Managerial attention and its implication for reverse knowledge transfer

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Abstract

The aim of this paper is to explain how managerial attention has an impact over the prospect of knowledge transfer from subsidiaries located in developing countries. Lack of attention may cause barrier in knowledge transfer and consequently remoteness of subsidiaries from the MNC knowledge network. This paper further explains the reasons for lack of managerial attention.

Key words: Multinational corporations, knowledge transfer, managerial attention

1. Introduction

There has been a shift in the role of headquarter with regard to how knowledge is generated and distributed across the MNC network (Nohria and Ghoshal, 1997; Foos and Pedersen, 2002; Mudambi, 2002; Mudambi & Navarra 2004, 2007; Adler and Hashai, 2007). Increasingly, headquarters have been acting as a receiver and coordinator of knowledge from their internationally dispersed subsidiaries. Most prior studies focus on traditional knowledge transfer from parent (MNC Headquarter) to subsidiary, while some investigate knowledge transfer from subsidiary to parent (Frost & Zhou, 2005; Håkanson & Nobel, 2000, 2001; Mudambi & Navarra, 2004) also called as reverse knowledge transfer (Yang, Mudambi and Meyer, 2008). Knowledge transfers from subsidiary to headquarter (HQ) and other subsidiaries are becoming expansively important for studies and are expected to play a pivotal role in generating global capabilities on the basis of dispersed pockets of knowledge within the network of a multinational firm. Researchers emphasize that the subsidiary's knowledge should come into wider use by diffusing it throughout the MNC (Pedersen, Petersen, & Sharma 2003). If valuable knowledge remains in, or only diffuses slowly from the individual MNC subsidiaries, opportunities for worldwide leverage are lost. Therefore, appropriate incentive measures and proper organizational means to encourage knowledge transfer out of the subsidiaries with valuable knowledge should be in place to ensure subsidiary knowledge dissemination to other units of the MNC (Li, 2004). Yet, internal knowledge transfers are complex processes that are not always smooth and successful (Gupta & Govindarajan 2000; Mudambi & Navarra 2004; Perrin, et al. 2007). Researchers acknowledge and theoretically suggest that potential differences may exist in knowledge sharing and resource exchange between subsidiaries-headquarter relationships, it has not yet been well examined.

An important yet unexplored area in the knowledge transfer research is the tendency for some subsidiaries to be remote (not well connected) from knowledge transfer activities within the MNC network (Monteiro, Arvidsson and Birkinshaw 2008). By using the term remote, this study means that, some subsidiaries are perceived mainly as receiver of knowledge and are seldom considered as potential source of knowledge. This problem is highly persistent in context to the subsidiaries located in developing countries. Many of the subsidiaries located in developing countries are mainly playing the role of a sales subsidiary and not perceived as potential contributors of knowledge. Paik and Choi (2005) examines the global knowledge management (KM) experiences of *Accenture* and finds that consultants and KM staff members in the East Asian region thought that their knowledge was not valued or appreciated by their colleagues in other regions. According to Paik and Choi (2005), it represents an underlying assumption in the organization—that good management knowledge came exclusively from the West. Very few U.S. consultants intentionally sought out management experiences from Asia, and most U.S. consultants were not aware of projects in Asia. Given the relatively smaller KM staff in Asia and little inquiry for their knowledge, many Asian consultants doubted that their knowledge was being sought or appreciated. The study of Paik and Choi (2005) further reveals that ones who submitted knowledge received no feedback that their input was being utilized by anyone and East Asian offices felt somewhat isolated from the rest of the company. The findings of Paik and Choi (2005) give us further reason to study this problem more seriously. Numerous examples suggest that subsidiaries located in developing countries are actively engaged in generating knowledge, which are not location specific, and can be used at other locations, in similar environmental conditions. For instance, “Hindustan lever limited” an Indian subsidiary of the “Unilever” has successfully developed low cost refrigeration technology for the Indian market, and this technology can be used in other developing countries also, where refrigeration cost is a major issue. In another example, a Swedish multinational, involved in producing leather goods at its China subsidiary has started realizing that many of the product, process, and production related innovations are not possible at its headquarter site. There is a growing concern about this issue, but still the Swedish company headquarter is dependent upon the locally produced knowledge. There is practically very little attempt (Monteiro et al 2008; Bouquet and Birkinshaw, 2008) to explain theoretically or practically the reasons why some subsidiaries remain remote from the reverse knowledge transfer activities within the MNC network. Most existing literature tends to focus on identifying the barriers (Sun & Scott, 2005; Li, 2004) and facilitators of knowledge transfer from the units which are already involved in knowledge transfer activates. Previous studies in knowledge transfer field, notably done by Gupta and Govindarajan (2000), Szulanski (1996), Foos and Pedersen (2002), Ambos and Ambos (2008), and others, designed their research setting taking into account only those units which were already involved in knowledge transfer activities. However some studies (Gupta and Govindarajan 1991, 2000; Bouquet and Birkinshaw, 2008; Monteiro et al 2008) have indicated that some subsidiaries might not participate or experience very limited reverse knowledge transfer activities. Therefore this issue remains largely unresolved.

