knowledge to be low when it takes more time to get their business opportunities approved or if the headquarters asks many clarification questions, indicating that it is not completely certain with regard to the information provided by the subsidiaries. In addition, extent and nature of obstacles or challenges faced in getting the message across to the headquarters may be a measure of the willingness shown by the headquarters to accommodate business ideas originating from a specific subsidiary (cf. Birkinshaw & Ridderstråle, 1999). Subsidiaries may use this perception of the headquarters’ attention engagement and determine its degree of alignment with the attention perspective; observing whether or not the actions of the headquarters are in line with its own stated strategy. Subsidiaries frequently communicate business opportunities with the headquarters, implying that they are able to continuously refine and develop their perceptions of the different forms of headquarters attention over time.

Overall, this leads us to a more precise specification of our central research question: How does the (lack of) alignment of the headquarters’ attention perspective and attention engagement as perceived by the subsidiaries affect their use of voice in terms of the communication of business opportunities with the headquarters in a MNC?

3. Method

To gain a deep understanding of the subject, we adopted a qualitative research approach for this study. Thus, we answer the repeated calls for more contextual studies within the broad field of knowledge transfer in MNCs (Michailova & Mustaffa, 2012; Siggelkow, 2007). We collected data through semi-structured interviews, which enabled us to capture significant markers of the perceptions of the subsidiaries in our study, given that these perceptions, especially concerning headquarters’ attention, relate to the way in which the subsidiaries communicate business opportunities with the headquarters (Monteiro, Avidsson, & Birkinshaw, 2008). In addition, we analyzed the data using a comparative case study approach by using four different case descriptions of subsidiaries located within a single MNC. This was done in order to see how subsidiary location (emerging or advanced market) influences the extent and nature of the headquarters’ attention received and the way in which these
subsidiaries communicate business opportunities with the headquarters (see Skopcol & Somers, 1980).

3.1. Research context

We collected data in one organization, Gamma Company, which is a MNC with its corporate headquarters located in Sweden. Gamma has its roots in old-fashioned, low-tech manufacturing industry, but today develops and produces modern industrial products, both high-tech and low-tech, which the company refers to as “solutions,” and it also provides services related to these. The solutions are sold to businesses, ranging from retail firms to banks and transportation services. Gamma has subsidiaries in over 30 countries present in three different regions (Europe, the Americas, and Asia-Pacific), employs approximately 5500 people, and has produced average annual revenues of around 600 million Euros in the past five years.

The organization’s administrative heritage is not only challenged due to the addition of more modern and high-tech products and services to its activities, thus forcing managers to redefine their routines and develop faster business-cycle thinking; it is also shifting its focus to emerging markets (see Table 1), as its traditional European markets are facing stagnant or declining growth like many MNCs located in the West. To support this strategic shift, three managers within the top management team, which consists of Scandinavians only, have been given the main responsibility for each of the three regions. In addition, Gamma has developed and grown rapidly through acquisitions in different countries and it is now in the process of standardizing the products and services on a global scale. This implies that subsidiaries that lack parts of the product and service line of Gamma need to expand and complement their product and service offerings to cover Gamma’s full line of solutions. This elevates the need for knowledge sharing to take place within the organization, as each subsidiary has a different set of expertise and resources. Hence, Gamma is an interesting and appropriate setting for this study. The choice of a single organization also enables us to control for significant variations in organizational strategy, culture, and structure; this is beneficial for conducting a comparative case study (Lervik, 2011).

3.2. Sample selection

3.2.1. Subsidiaries

The location of subsidiaries was selected based on purposeful sampling (Patton, 2002). After conducting initial interviews at the corporate headquarters, we acquainted ourselves with the company’s strategic shift towards the emerging markets in Asia and the Americas. So, we decided to select two subsidiaries from among Gamma’s units in the advanced markets in Europe and two from the emerging markets to examine their perceptions concerning how the headquarters’ strategic priorities translated into tangible actions vis-à-vis these subsidiaries located in different markets. Emerging markets are defined as the traditional BRIC countries, whereas advanced markets are defined as those having a very high Human Development Index score according to the criteria set by the International Monetary Fund (International Monetary Fund, 2016; O’Neill, 2001).

We conducted a comparative case study analysis, so we made sure that all the subsidiaries were equal in terms of size, age, mode of entry in the market, and presence of expatriates in the business unit. All the four subsidiaries selected were equal in size, as they had roughly 5 percent share in the total sales revenue of the organization. As a result, we chose the two largest subsidiaries of Gamma in the emerging markets (i.e. India and Brazil), whereas the selected subsidiaries in the advanced markets were the second and third largest subsidiaries in Europe (excluding Sweden, the home country of the company). These were Germany and the United Kingdom. The largest European subsidiary, not Sweden, had a disproportionately high share in the total sales revenues as compared to the subsidiaries in the emerging markets, so it was not included in the sample. In addition, we made sure that all of the subsidiaries had become part of the organization through acquisitions and that there was no significant variation in terms of how long they had been a part of the organization, as initial acquisitions by Gamma in these four countries were made between 1997 and 2000. Finally, we confirmed that there were no home country nationals working as expatriates in any of the selected subsidiaries (cf. Plourde et al., 2014).

3.2.2. Business opportunities

It is important for respondents in subsidiaries to be able to relate to concrete phenomena when they express their views on how they communicate business opportunities and the attention they receive from the headquarters. A concrete focus increases the relevance of the data collected and allows respondents to discuss specific issues related to communication and headquarters’
attention using relevant examples or critical events. Hence, we chose four specific business opportunities for this study, one in each selected subsidiary, and followed how these business opportunities were communicated with the headquarters. The business opportunities were selected on the basis of the 2 × 2 matrix presented below (see Fig. 1).

