Effects of attention dissonance on communication in multinational corporations

Abstract

We introduce the notion of attention dissonance, where subsidiaries feel that headquarters' attention is merely expressed at the strategic level, i.e. attention perspective, while their attention engagement is not in line with these alleged strategic aspirations. Using a comparative case study design, we investigate one European firm with subsidiaries located in emerging as well as advanced markets. In line with the company strategy of shifting focus from advanced to emerging markets, subsidiaries in emerging markets do get recognition in annual reports and internal communication. However, the same subsidiaries feel that this is not reflected in how headquarters act towards them and that knowledge about their activities is lacking. This attention dissonance affects the way in which they communicate about business opportunities in their markets, hindering the direct and open communication that would help to realize the economic potential in these markets.

Keywords: attention perspective, attention engagement, communication, business opportunities, emerging markets

INTRODUCTION

Attention in organization studies has emerged as a broad construct, which is defined as "the noticing, encoding, interpreting, and focusing time and effort by organizational decision makers" to issues that are confronting them and the available solutions (Ocasio, 1997:189). Building on the work of Herbert Simon (1947), the attention based view of the firm agrees with the notion of the organization as complex networks, but sheds light on the cognitive and social structures that define the course of the organization. Specifically, it highlights the importance of the structural component of the way in which managers allocate their attention toward different issues in an organization (Ocasio, 1997). It has always been argued that top managers have to deal with information, which is more than what they can normally handle, hence they have to be selective in the information they focus on given that attention is a scarce resource (e.g. see Cyert and March, 1963). The selection and understanding of certain issues is not merely done at the cognitive level of the top management, where certain issues tend to occupy their thoughts and ideas. It is also dependent on the actions of the top management within the organization, as these top managers participate in different meetings, interact with different employees in the organization, and read official documents for both internal and external communication. William Ocasio has termed them as the procedural and communication channels, so it can also be referred to as the structural component of attention (Ocasio and Joseph, 2005). Participation in these channels impacts the issues that get identified by the top management and their level of understanding about them.

It is clear that our understanding of attention has developed and enriched in the recent past, especially since the work done by Ocasio (1997) on the attention based view of the firm, but there are two limitations in the past literature that we will mainly address in this study. First, the focus of research has solely been on studying attention at the level of the top management; to the best of our knowledge, no research has been done on how people or entities who are the recipients of top management attention formulate perceptions of it and the way in which it impacts their behavior and actions. Second, it has been assumed that cognitive and structural components of attention are always aligned with each other when top managers direct their attention towards certain issues (e.g. Elsbach, Barr, & Hargadon, 2005). We

challenge this assumption by highlighting at least one particular instance where these two components of attention are not aligned with each other, i.e. when an organization is undergoing a change in the attention perspective. We observed based on our empirical data that changes in the procedural and communication channels within an organization are not in sync with the changes in collective cognitive schemas of the top management about specific issues that need their attention.

The approach adopted by us to address these limitations in past literature was by conducting a qualitative study of a multinational company, which is undergoing a change in attention perspective of the headquarters by shifting to subsidiaries in the emerging markets from their traditional stronghold in the advanced markets. This is a widespread phenomenon as numerous multinational companies with headquarters located in the advanced markets are trying to increase their presence in the emerging markets, like China and India, as they have witnessed high economic growth rates and remained largely unscathed during the recent severe financial crisis unlike the advanced markets (Birkinshaw, Bouquet and Ambos, 2007). In addition, we collected data from four different subsidiaries within the same organization; two subsidiaries were located in the emerging and advanced markets each. This enabled us to compare subsidiary level perception of headquarters' attention between subsidiaries located in the emerging and advanced markets, and study how it impacts the communication process of business opportunities. On the whole, multinational companies offer an interesting context for studying the attention of top management. They are generally large, geographically dispersed and diversified organizations (Bartlett and Ghoshal, 1989), also represented as differentiated networks (Nohria and Ghoshal, 1997). Furthermore, they are loosely coupled organizations where decision making is centered at the headquarters while the information about the different markets in which the organization operates mainly comes from the subsidiaries (Weick, 1979). The headquarters defines the strategic course and coordinate the activities of the multinational company; it decides, for example, on resource flows and mandates of subsidiaries (cf. Birkinshaw, 1996; Ciabuschi, Dellestrand and Holm, 2012). While, the subsidiaries have the important task of scanning their local environment for new knowledge and

interesting business opportunities, and then communicating these to central parts of the organization to take actions upon them (Birkinshaw, 1997; Delany, 2000; Williams and Lee, 2011).