One dimension of thinking is linked with the managerial attention; managers' attention towards a knowledge source can lead to the decision of transfer and initiation of knowledge transfer activities (Monteiro et al 2008). Humans have limited rationality and MNCs are extremely large, complex, and geographically dispersed (Birkinshaw, Holm & Thilenius and Arvidsson, 2000). Managers can not pay equal attention to all the signals coming from subsidiaries and their attention can be influenced by several factors (Monteiro, 2008; Yang, Mudambi and Meyer 2008; Hansen, 1999; Gupta & Govindarajan, 2000). Such influences can lead to a biased approach in the knowledge search process and thus cause ignorance and isolation of some units within the network from knowledge sharing activities. Some efforts have been made by Gupta and Govindarajan (2001), Levy (2005), Levy et al. (2007), Bouquet et al. (2009) and others to explain the importance of managerial attention in the MNCs performance. Bouquet et al. (2009) argue that it is critical for headquarter executives to develop international attention to ensure that new sources of idea, knowledge and technology keep coming. While most headquarter executives understand the value of looking around for the best sources of ideas and knowledge, they seldom have the luxury to attend all the signals that matter, and thus limiting the scope of knowledge transfer. Therefore the goal of this paper is to explain, *(1) the effects of managerial attention on reverse knowledge transfer within MNCs, (2) how the managerial attention influence the position of subsidiary within MNC knowledge network? And (3) what factors (internal and external) influence the managerial attention?*

2.1 Literature review on factors influencing knowledge transfer

Li (2004) presents a review of literature on various organizational or contextual factors that either promote or impede the transfer of knowledge in MNC type organization. According to Li (2004), theoretical assumptions and empirical examinations of the factors influencing knowledge transfer can be organized according to three properties of the context within which knowledge transfer occurs: (1) properties of the units, (2) properties of the relationships between units, and (3) properties of the knowledge itself (Argote et al., 2003). With regard to properties of units, researchers emphasize that characteristics of both the source and the recipient unit affect the process of knowledge transfer. In a MNC-internal setup context, scholars observe that knowledge flows into or out of a subsidiary to be a function of several characteristics of the units involved in the transfer, for example, the motivational dispositions of the source and recipient units (Gupta and Govindarajan 2000); the absorptive capacity of the recipient units (the ability to absorb and assimilate transferred knowledge) (Cohen and Levinthal, 1990); values of source unit's knowledge stock (Gupta and Govindarajan 2000); as well as the existence and richness of transfer mechanisms between the units (Subramaniam and Venkatraman, 2001).

Some researchers emphasize properties of relationships between units, such as closeness in the relationships in terms of high level of trust, shared understanding and normative integration (Hansen, 1999; Ghoshal and Bartlett, 1988; Ghoshal et al., 1994). Cultural and institutional distance between units may also create stickiness in internal knowledge transfer (Szulanski, 1996; Kostova, 1999). While other researchers emphasize the different properties of knowledge, such as knowledge tacitness (Nonaka, 1994) and knowledge ambiguity (Simonin, 1999a), and knowledge complementarity (Buckley and Carter, 1999) that facilitate or act as knowledge related barriers to knowledge transfer.