All four business opportunities selected had received a favorable response from the headquarters with regard to their implementation. In addition, these business opportunities were external to the organization; meaning they were either related to product development/introduction or the acquisition of an organization in the local market (Birkinshaw & Riddelstråle, 1999). Furthermore, at Gamma, the same procedures were followed and similar documentation had to be completed by subsidiaries for both acquisition and product development/introduction related business opportunities; there was no major difference in their formal communication process. As a result, the distinction between the business opportunities was made on the basis of their similarity to the existing business operations of the respective subsidiaries (i.e. either domain developing or domain consolidating). Introducing novel products in the local market or carrying out new activities in comparison with the existing domain or mandate of the subsidiaries is defined as domain developing, whereas domain consolidating business opportunities include activities or products that are similar to the existing domain or mandate of the subsidiaries (Birkinshaw & Hood, 1998; Delany, 2000).

We classified the acquisition of a company in a different product segment in the United Kingdom and the introduction of a new product in the local market in Brazil as domain developing: both of these communicated business opportunities were aimed at complementing the existing line of solutions, which is Gamma’s strategy. The business opportunities related to product development and targeting a new customer base with existing products in India and Germany respectively were classified as domain consolidating, as these business opportunities did not increase the line of solutions offered in these markets.

### 3.3. Data collection

We used semi-structured interviews as the main data collection tool. The interviews were structured in three phases (see Table 2). In the first phase, we held three interviews with representatives from Gamma’s headquarters; each of which took an average of 60 min. We used the interviews at the headquarters to acquaint ourselves with the available communication channels used in the organization and to gauge the headquarters’ strategic overview (or attention perspective) for the whole organization. We did not ask specific questions concerning the individual subsidiaries that were a part of this study, but we did discuss which subsidiaries would be interesting to interview for the purpose of our study. The recent shift in strategy to focus on emerging markets resulted in the decision described above to select two subsidiaries in the emerging markets and two in the advanced markets. In addition to the interview data at the headquarters, we collected data from company documents; mainly annual reports, company magazines, and CEO video messages in order to corroborate and add more depth to the data we had collected from the interviews. We also received access to the company’s intranet, where we found the templates used for communicating business opportunities within the organization and saw actual examples of the way in which some subsidiaries had communicated their specific business opportunities with the headquarters.

In the second phase of the interviews, scheduled in the fall of 2013, we focused on subsidiary managers of the selected units and had a general discussion concerning the local business of the subsidiaries. We asked about the relationship of each subsidiary with the headquarters of the organization, focusing mainly on how the subsidiaries communicated business opportunities with the headquarters. This was normally elaborated upon through examples of three to five business opportunities that they had communicated with the headquarters in the past few years. As explained above, we also used these examples as a way of gauging the perception of subsidiaries with regard to their relationship with the headquarters instead of asking direct questions about it. We allowed the respondents to openly discuss the communication process of the different business opportunities, and in particular what they perceived to be the key facilitators and inhibitors in the process with respect to the headquarters. We also inquired about the outcome of the communication processes for these business opportunities; in other words, whether or not the subsidiaries had received support from the headquarters and also regarding the implementation of these business opportunities.

All of the interviews were conducted face-to-face and at location in the four different subsidiaries. The average duration of the interviews for each subsidiary was approximately 160 min. The respondents in all of the subsidiaries included the country manager, who had been contacted by us beforehand via email.

### Table 2
Respondents in the respective phases of data collection.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Respondents</th>
<th>Total time in minutes (number of interviews)</th>
<th>Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>HQ</td>
<td>Communication Manager</td>
<td>58 (1)</td>
<td>I</td>
</tr>
<tr>
<td></td>
<td>Human Resource Manager</td>
<td>124 (2)</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>General Country Manager, Sales Manager</td>
<td>151 (2)</td>
<td>II</td>
</tr>
<tr>
<td></td>
<td>Sales Manager</td>
<td>22 (1)</td>
<td>III</td>
</tr>
<tr>
<td>UK</td>
<td>General Country Manager, Finance Manager</td>
<td>86 (2)</td>
<td>II</td>
</tr>
<tr>
<td></td>
<td>General Country Manager</td>
<td>39 (1)</td>
<td>III</td>
</tr>
<tr>
<td>India</td>
<td>General Country Manager, Finance Manager and Business Line Manager</td>
<td>186 (3)</td>
<td>II</td>
</tr>
<tr>
<td></td>
<td>General Country Manager</td>
<td>19 (1)</td>
<td>III</td>
</tr>
<tr>
<td>Brazil</td>
<td>General Country Manager, Sales Manager</td>
<td>218 (2)</td>
<td>II</td>
</tr>
<tr>
<td></td>
<td>General Country Manager</td>
<td>41 (1)</td>
<td>III</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>944 (16)</td>
<td></td>
</tr>
</tbody>
</table>

Fig. 1. 2 × 2 Matrix for the selection of subsidiaries and business opportunities.
or telephone and informed about the purpose of the interview. In addition, other key managers were interviewed in each subsidiary, including finance managers, sales managers, and business line managers. All subsidiaries were located abroad, which meant that we travelled there for the interviews. We had the opportunity to spend between one and three days at the respective locations, allowing us to informally interact with people in the local units; for example, during lunch time and car rides, and also with people who were not formally interviewed for this study. We were shown around the office buildings and warehouses, where we were introduced to the product offerings of Gamma in the local markets. The tours included showing the first stages of the implementation of the business opportunities analyzed in this paper in two of the subsidiaries, and in one subsidiary we were taken to the customers to see Gamma’s products “in action.” These informal interactions and the extended visits enabled us to make observations about the general atmosphere in these units, which served as useful background information to the data collected in the interviews described above.