Ocasio (2011) identified three types of attention commonly studied in organization studies: attention perspective, attention engagement and attention selection, which we will outline in the next section. We use these classifications to show how a lack of alignment between the attention perspective and engagement, which manifests itself in the form of attention selection towards specific external stimuli from the subsidiaries, can lead to a confusion being faced by the subsidiaries which ultimately impacts their behavior. For example, according to our empirical data, the subsidiaries in the emerging markets feel that the headquarters has realized the economic significance of their markets, but the communication systems in the organization still continue to favor the subsidiaries in the advanced markets. This makes it challenging for them to even communicate routine non-strategic decisions with the headquarters, which is detrimental for the organizations as they want to expand their presence in the emerging markets. We study the communication of business opportunities as the external stimuli from the subsidiaries towards which headquarters attention has to be directed; enabling us to analyze the degree of misalignment between attention engagement and attention perceptive of the headquarters, as viewed by the different subsidiaries within the same multinational company.

We make three contributions in this paper. First, from a theoretical perspective, we introduce the concept of attention dissonance, a sense of confusion faced by the subsidiaries when they feel that the attention perspective and attention engagement of the headquarters are not aligned with each other. We also later highlight how this attention dissonance faced by the subsidiaries impacts their behavior and actions, which is exemplified by the communication of business opportunities in this study. Second, from the empirical data, we show a conundrum faced by multinational companies from advanced markets, where they want to increase their presence in the emerging markets but the communication systems in the organization, top management "collective mindset and knowledge base continue to have their center of gravity in developed markets" (Bouquet, Morrison, and Birkinshaw, 2009: 111). Third, from a practical perspective, this study

underscores the importance of the consideration that needs to be given by the headquarters, through their actions and decisions, to the perceptions formed by the subsidiaries about their dyadic relationship.

LITERATURE REVIEW

Attention Perspective, engagement and selection

Attention Perspective is tied to the strategy of the organization, "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; 1288). Attention of top managers has also been viewed as a scarce resource that can only be devoted towards certain issues at the expense of others (Cyert & March, 1963), so attention perspective is the allocation of attention of top managers in line with the goals and vision of a specific organization. For example, an innovation driven organization will have an attention structure in place which will enable the top management to identify and capitalize on issues and opportunities in the environment that can sustain novel ideas to be accommodated and acted upon. 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 the gauge the attention perspective of an organization (e.g. D'Aveni & MacMillan, 1990).

Attention perspective acts as the guiding light for the top managers about the nature or type of issues they should focus upon, while attention engagement is the extent of resources the top managers commit towards the different issues at a certain time. Attention engagement can be defined as the allocation of time, effort and energy (or cognitive resources) by top managers to certain set of issues and available solutions that confront the organization (Ocasio, 1997). In this study, we also highlight the importance of stability, which is the ability of the headquarters to commit their resources to identifying and interpreting business opportunities from a specific subsidiary repeatedly on a continual basis, while at the same time being diverse in their attention span by focusing on multiple subsidiaries at the same time (Rerup, 2009). We argue that this is only possible when the headquarters has sufficient knowledge about the local business operations and market conditions of the different subsidiaries, which can enable them to

understand the business opportunities being communicated. In addition, the communication and decision making channels within the organization enable the subsidiaries to openly communicate the business opportunities with the headquarters, in addition they allow the headquarters to gain information and provide avenues for them to interact with the different subsidiaries within the organization (e.g. see Denrell, Arvidsson, & Zander, 2004; Ocasio & Joseph, 2005; Bouquet, Morrison, & Birkinshaw, 2009).