As mentioned in the previous paragraph, transfer of knowledge is also influenced by the socio-cultural and institutional distance between the foreign country and the home country of the MNC. According to Hofstede (1984), knowledge in firms is contingent on the socio-cultural environment of the firm, what is appropriate knowledge in one country may be inappropriate to the firms in other countries. In turn, this may cause problems to the knowledge transfer process (Pedersen, Petersen, and Sharma, 2003). Factors such as different language, business culture, and institutional framework make up a 'psychic distance' as perceived by the MNC manager (Johanson and Vahlne 1977). As the psychic distance between nations increases it is more difficult for firms to acquire knowledge from abroad. Nahapiet and Ghoshal (1998) suggest that differences in language may influence individuals' perception. The specification of this problem can be found in the study of Marschan-Piekkari et al. (1999), who argue that limited natural language skills may lead to individuals or even units to be 'left outside' organizations. For instance, limited language skills may affect the structural social capital by isolating people or units from each other and making them inaccessible. Thus, a clash between national cultures may jeopardize the international transfer of knowledge (Pedersen, Petersen, and Sharma, 2003). In this study, language barrier is not an important issue, because in many MNCs, working language is English and many of the developing countries have good English language background such as India, and other commonwealth countries.

There are some other important issues related to reverse knowledge transfer, for instance expatriate and job rotation experience (Bonache, and Brewster, 2001), and financial incentives for transfer. As explained earlier, in this article we are mainly concerned about the managerial attention i.e. individual cognitive barriers. Some of the important individual barriers have been identified are lack of motivation, loss of power, attitude not to use knowledge from foreign countries. In the next section we explain the term managerial attention.

2.2 Managerial attention perspectives

Managers and executives are confronted with far more information that they can handle, and so they have to be selective in those aspects of the environment that enter their consciousness (Cyert & March, 1963; March & Simon, 1958; Mintzberg, 1973). This assumption of bounded rationality has inspired a large literature on attention, which constitutes a broad field of research that spans several disciplines and fields of enquiry (Jones & Baumgartner, 2005). Attention is the initial step in the information processing sequence of attention, interpretation and action (Draft & Weick, 1984). Here, attention implies how managers discriminate among available stimuli, selecting those that will be given further consideration, and discarding others (Calori et al. 1994; huff, 1990). In this respect the inner experiences and cognitive schemas of individuals are emphasized. Attention is viewed as a collection of relatively tacit psychological mechanisms that occupies the consciousness of managers, and activate, buffer or guide managers in their strategic thoughts (Cown, 1986; Kiesler & Sproull, 1982; Dutton, Fahey & Narayanan, 1983; Dutton, Walton, & Abrahamson, 1989; Fiske & Taylor, 1984).

Another complementary approach to attention is that attention is socially embedded, and cannot be explained solely by reference to cognitive processes. According to Ocasio (1997:190), attention is intrinsically linked to the immediate context in which cognition and actions are situated. This framework emphasizes the organization practices in which real work of managers takes place, rather than particular source of cognitive influence, i.e. managers enter particular type of procedural and communication channel to process matters available for their consideration and it is by understanding how much time and effort they invest in the course of such activities that one gains evidence as to what constitutes their actual focus of attention (Bouquet & Birkinshaw, 2008; Ocasio, 1997). This is a practice oriented view of attention which explains how the attention of managers and executives, their accumulated experience, and critical aspects of environment in which they operate come together to create a situated cognition that has implications for reverse knowledge flow.

In this paper we mainly focus on managerial attention, i.e. the attention of headquarter managers towards subsidiaries, in the context of reverse knowledge transfer. Bouquet and Birkinshaw (2008) introduce the concept of "positive headquarter attention" and define it as the *extent to which a parent company recognizes and gives credit to a subsidiary for its contribution to the MNC as a whole*. This definition is based on the assumption that headquarters act as facilitator to subsidiaries for their future developments. Another assumption is that subsidiary's contribution to the MNC as a whole is highly important for a positive attention. This definition mainly explains the organizational attention and has some limitations, for instances headquarters act as a facilitator as well as resource seeker from subsidiaries. So attention can be two sided, one for mentoring and another for seeking. Attention also depends upon the level of control. A higher control requires higher degree of attention and a loose control may require less attention. In this respect it is not always necessary for subsidiary to contribute to whole MNC to gain attention, but it is the operational conditions which set the level of attention. In this paper the unit of analysis is individual manager and therefore we apply the term headquarter executive's attention. HQ executive's attention can be broken down into following five sub-constructs:

Relative attention: Attention can be viewed as a competitive process, wherein the level of recognition and credit given to a focal subsidiary is relative to the level given to other subsidiaries in an MNC (Bouquet & Birkinshaw, 2008). Studies have found that poor countries typically do not get much attention from parent executives (Bouquet & Birkinshaw, 2008). But why poor countries receive poor attention is a little researched phenomenon. This is not yet clear that which type of attention is poor, as headquarter managers may apply supportive (giving support to subsidiaries and making them prosper) as well as support seeking attention (seeking knowledge from subsidiaries). Sometimes a subsidiary may receive good supportive attention but at the same time may draw little support seeking attention.