In the next phase, in early spring 2014, the interviews focused solely on the communication process for a specific business opportunity per subsidiary (so a total of four business opportunities). These business opportunities were chosen by the authors prior to the interviews based on the data collected in the second phase concerning multiple such business opportunities from each subsidiary. We had prepared questions about how, where, and with whom the subsidiary managers communicated within the headquarters at different periods of time, hence enabling us to obtain a detailed retrospective account of the communication process as it took place over time and also to prepare a timeline from the initial sharing to the final decision from the headquarters. These interviews were conducted by telephone with the individuals having the primary responsibility for communicating the business opportunities in these subsidiaries. The country manager was interviewed in all subsidiaries except for Germany, where the sales manager was contacted. The average duration of interviews for each respondent in this third phase was approximately 30 min. All of the interviews in phases two and three were conducted in English. The interviews were recorded and later transcribed. Notes were also taken by the authors during the interviews (Patton, 2002).

We started out to investigate communication processes in MNCs, with a particular interest in the challenges faced by subsidiaries when communicating business opportunities with headquarters. This was the explicit purpose in the first two phases of data collection and our initial focus of analysis. Given the strategic changes in the organization, we expected that subsidiary managers from the advanced markets would report difficulties in the communication of business opportunities due to a loss of attention perspective from their region, and we had assumed that the attention engagement from the headquarters would be in line with this declining strategic focus on the advanced markets. However, on the contrary, when carrying out the interviews in phase two and analyzing this data, we discovered that attention engagement was only perceived as lacking in the perception of managers from the subsidiaries in the emerging markets, despite the increased attention perspective from headquarters for their regions. The third phase of data collection (i.e. the follow-up interviews with the subsidiary managers) was more clearly focused on understanding the challenges throughout the process of specific business opportunities, as explained above, based on our evolving insight that the three forms of attention do not necessarily align. Our concluding observation that there are situations where attention perspective and attention engagement are not in line with each other and how this results in behavioral responses at the subsidiary level was the result of progressive stages of analysis (see Table 3 for an overview of this process of theory development).

3.4. Data analysis

The first step in the data analysis process was to arrange the data collected in a systematic way. We developed detailed descriptions of the four different cases of business opportunities and of the organization in general. We then selected quotes from the case descriptions that could be grouped in either one of the three types of attention outlined above (see Table 4 for definitions used for classifying quotes in these three types of attention, i.e. attention perspective, attention engagement and attention selection). This enabled us to perform a comparison across the four different subsidiaries based on their perception of these attention types. The data analysis technique used for this study is paired comparison, which is widely used in political science. It is used to compare two case studies to highlight their critical differences or similarities (Tarrow, 2010). We used a combination of two sets of contrasts (India, Germany and Brazil, United Kingdom) and parallel (United Kingdom, Germany and India, Brazil) cases to perform a total of four sets of paired case study comparisons (see Skopcol &

| Table 3 |
|---|---|---|---|
| **Stages in the process of theory development in qualitative data analysis.** |
| **Phase 1** | **Phase 2** | **Phase 3-I** | **Phase 3-II** |
| **Analytical goal in phase** | 1. Identifying communication channels in company. | Specifying communication process characteristics of selected subsidiaries with regard to headquarters | Mapping timelines and network trees for selected business opportunities |
| **Data sources** | 2. Characterizing strategic focus of company Interviews with headquarters managers, annual reports, and the Internet | Interviews with subsidiary managers, case descriptions of subsidiaries | Uncovering role of misalignment in attention perspective and attention engagement on subsidiary behavior |
| **Analysis** | Thematic analysis | First level coding to lead to multidimensional descriptions of communication processes of each subsidiary (channels used, timing, formality, richness and feedback) | Interviews with subsidiary managers, case descriptions of communication processes of specific business opportunities |
| **Progression of theoretical insights** | Communication processes used by subsidiaries are likely to vary depending on strategic importance of subsidiary | Advanced market subsidiaries use informal, face-to-face channels in earlier stages, receive earlier feedback, and fewer clarification questions | Comparative pattern coding of contrast and parallel pairs of selected business opportunities using the identified dimensions of communication processes |
| **Progression of theoretical insights** | Attention in words and attention in deeds do not align and this is noticeable in subsidiary communication behavior | The misalignment of attention perspective and attention engagement leads to suboptimal attention selection | Selective recording of material into defined types of attention |
Somers, 1980). We compared subsidiaries in the different types of countries (contrast cases such as Germany and India) given that the nature of business opportunity (domain developing) is the same in order to highlight differences between them. On the contrary, we compared subsidiaries in similar types of countries (parallel cases such as Brazil and India) to show the similarities between them despite the difference in the type of business opportunity being studied. This enabled us to show that these variations (both differences and similarities) stem from the way in which headquarters’ attention is perceived by the subsidiaries in the emerging and advanced markets, as well as its impact on the communication process from these subsidiaries, rather than due to the differences in the type of the business opportunities being communicated.

4. Case discussion and analysis

4.1. Attention perspective: moving from advanced markets to emerging markets

A review of the past five annual reports of Gamma (2009–2013) shows that separate pages in the annual reports have been allocated to outline the current activities and future expansion plans for the organization in its key emerging markets, such as India, China, Brazil and Mexico, rather than providing information concerning Gamma’s traditional markets in Europe. In addition, the annual reports were filled with quotes from the CEO and other top management team members, where they state that the company is shifting its focus towards the emerging markets, as Gamma’s traditional markets in Europe were facing stagnant or declining growth. Hence, the organization is following a cost-saving approach in this region. Annual reports were not the only official documents that outlined this shift in the headquarters’ attention perspective; this was also visible in the internal communication of the organization, mainly in the internal company magazines and regular CEO video messages to the employees posted on the organization’s intranet. This was pointed out to us by the communication officer at Gamma headquarters. A headquarters representative also referred to one of the European subsidiaries as a “typical boring European unit,” associating this with problems and a lack of growth in contrast to the “key priority” units in “growth regions of Asia and the Americas”. This clearly signals how the headquarters’ cognitive mindset was pointing in a new direction at the expense of the previously dominant region.

The shift in the headquarters’ attention perspective was also supported in the interviews we conducted at the four different subsidiaries. This is aptly captured by this statement from the country manager of the subsidiary in United Kingdom, that “most of the group’s acquisition work is in the Americas or Asia because they are obviously the growth areas”. The respondents from the subsidiaries present in the emerging markets also felt that the headquarters was eager to expand its market presence in the emerging markets and hence generally supportive to new business opportunities from these subsidiaries. Furthermore, the appointment of executive managers with specific responsibilities for the regions where these emerging markets are located (i.e. Asia–Pacific and the Americas) may also be also seen as a signal of a changed attention perspective, as these formal positions were intended to sustain the headquarters’ attention towards these growth regions. However, whether the formal positions actually resulted in more sustained attention was dependent on the successive activities undertaken by the respective managers to collect information, solve problems, and make decisions concerning these emerging markets.

4.2. Perception of attention engagement: aligned with attention perspective?

Despite this positive perception held by the subsidiaries in the emerging markets with regard to the shift in headquarters’ attention perspective, it was somewhat of a surprise to us that they still complained concerning the ability of the headquarters to “encode and interpret” business opportunities (or information in general) from them on a continual basis. This can mainly be attributed to two factors, both signifying a lack of sustained cognitive attention devoted to these subsidiaries: a) the headquarters’ lack of knowledge and seeming unwillingness, as perceived by these subsidiaries, to accumulate more knowledge concerning the subsidiaries in the emerging markets, and b) obstacles in conducting routine communication with the headquarters and limited participation in strategic decision-making meetings. On the contrary, the subsidiaries in the advanced markets did not face any challenges in conducting their routine communication with the headquarters, whereas, rather surprisingly, they felt that the headquarters still involved them in meetings where strategic decisions are made. In addition, the headquarters is eager to obtain new information on a continual basis concerning the business operations and local environment of these units.

4.2.1. Attention engagement through knowledge collection

Headquarters of MNCs do not generally have complete knowledge concerning every subsidiary within the organization (Denrell, Arvidsson, & Zander, 2004). The case study of Cargill in India shows that it is extremely difficult for headquarters to properly comprehend the institutions, markets, and business environments in the different locations in which the MNC operates (Kostova & Zaheer, 1999). Gamma is no exception; the subsidiaries in the emerging markets feel that the headquarters has relatively greater knowledge when it comes to the subsidiaries in the advanced markets in Europe. This is easy to understand, as Gamma’s European markets have had a strong position in the organization for a considerable period of time, whereas the prominence of the emerging markets is pretty recent. However, the alarming thing is that the subsidiaries in the emerging markets feel that the headquarters is unwilling to gain knowledge concerning these markets, as they have tried to convey information about their

<table>
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<td><strong>Coding data into defined types of attention.</strong></td>
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<tr>
<th>Attention Types</th>
<th>Definition</th>
<th>Indicative Quote(s)</th>
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<tr>
<td>Attention Perspective</td>
<td>Based on strategy of the organization, attention structures present in the organization (Ocasio, 2011)</td>
<td>“... moving the company’s point of gravity towards more dynamic markets such as Brazil, China, (and) India ...”</td>
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<tr>
<td>Attention Allocation</td>
<td>Allocation of time, effort, and energy on issues facing the organization (Ocasio, 1997)</td>
<td>“... hardly any direct interaction with the headquarters ...”</td>
</tr>
<tr>
<td>Attention Decision</td>
<td>Decision to allocate attention toward a specific issue and the intensity with which this is done (i.e. time taken to make the decision, amount of clarification questions) (Kahneman, 1973; Ocasio, 2011)</td>
<td>“... the headquarters took so long to make the decision that we were unable to complete the order and lost out on a valuable and loyal customer ...”</td>
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unique business environment to the headquarters on repeated occasions. The quotes below show the dissatisfaction of the subsidiary managers regarding this perceived lack of interest and inability of the headquarters to gain the peculiar knowledge regarding the emerging markets.

They do not have the idea about what is doing business in Brazil ( . . . ). They do not know or they do not care because we have been talking about this for several times over the years ( . . . ). It’s really frustrating this lack of knowledge about our business environment (Country Manager, Gamma Brazil)

“The Indian perspective is difficult to pick up for [headquarters] still. See, it is very difficult anyways for most European companies. Sitting in Europe, unless they have come here, been here and understood this place, it’s really very difficult. It’s not fair to expect everybody to understand our plight or predicament” (Finance Manager, Gamma India)

On the other hand, subsidiaries in Europe did not complain about the knowledge constraints of the headquarters; instead, they sounded very confident that it is fully aware of their local units, which is reflected in the quote below:

“In terms of making an acquisition, they [headquarters] would be quite comfortable doing it in United Kingdom because they feel we have a management structure capable of absorbing an additional business, whereas in some of the other countries they are perhaps less mature, they may not have the capability at this stage to take an acquisition into the business, so we were identified as the possible target area in Europe” (Country Manager, Gamma United Kingdom).