Supportive attention: Corporate headquarters' controlling discretionary resources may use this as a way to facilitate a subsidiary's development (Luo, 2003). Subsidiaries are not equal in resources and capabilities. The reasons are, local factors such as lack of trained human resources, lack of infrastructure in the host environment; organizational factors, such as to bring conformity between the headquarter and subsidiary business processes, to create better coordination between the headquarter and subsidiary; and strategic factors, such as, the role of subsidiary in the organization, strategic importance of the subsidiary. Due to the above reasons subsidiaries may require varying degree of support from headquarter. Such attention may be regarded as value-added interventions of parent executives.

Support (knowledge) seeking attention: Subsidiaries are not only receiver of knowledge and supports but they also produce knowledge and can contribute to the organization as a whole. Headquarter managers may seek knowledge from subsidiaries, and it depends upon the knowledge seeking attention paid by headquarter managers to subsidiaries. The basic assumption of this paper is that many MNC type organizations lack this type of attention. And therefore, MNC headquarter executive's should focus on improving knowledge seeking attention.

Visible attention: The explicit recognition from headquarter of a subsidiaries achievements and contribution to the MNC as a whole, such as in annual reports or in media can be described as visible attention ((Bouquet & Birkinshaw, 2008).

Tacit attention: Apart from the visible attention**,** headquarter executives may have awareness about the activities of subsidiaries, for instance about an ongoing development project or best practices. Such attention does not appear in explicit form, but exist in tacit form.

Do all positive attentions translate into decision to transfer knowledge from subsidiaries? This question has got little attention among the researchers. In the terms of relative attention not all attentions are equal; there exist certain determinants which influence the headquarter executive's attention and consequently facilitate and restrict the reverse knowledge transfer decisions. This study mainly focuses on knowledge seeking attention of headquarter managers and explains the factors that influence the reverse knowledge transfer seeking attention. Further this study explains, how knowledge seeking attention is related to the remoteness of subsidiaries within MNC knowledge network.

3. Theoretical framework development

According to Gupta and Govindarajan (1991) transaction between the multinational headquarter and subsidiaries occur along three dimensions namely: capital flow, product flow and knowledge flow; and they defined knowledge flow as the transfer of either expertise (e.g. skills and capabilities) or external market data of strategic value. Knowledge flow occurs from subsidiaries to headquarter or other units within the multinational network, when the subsidiary is able to generate knowledge which is globally relevant and such units are defined either as global innovator or in a less self-sufficient manner as integrated players (Gupta and Govindarajan 1991). As a local innovator, subsidiary knowledge is totally location bounded and therefore less likely to be transferred. They further argue that, mere generation of globally relevant knowledge does not make knowledge transferrable unless other units are aware of it and they perceive it valuable and worth transferrable. But whether the knowledge is globally relevant and worth transferrable or not is a matter of decision by headquarter executives. As the degree of interdependence and tie with other units within MNC organization vary across roles, and so the organizational control mechanism used by MNC headquarters for shaping the decisions and actions of subsidiaries, this logic also applies to the reverse knowledge transfer activities. Thus the scope and speed of transfer differs along with formal and informal organizational and communication ties. The basic assumption is that the underlying formal and informal structures shape the HQ executives awareness level and facilitate perceptation building. Schulz (2003) states that external knowledge is more likely to be considered relevant when knowledge sharing participants are aware of the types of knowledge residing in other units i.e. the sender is aware of the knowledge requirement of the recipient and the receiver is aware of the relevant knowledge residing in source. Awareness might lead to initiation of the process of knowledge transfer from one unit to other unit and social relations are key factor in facilitating such awareness and transfer. Informal communication networks and ties have been suggested as pivotal in facilitation of such type of knowledge transfer (Ghoshal et al. 1994; Szulanski 1996). Schulz further argues that ease of communication, like informal ties and networks, is a necessary condition but not a sufficient reason for knowledge transfer. In order to knowledge transfer take place, knowledge worth sharing needs to be available and recognized as such and an absence of such knowledge or awareness simply hampers the communication process (Smith et al. 1994). As the flow of information within the MNC is far from perfect (Birkinshaw et al. 2000), and subsidiaries are imperfectly integrated into their corporate network (Ghoshal & Nohria, 1989). In such a situation headquarter manager's perception about the capabilities of the subsidiary play an important role in decision making process.

3.1 Perceived value of knowledge

The perceived value of knowledge is the value that an individual places on the knowledge, and the value of knowledge may affect one's willingness to seek the knowledge. The psychology literature suggests a negative relationship between value and sharing (Kalman et al. 2002). But what is meant by value and the different perspectives from which knowledge can be valued. Drawing on marketing and knowledge management literatures, value has been defined as 'an interactive relativistic preference or, more formally, as a relativistic (comparative, personal, situational) preference characterizing a subject's experience of interacting with some object (Holbrook &

Corfman, 1985). Zeithaml (1988) found that the term value is used in many different ways, by describing a wide variety of attributes and higher level abstractions that provide value. According to Zeithaml (1988) what constitutes value appears to be highly personal and idiosyncratic. Therefore, value is a perception (Day & Crask, 2000) and we would expect this to apply when the object being considered is knowledge.

It is possible for the knowledge to be valued from perspective of the knowledge seeker. It has been shown that the value from the perspective of seeker does influence knowledge-seeking behaviours, such that more valued knowledge, the more willing a person to seek out the knowledge (Gupta Govindarajan, 2000). From the knowledge management literature perspective, Gupta and Govindaraj (2000) argue that uniqueness is the basis of knowledge's value, such that unique knowledge is more valuable. Augier et al. (2001) argue that the relevancy of knowledge may determine its value; the more relevant the knowledge is to the problem at hand, the more valuable it is. Davenport & Prusak (1998) argue that knowledge is valuable because it is close to action. These are the possible dimensions of perceived value of knowledge, which may guide this study. In this study we are mainly focused on the perceived value of knowledge from the headquarter executive's perspective (i.e. from the receivers perspectives).

3.2 Source awareness perspectives

Monteiro, Arvidsson and Birkinshaw (2008) argue that to understand subsidiary remoteness we need to focus on the initiation stage of a knowledge transfer, the stage that comprises events that lead to the decision of transfer (Szulanski 1996). They further argue that the attention of the recipient towards a potential knowledge source is an important determinant of the knowledge transfer activities from external sources. Based on the behavioural theory of the firm (Cyert and March 1963), Monteiro et al. suggest that knowledge transfer between units can be framed as a process of problemistic search on the part of recipient (Hansen, 1999). A knowledge flow in the MNC is therefore viewed as a managerial search process for a solution to a problem faced by the unit, and this search process, which is predicted as “simple-minded” and “biased” (Cyert and March 1963, p. 121), leads to the identification of a potential source. Two issues can be clearly identified here, first is the attractiveness of the source and second is awareness level of the manager about the source, and both are closely related to the perception of the HQ manager towards the source.

According to Pérez-nordtvedt, Kedia and Datta (2008) the attractiveness of a source as a repository of knowledge affects knowledge flow to recipient organization. A foreign source becomes attractive when it exhibits superior results in generating and using knowledge, consistently over a period, useful to the recipient. A consistent superior performance over a time enhances its trustworthiness, as it exhibits its ability to ´accomplish something on its own´ (Szulanski et al., 2004, p 604). They further argue that if a recipient organization is very motivated to acquire knowledge possessed by a foreign source, it will be better prepared psychologically to understand the knowledge that is being transferred. They link the learning intent with the speed of transfer and argue that cross border knowledge transfer is likely to be faster when the recipient organization is motivated. It can be argued that motivation is linked to the awareness level, and the pre and post-awareness perception of the manager towards the knowledge stock. As the manager becomes aware about the knowledge stock through attention and develops positive mind-set about the value of the knowledge stock then he/she becomes motivated to explore the stock.