4.2.2. Attention engagement through subsidiary involvement

Not only does the headquarters’ perceived lack of knowledge signal that top management does not succeed in devoting sustained attention engagement to the strategically prioritized regions, existing structures that organize the flow of information and decision-making in the company (developed and managed mainly by the headquarters) also show the insufficiency of attention engagement, given expressed attention perspective. The company-wide communication channels mentioned to us by headquarters representatives, for example, mostly included top-down methods of communication, like the quarterly CEO webcasts, internal reports, and magazines, as well as the messages published on the intranet; all of which are controlled by the communication manager at the headquarters. Email and online channels were mentioned as the most important for communication, also among managers present at the headquarters. Events at which managers of diverse units in Gamma meet each other face-to-face and socialize include bi-annual company-wide meetings, courses, and (online) managerial meetings where certain managers gather for decision-making. On the other hand, in addition to face-to-face meetings, channels like email, telephone, and the intranet were mentioned as being the most likely ways used by subsidiary managers for communicating business opportunities or important observations with the headquarters. The intranet was first launched in 2006 and has since then been used to develop and broadcast the company’s shared values and strategies. Seventeen languages are used and the homepages are available in every language spoken in the host countries of Gamma. “It is an open system; everyone can really do everything,” claims the communication manager. However, upon asking how subsidiary managers use the intranet in practice, it becomes clear that all published messages are first checked and edited by the headquarters, and decisions whether or not to publish are made at the highest level.

The communication and procedural channels within Gamma are well-structured and managed in the European region, as the continent had all the key markets of Gamma until the recent financial crisis, which then prompted the organization to strengthen its position in its other two regions (i.e. Asia-Pacific and the Americas). The senior management team for Europe meets face-to-face for two days every six weeks at rotating locations. These meetings are often complemented with regular communication through email and phone conversations. Europe has been further broken down into six sub-regions, and each of these has a representative in the senior management team. The sub-regional representatives also make sure that there is adequate communication at this level. In addition, each country in Europe shares a monthly report with the regional manager—also member of the top management team at corporate headquarters—who is based in Denmark. This report mainly contains financial information, updates on existing activities, and future plans for a particular unit. The other two regions have their own regional managers who are part of the top management team at the corporate headquarters. However, managing these regions is an additional responsibility for these managers, and hence they are not based in the region they manage. Particularly in India, subsidiary managers furthermore complain that the responsible manager only pays them a visit on very rare occasions. In addition, no such regular and formal procedural and communication channels exist at the regional level in regions of the Americas or Asia-Pacific. The only regular platform for subsidiary managers in these regions for communicating with the headquarters is through the organization-wide conferences that take place every six months.

These observations suggest there is inertia in the organization (cf. Hannan & Freeman, 1984), as the procedural and communication channels continue to work well in Europe despite the stagnant growth in the region. This supports top management’s sustained attention with regard to the issues and business opportunities brought to their attention from this region. However, no effort is being made to develop the channels in the regions of the Americas and Asia-Pacific that would allow managers from these units to draw the attention of top management for their business opportunities, despite the strategic importance of these markets as well as the explicit strategic shift announced by corporate headquarters a few years earlier. Inertial forces prevent the reorganization of the communication channels and authority structures, despite changes to core organizational aspects like the company strategy (Levinthal, 1991). Although some changes have been made in order to support the strategic shift (such as appointing regional managers for the Americas and Asia-Pacific), these fail to show the desired effect in the form of attention engagement when supporting functions within the company are not provided. Old routines and structures remained in the European part of the company, whereas efficient communication channels necessary for other regions were not introduced.

The problems due to this inertia are well illustrated by the case of the Indian subsidiary: the CEO of Gamma is the primary regional manager of Asia-Pacific, suggesting support for the strategic importance of this region. However, he has appointed a regional director based in Singapore to perform this duty instead. This exemplifies how the CEO fails to translate the attention perspective into his sustained actions vis-à-vis the strategically important subsidiary in India. Moving the responsibility to a lower level in the hierarchy and further away from the headquarters prevents the CEO from personally gaining knowledge concerning the Indian market and properly comprehending their business opportunities, while giving the Indian subsidiary confusing and opposite signals with regard to the intended attention of headquarters for its market. The Indian subsidiary wants to have more face-to-face and direct communication with the headquarters, given the size of the unit and the growth potential of its market. They would like to report directly to the CEO and hence have greater authority or
influence. In addition, they believe that going through the regional
director in Singapore for communicating business opportunities
adds an unnecessary obstacle, and they are skeptical with regard to
how the regional director puts the message across to the CEO and
the headquarters in general.

“There is hardly any direct communication with the headquarters,
it is always through [the regional director] ( . . . ). There is a
question mark in the organization; the CEO has the overall
responsibility of the region but obviously since he is the CEO, I am
sure he cannot devote his entire time to [the region], so I report to
the regional director” (Country Manager, Gamma India)

Limited participation in the procedural and communication
channels makes it difficult for the headquarters to gain the
knowledge concerning the subsidiaries in the emerging markets,
which is needed for understanding the communicated business
opportunities and for making informed decisions concerning
them. This impedes the headquarters ability to effectively tap into
novel business ideas originating from these units. The inability of
the headquarters to properly understand and interpret information
from subsidiaries in the emerging markets aggravates their
grievances and makes them feel as if the headquarters does not
even trust them with the information they provide.

“They don’t trust the opportunities we can have here in Brazil
( . . . ) They send somebody over to decide are their information ok,
are they good enough, are they right? They decided to talk to the
same customers that we had talked before and then they got the
confirmation” (Country Manager, Gamma Brazil)

Thus, we find that subsidiaries in emerging markets experience
a lack of sustained attention engagement; both in terms of the lack
of knowledge and interest on the part of the headquarters for these
markets, as well as they face extra obstacles in their communica-
tion with the headquarters, including participation in formal
meetings. Subsidiaries in the advanced markets, on the other hand,
experience that the headquarters knows about their markets and
business operations. Furthermore, they are involved in the key
meetings and experience no obstacles in communicating with the
headquarters. This suggests that attention engagement is not
aligned with attention perspective, which is an indication that the
headquarters risks not giving attention to the business opportu-
nities it conceives to be the strategically most important.

4.3. Perception of attention selection: communication challenges for
subsidiaries in emerging markets

The headquarters decides to devote its attention and act upon
all four business opportunities that we study in-depth; the
variation is mainly manifest in the level of intensity with which
this is done and the time it takes the headquarters to give its
consent and support. This is mirrored in the communication
process between the four different subsidiaries and the headquar-
ters. Subsidiaries in advanced markets seem to be willing to draw
attention to their business opportunities at an early stage and in an
informal way, as a way of seeking assistance from the headquarters
in developing the opportunities further. The headquarters, in turn,
is also quick to react to business opportunities from subsidiaries in
advanced markets – the number of clarification questions is low
and decisions are made quickly. For instance, the subsidiary in
United Kingdom did not have any target organization for the
acquisition and no formal presentation was made using the official
“business case template” when the business opportunity was
initially communicated. They aspired to seek assistance from the
headquarters and wanted to check at an early stage whether or not
the headquarters was also interested in going ahead with an
acquisition in United Kingdom as well as to bring the headquarters
on board to jointly proceed with the search process for a suitable
target organization. The business opportunity was communicated
by the country manager of the United Kingdom to the manager for
mergers and acquisitions at the headquarters in an informal face-
to-face meeting during an organization-wide conference. The
headquarters appeared to be simultaneously thinking about
allowing the unit in United Kingdom to pursue an acquisition.
Hence, a decision was made quickly to go ahead with searching for
an acquisition target, despite the fact that it was in a new product
line for which the subsidiary had no past experience.

In a similar vein, the subsidiary in Germany communicated the
business opportunity to the sub-regional manager in an informal
face-to-face communication, and then received the nod of
approval to go ahead with the plan of entering a new market
segment. It is pertinent to mention that the appropriate financial
and market assessment of the business opportunity was done at
the level of the local unit, but that no formal presentation using
the official “business case template” was made by the German unit to
the sub-regional manager. The decision was made quickly as the
implementation of the business opportunity was in line with the
existing business operations of the unit and did not require
resources from the headquarters. On the whole, the openness to
engage in informal communication using rich mediums and the
general ease in the communication process is linked to the
effective procedural and communication channels present in
Europe.

“We talk very detailed and close together about things, because he
[sub the sub-regional manager for Germany] has a lot of impact as he
is member of the board ( . . . ); it’s always good to have somebody
like him as a friend” (Marketing Manager, Germany)

“Because of these meetings that are going on like the senior
management team and [the organization wide conference] ( . . . )
it gives you the face-to-face contacts with people, which means
that you feel quite free to ring them. Obviously if these face-to-face
were not going on you would probably get more reserved about
ringing someone ( . . . ). [The CEO] refers to it as the glue of the
business ( . . . ); these meetings are all part of the glue getting
people able to talk face-to-face so that they can pick up a phone”
(Finance Manager, United Kingdom)

On the contrary, both of the business opportunities from the
subsidiaries in the emerging markets were communicated in a
formal way using the official “business case template” and through
the established reporting lines in the organization. In addition,
they were communicated as fully developed business opportu-
nities after doing the financial and market feasibility. On its own
initiative, the Indian subsidiary even asked and received the
support of another subsidiary in Europe to develop the business
opportunity, without going through headquarters for mediation.
The business opportunity was communicated to the headquarters
in order to merely comply with the organizational norms, as the
Indian subsidiary believes that “all investments have to be approved
by headquarters.” In addition, the main medium of communication
used by both subsidiaries was email, due to the limited face-to-face
communication with headquarters.

The subsidiaries in the emerging markets also had to answer
numerous clarification questions from the headquarters and it
took longer for the headquarters to make a decision, especially in
the case of the subsidiary in Brazil. The specific business
opportunity that we study for the Brazilian subsidiary is a new
solution for the local market. However, the specific business
solution had already been implemented in the European
subsidiaries of the organization. The subsidiary only felt it was
necessary to adapt the solution to the requirements of the local
market; for example, by making changes in the design and adding
specific features unique to the local market. Despite this small
adaptation to the product, it took the headquarters eight months to finally approve the business opportunity and provide the unit with the full support needed for producing the product as requested for the local market. The speed of decision making was painstakingly slow and frustrating for the unit. For example, the subsidiary waited in vain for months before receiving technical drawings needed for making the envisioned adaptations for the Brazilian market. The unit even ordered the product itself out of pure frustration, as the drawings were not provided. The product itself never arrived, but the drawings came five months after the request was made, when the adaptation was approved by the headquarters. According to the subsidiary in Brazil, the delay may mainly be attributed to the apprehension of the “European Organization” (which includes the headquarters and key subsidiaries in Europe) concerning the growth in the emerging markets, because they viewed it as a threat to their economic future. The country manager of Brazil aptly described the contradiction in perspectives with regard to the rise of emerging markets between the headquarters and his own unit in the quote given below.

“I assuming headquarters perspective] cannot push [a country in Europe] to help you because they are thinking about you will take their jobs ( . . . ). I [assuming country manager perspective] said we are trying to co-operate with them, not to take out their jobs.”

To summarize, although Gamma headquarters supported all four opportunities, the pace and ease with which this transpired in the European units supports the feeling of these managers that the headquarters still pays full attention to their issues, resulting in confidence for future opportunities to be communicated. In contrast, the lack of pace and the experienced struggles in achieving full support for the opportunities in India and Brazil leaves these managers with the impression that the headquarters does not devote its attention to their issues and opportunities in a dedicated way, something that is likely to affect their willingness to communicate future opportunities in their markets with the headquarters.