3.3 Location specific effects on knowledge transfer

Location of subsidiary is an important determinant which has a direct impact on outward knowledge transfer from the subsidiary (Gupta and Govindarajan, 2000; Li, 2004). This section examines what difference does location makes on outward transfer of knowledge from subsidiaries located in developing countries. Despite its importance, few studies have empirically linked subsidiary location to subsidiary knowledge transfer.

This study argues that the perceive value of subsidiary's knowledge stock and the knowledge seeking attention of headquarter manager is influenced by the location of the subsidiary. As a subsidiary's knowledge base is embedded in the local environment in which it develops, the location of the subsidiary will have significant effect on the reverse knowledge transfer motivations. The more technologically developed the subsidiary location, the easier it is to persuade the parent of the value of its knowledge, because the perception of the headquarter executive towards the subsidiary will be positive.

Gupta and Govindarajan (2000) posit that more advanced countries are likely to serve as trend-setters and as the sources of technological, marketing, and managerial know how. Through their study of 374 subsidiaries belonging to 75 MNCs located in U.S., Japan and Europe they found that knowledge outflow from the subsidiaries that are larger in size and located in countries with a higher level of economic advancement relative to the country of the parent corporation, are higher. Here the term economic advancement is explained in this context of economic zones to which the unit belongs. For example a subsidiary located in Silicon Valley may be regarded highly valuable for sourcing IT related knowledge in contrast to a unit located in Hanoi. One aspect of the problem is lack of motivation to learn/accept 'not-invented-here' knowledge on the recipient side, which limits the MNC's ability to exploit knowledge developed in other locations (Gupta and Govindarajan, 2000). From a receiver's viewpoint, knowledge received from units located in economically and technologically less advanced countries might – due to a sense of superiority or ethnocentrism – be perceived as contextually less sensitive and lower in commercial value.

Chan, Isobek and Makino (2008) examine the country specific influences on the business activities and performance level of MNCs. They argue that the average foreign affiliate performance is likely to be low in institutionally underdeveloped host countries. As the poor performance may lower the attractiveness of the source, it may create negative perception about the source subsidiary, leading to a possible isolation of the unit from any future knowledge sourcing activity.

Another explanation to the varying degree of attractiveness to the source is Jensen and Szulanski´s (2004) argument that the differences in cognitive institutional environments may create difficulties in understanding the nature and purpose of the practices and thus create barriers to the acceptance and implementation of transferred practices. As institutions vary from country to country, one could expect different degrees of difficulties in recognising and transferring the same practices to different locations.

In the marketing literature, it is suggested that a manufacturing nation's image has a significant impact on how consumers perceive and evaluate the quality of products from that country, and hence on their propensity to buy those products (Johansson, 1989; Roth and Romeo, 1992). Applying a similar reasoning to reverse knowledge transfer within the MNC, one can expect the location of a subsidiary to influence how managers in other MNC units perceive the value of knowledge residing in that subsidiary.

3.4 Strategic importance of the subsidiary and its effects on reverse knowledge transfer

Moreover, a better and consistent performance may improve the subsidiaries attractiveness as a potential knowledge source but still the nature of transfer process and the strategic position of subsidiary within the MNC network may also affect the managerial decision in knowledge transfer. Yang, Mudambi and Meyer (2008) posits that conventional transfer (transfer from headquarter to subsidiaries) is a ´teaching´ process whereas reverse knowledge transfer (transfer from subsidiaries to headquarter) is a ´persuading´ process. Parent firms may not recognise potential benefits, and thus not take appropriate initiatives to adopt knowledge available from subsidiaries. It is further argued that because of the principal-agent relationship, parent's commitment to learning from subsidiaries is less than the subsidiaries commitment to learning from their MNC parents. But at the same time, there is reason to believe that subsidiary managers can, through their initiative, channel information to parent company executives and facilitate their understanding of how the subsidiary's knowledge or experience can contribute to the rest of MNC (Monteiro et al. 2008). Nevertheless, it's a difficult process when the subsidiary is located in economically and technologically disadvantage location. What can make a difference is the strategic importance of the subsidiary in the network. As the term strategic importance is a broad concept, in this study the term has been used in the context of knowledge base of subsidiaries. Studies have shown that subsidiaries located in technologically advanced countries command higher level of knowledge base and are involved in generating relatively large amount of knowledge. While subsidiaries located in developing countries have little knowledge base because of their role definitions, relatively less period of existence, and also due to the technological factors of the local environment. With respect to subsidiaries located in developing countries, their role is ever-increasing, not limited to selling MNC products and covering large market share, most now also perform higher value-added activities such as manufacturing and R&D (Forsgren, Holm & Johanson, 1992). These differentiations of roles make some subsidiaries strategically important and consequently headquarter executives pay better attention to them. While strategically less important subsidiaries, mainly involved in selling MNC products, receive supportive attention only. It has been observed that headquarters impose their practices on implementer subsidiaries and does not allow locally available knowledge to flourish. According to this study, subsidiaries involved in production activities, due to cost advantages, can not be considered strategically important, as when the cost benefits shrink, headquarter may relocate or disperse the production activities[1].