5. Conclusion

5.1. Implications for theory

Subsidiaries in the emerging markets are supposed to face challenges in communicating business opportunities with the headquarters, as they are at a significant cultural and geographic distance from each other (Ambos & Ambos, 2009; Dellestrand & Kappen, 2012). In addition, one can argue that subsidiaries in emerging markets like India and Brazil normally prefer an indirect style of communication and conforming to a hierarchical organizational structure (cf. Gudynkun & Ting-Toomey, 1988; Hall, 1976). Hence, it should come as no surprise that the subsidiaries in Gamma’s emerging markets are using formal communication mediums and facing obstacles in getting their message across to the headquarters. However, as much as distance is a big hurdle, the challenge facing Gamma and other Western MNCs is that they want to reap maximum economic benefits from being present in the emerging markets despite the challenges associated with distance. Yet, they are unable to do so completely if the subsidiaries in these locations are facing challenges in getting their business opportunities approved upon communicating them, as well as to obtain the necessary resources from the headquarters to implement them within a reasonable time frame. This implies that MNCs may only benefit from business opportunities in emerging markets when their headquarters start allocating time and effort in gaining knowledge and tapping into business ideas in the distant subsidiaries; for example, by interacting more frequently with these subsidiaries through the procedural and communication channels present in the organization (cf. Bouquet et al., 2009).

In light of the Gamma case study, the failure to translate the headquarters’ strategic focus into tangible actions vis-à-vis the subsidiaries in the emerging markets may have two related explanations. First, the headquarters is resistant to embrace the complexity and challenges associated with managing subsidiaries at a distance. It requires a great deal of energy to obtain knowledge concerning units and markets of which the headquarters is generally less aware and knowledgeable. Also, designing or using channels for gaining information about these subsidiaries demands time and effort from the headquarters; for example, making personal visits from the headquarters to the distant units. Second, it requires significant changes within the organization to create an organizational culture and structure where the subsidiaries in the emerging markets are able to openly and freely communicate with the headquarters, thus enabling the subsidiaries to move away from adopting communication styles unique to their own cultural settings that make it difficult to get the message across to the headquarters due to cultural differences. For example, including distant subsidiaries that are also strategically important in meetings where key operational and strategic decisions are made could lead to the feeling that they are seen as important and also help them nurture informal ties with the headquarters and other subsidiaries in the organization, which may later prove useful when communicating business opportunities within the organization (cf. Ocasio & Joseph, 2005).

Both explanations are signs of organizational inertia (Hannan & Freeman, 1984), which may not only disrupt the intended strategic change, but also be the result of it (Dobrev, Kim, & Carroll, 2003). Gamma is an organization in transition: the shift in strategic focus to the benefit of emerging markets as announced by Gamma’s headquarters may be seen as a change to one of the core aspects of the organization and is therefore more likely confronted with resistance to change (Hannan & Freeman, 1984). In our case study, we observed how these strategic changes are faced with inertial forces preventing the reorganization of organizational processes (Hannan & Freeman, 1989; Levinthal, 1991); most notably the procedural and communication channels present in the organization that could have facilitated the right level of sustained attention toward the strategically important subsidiaries. We observed that Gamma did not succeed in providing the appropriate communication channels to ensure the right level of involvement of these subsidiaries in India and Brazil, denying direct and informal lines of communication for engaging in strategic debates for these subsidiaries, and preventing their own attention engagement from aligning with the attention perspective. This was unlike the more dramatic move taken by Cisco to break away from the inertial forces and anchoring the sustained cognitive attention of top management by deciding to locate their second headquarters in India to provide them with greater decision-making authority and to quickly respond to new business ideas in the country, as Cisco considered India an important strategic market (Gupta, 2009).

The failure of the headquarters to take action upon strategic intentions may give rise to a sense of confusion at the subsidiary level, which we have labelled as attention dissonance. Using attention literature, we can define this as a misalignment between attention perspective and attention engagement as perceived by the entities receiving attention from top managers (Ocasio, 2011). The misalignment gives conflicting signals to the subsidiaries, and makes them uncertain as to how to react to signals from the headquarters: which to follow—strategy or actions of the headquarters? This happens because actions taken by top managers in their usual
daily routines to act upon the strategy of the organization generally lag behind (i.e. inertia) the strategic plans made at the cognitive level of the top management that are mainly expressed in the form of words (Burgelman & Grove, 1996). The notion of attention dissonance has obvious parallels to the work done by Leon Festinger (1957) on cognitive dissonance, which has been defined as the discomfort faced by an individual human being when he or she holds two or more contradictory beliefs or ideas. For example, an employee works from nine to five, but discovers that his colleagues do not follow this company policy as diligently as he does. He is thus faced with a state of confusion as the behavior of his colleagues contradicts his existing belief on how to behave in a workplace. Festinger (1957) argues that humans then have a desire to reduce this disharmony in beliefs and level of confusion they face. As a result, this employee will either justify himself by saying that he is acting as the good employee and that others are acting inappropriately, or he will also start behaving like the other employees by not following the company policy as diligently as he used to.

Similarly, the desire to address the attention dissonance faced by the subsidiaries in MNCs may lead to them behaving in different ways. In our study, both sets of subsidiaries (from the advanced and the emerging markets) respond to attention dissonance by behaving in the same way as they did before, in terms of the way in which they communicated business opportunities with the headquarters (i.e. giving precedence to the headquarters’ actions over its words). The response of the subsidiaries thus nullifies the impact of the change in attention perspective of the headquarters, and implies that its value may only be realized when it is backed by tangible actions on a continuous basis. The response of the subsidiaries is partly driven by the distinction between talk and action, where the subsidiaries seem to give greater preference to the actions of the headquarters in forming their perceptions and the resulting behavior (Brunsson, 1989). For instance, the subsidiaries in the advanced markets continue to communicate business opportunities in an informal and direct way, facing very few challenges in getting their message across to the headquarters. They adhere to the status quo as they observe no meaningful changes in the behavior and actions of the headquarters in relation to them, despite the strategic change expressed in the official statements coming from the headquarters.

Of course, our insights are based on a single organization and our study was not primarily designed with generalizability in mind. However, it may be worthwhile considering which factors have contributed to attention dissonance in Gamma, which may thus cause attention dissonance in other companies and situations. First of all, distance, in particular cultural distance, between Gamma and its subsidiaries in the emerging markets has induced attention dissonance as explained above. Moreover, Gamma’s top management team was (culturally) homogeneous, which magnified the effects of distance with respect to the subsidiaries in the emerging markets, while potentially helping to overcome the smaller distance to the subsidiaries in the advanced markets. Gamma is furthermore an old company, with a heritage in a low-tech manufacturing industry, which suggests that it has developed an administrative heritage (Bartlett & Ghoshal, 1990) with strong routines that have proven to be relevant for the long-term success of the company. However, the company is going through some key changes, not least the expansion and shift of strategic focus to previously less central geographic regions, as described above, which demand the adaptation of organizational processes. It is not unreasonable to expect that time lags occur between major strategic changes and the necessary adaptations of structures and behaviors to support these changes. The Gamma case shows that top management made its first steps with the intention of adapting its attention engagement to the new strategic course. The company appointed managers with specific responsibility for the regions of Asia-Pacific and the Americas at the highest managerial level. However, this appears to be insufficient for facilitating sustained cognitive attention, as other administrative procedures, decision-making processes, and communication practices have not yet been adapted and continue to support attention to the European region. We here observe a company undergoing a transformation.

5.2. Implications for practice

The findings of this paper have direct relevance for managers in MNCs. First, perceptions of subsidiaries must be considered when the headquarters takes actions and makes decisions, as this impacts the behavior of subsidiaries. In light of this study, this may mainly be done by undertaking actions that are in line with the intentions of the headquarters. Any contradiction between the actions and words of the headquarters may lead to a sense of confusion in the subsidiaries, making them behave in a way that is different from how the headquarters wants them to behave. Second, in the context of subsidiaries in the emerging markets, the headquarters of Western MNCs need to make drastic decisions and take rapid actions to make sure that the subsidiaries from emerging markets in a tangible way feel that they are seen as important. For example, this may be done by including members of subsidiaries from emerging markets in strategic decision-making positions in the organization, conducting meetings on location in these markets, and by the headquarters being willing to gain knowledge concerning the business operations and local environment in these markets. The objective is to enable subsidiaries in emerging markets to openly communicate business opportunities with the headquarters, which is necessary for pursuing expansion and realizing maximum economic gains for the organization from being present in these markets.

Third, our analysis furthermore shows that formal and informal communication are not to be seen or used as alternative channels of communication in MNCs. Instead, we observed that the use of multiple channels reinforced the ease of communication for the European managers in Gamma, who could maximally benefit from all these channels, while it led to a disadvantage for managers in emerging markets, who could not benefit from this complementarity. They were left to use the formal channels that existed, whereas the more extensive formal platforms in Europe facilitated informal communications in this region. As an overall recommendation, organizations must thoroughly analyze the channels and routines that organize which issues are at the forefront of top managers’ minds to make sure that these are consistent with what the organization wants its top management to focus its attention on. This seems somewhat obvious, but our observations of Gamma remind us that companies in transition may face inertial forces that can get in the way of fully implementing the intended changes.

5.3. Limitations and suggestions for future research

We set out to study the communication of business opportunities by subsidiaries with headquarters in MNCs. In the process of our study, we discovered how the discrepancy between attention perspective and attention engagement impacted the communication of subsidiaries, allowing us to observe the phenomenon of attention dissonance and its impact on the subsidiaries. Obviously, large steps can be taken by future research.
when designing studies to more specifically investigate this phenomenon. Our main recommendation for future research is therefore to further develop the concept of attention dissonance and its impact on the behavior of the entities receiving attention from the top management (such as subsidiaries). For our study, we used data collected concerning communication processes of four subsidiaries of a MNC. Therefore, future studies should be done using a combination of qualitative and quantitative methods to further enrich our understanding of the impact of attention dissonance on the communication of business opportunities by subsidiaries and other behavioral responses of subsidiaries in MNCs. Furthermore, attention dissonance could be studied in other organizational settings that would allow the generalization of the phenomenon and our findings to apply to a greater set of organizations.

In addition, our results are founded upon perception-based data collected mainly at the subsidiary level. The data we collected from the headquarters was solely for the purposes of gauging attention perspective. Although we observed that attention dissonance is a phenomenon related to how attention receiving entities (like subsidiaries) perceive attention and their responses to this attention, future research should collect data concerning attention perspective, attention engagement, and attention selection at both the subsidiary and headquarters level in the MNC. This will enable us to understand the perception gaps between the three times of headquarters’ attention and how these may impact the behavior and actions of the subsidiaries (in line with Birkinshaw, Holm, Thilenius, & Arvidsson, 2000). A perception gap is different from attention dissonance, as the former is used to examine differences in perception between two different entities (e.g. the headquarters and a given subsidiary), while attention dissonance is based upon perceptions at solely the subsidiary level and looks at any possible differences in subsidiary perception of strategy and actions of the headquarters.

Evidence from companies with a more diverse top management team will further add to our understanding of the role of distance and diversity in MNCs in relation to attention dissonance and communication taking place within the MNC. In line with this, it would also be interesting to study the phenomenon of attention dissonance in headquarters and subsidiaries in a diverse range of countries and regions, as this will allow us to further explore how geographical, cultural, and linguistic distance relate to attention dissonance. In the case of Gamma, attention dissonance resulted from the inability of the headquarters to deal with distance in relation to its subsidiaries and to change organizational processes to better facilitate communication and involvement of subsidiary managers at a larger distance from the home country. This was needed due to a shift in strategy. Therefore, studying organizations that go through other transition processes might inform us concerning the role of organizational inertia when attention dissonance occurs.

References