4. Discussion & conclusion

Gupta and Govindarajan (2000) argue that a higher level of knowledge outflow will occur from the units with more valuable knowledge stock. Explaining the reason for outflow from problematistic search perspective, Monteiro et al. (2008) argue that the recipient of the knowledge (either headquarter or other subsidiary unit) perceive the source as high potential and therefore begin the process of knowledge transfer. Monteiro et al (2008) further argue that their view is different from the one Gupta and

[1] On January 8, 2009, Dell announced that it would move all Dell manufacturing in Limerick to Dell's new plant in the Polish city of Łódź by January 2010. (http://www.rte.ie/news/2009/0108/dell.html)

Govindarajan (2000) has suggested, as in their view perception of the recipient is focal point, while in Gupta and Govindarajan (2000) model the flow is determined by the capabilities of subsidiary. But when this phenomenon is looked upon in totality, it can be visualized as complementary rather than differentiating views. The perception of recipient is determined by the value of the stock held by the sender as well as the awareness level of the recipient about the stock of knowledge available with the subsidiary. The awareness level can be facilitated and further enhanced through strong organizational tie and rich communication channel. Therefore in this study we take a balanced approach to transfer. Monteiro et al. (2008) base their study on the assumption of bounded rationality of managers. As during the problematistic search activity managers are more likely to search for knowledge from the source which has already an established reputation of knowledge creation and transfer to others or has high perception because of other reasons, like the target unit is located in a region or cluster which is known for high end knowledge and innovations. Also evidences from the theory of organizational learning suggest that organizations' learn from experience that affects their subsequent behavior (Bandura, 1997; Kolb, 1984; Herriott et al, 1985). Thus previous experiences of manager may also ground the reason for such kind of search behavior. But this behavior may result in remoteness of some subsidiaries for prolong period. For instance a unit located in technological low environment but employing highly educated and trained manpower may experience higher knowledge stock level or high potentiality to generate solutions to the problems faced by the focal recipient, but may be considered unimportant by the recipient because of its existence in technologically low environment, and having less strategic importance for the MNC. Other reasons well examined are, lack of effective communication, managerial awareness, and because of loose organizational ties. This biased approach can have negative impact over the *exploration and exploitation* of potentially useful but undervalued knowledge stock held up in the unawareness of recipient. Thus we can conclude that the executive international attention have a significant role in valuation of knowledge, for both, headquarter and subsidiary. Theoretically we can argue that manager's global attention power is inherent characteristic of a global mindset and thus we can study this in the context of global mind-set.

4.2 Limitations

Further I would like to point out towards the limitations of above theoretical propositions. There is a need to undertake empirical research and in-depth case studies of knowledge management practices using the arguments and framework provided in this article. Apart from the empirical studies or case studies there is need to identify some other aspects of subsidiary isolation. One such aspect is the perception gap between headquarter and subsidiary. A perception gap may have negative impact over the position of subsidiary within the network (Birkinshaw et al. 2000).

Another limitation is that, this study is based on the assumption that headquarter executives play important role in dissemination of knowledge as they are more active in communicating with different subsidiaries and therefore considered as more important to study. But attention of subsidiary executives is also important. As with increasing network based view of MNC, role of subsidiary executives are becoming increasingly important for study.

Consider the contributions of this study, first, this study contributes to the field of attention economics, which is a growing field of research, and it also adds to the literature on knowledge flows in multinationals firms by emphasizing the role of managerial attention in subsidiary remoteness from the knowledge transfer activities. And second, this study calls for further study on the issues highlighted above. I can proceed by developing a research process for empirically testing of these propositions.

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