Attention selection is the decision made by the top managers at a certain time to focus their attention towards a specific set of issues (Ocasio, 2011). Attention selection has two components: focus and intensity of attention; focus relates to the decision made by the top managers to direct their attention towards a specific issue or not, while intensity refers to the extent of resources they commit towards understanding that issue at that certain time (Kahneman, 1973). Attention selection by top managers over time is an output of the interplay between attention perspective and engagement. Attention perspective should be aligned with the attention engagement of the top managers, meaning that the top managers devote their time, effort and energy towards issues which are in line with strategic orientation of the organization. In addition, the top managers should prioritize their commitment of resources towards issues; relatively greater resources should be committed to strategically important issues. On the contrary, lack of alignment between attention perspective and engagement can also be observed, for instance, communication channels in the organization might operate in such a way that hinders the top managers to select their attention towards issues which are in line with strategic orientation of the organization.

Communication of Business Opportunities

We study the communication of business opportunities from the subsidiaries as the external stimuli which needs headquarters attention. In addition, subsidiaries in multinational corporations are increasingly becoming a source for business ideas which are beneficial for the whole organization basically because they are embedded both in the organization and the local market in which they operate (for a comprehensive review, see Strutzenberger & Ambos, 2014). We define business opportunity as any business idea originating from subsidiaries in the multinational company that seeks to change the way the

organization functions through available resources or generating new ones using external means (Birkinshaw, 1997). We view business opportunities as being similar to subsidiary initiatives, which are entrepreneurial endeavors undertaken by the subsidiaries on their own with minimal or no assistance from the headquarters. In line with the literature on subsidiary initiatives, there are many options available to classify the business opportunities (e.g. see Birkinshaw, 1997; Birkinshaw & Ridderstale, 1999), but we choose to do it on the basis of their variation to the existing business operations of the respective subsidiaries, i.e. domain developing and domain consolidating business opportunities (Delany, 2000). Introducing novel products in the local market or doing new activities in comparison with the existing domain or mandate of the subsidiary is defined as domain developing, while domain consolidating business opportunities include activities or products that are similar to the existing domain or mandate of the subsidiary (Birkinshaw & Hood, 1998; Delany, 2000)

On the other hand, communication is an outcome oriented two-way exchange of information between the headquarters and a given subsidiary (Kalla, 2005). Communication is a multi-dimensional construct, but we will only focus on four key components: formality, richness, timing and feedback, with respect to business opportunities. Formality is the degree to which the subsidiary conforms to established norms of communication in the organisation, for example using formal reporting lines or official templates for the communication of business opportunities. Timing is the stage of business opportunity development at which it is initially communicated with the headquarters. Early stage means that the desire to seek assistance from the headquarters is higher, while later stage means that the business opportunity is almost fully developed and the communication mainly seeks headquarters approval (e.g. see Dutton, Ashford, O'Neill, & Lawrence, 2001). Richness depends on the choice of medium(s) used to communicate the business opportunity, for example, face-to-face communication is richer than telephone or e-mail (see media richness theory, Daft & Lengel, 1984). Finally, feedback from headquarters can be seen as a combination of the decision speed, time taken to reach the decision by the headquarters after the business opportunity is initially communication, and the amount of questions asked by the headquarters to clarify

and/or seek further information about the business opportunity communicated by the subsidiary (e.g. see Birkinshaw & Ridderstale, 1999).

Conceptual Model

Subsidiaries can get to know about the attention perspective through mediums of internal (e.g. CEO messages, newsletters) and external (e.g. annual reports) communication in the organization but they are unable to exactly know whether the headquarters can act upon what they plan or say on a long term basis which we had earlier defined as attention engagement. Despite this, the subsidiaries can get a sense of it through the decisions made by the headquarters about attention selection towards stimuli from them (e.g. see Weick, Sutcliffe, & Obstfeld, 2005). In simple terms, attention selection can be viewed as attention engagement towards a specific issue at a certain point in time. Hence, subsidiaries can use their perception of headquarters' attention selection to develop perception of headquarters' attention engagement, which can also then ultimately enable them to determine its degree of alignment with the attention perspective. Subsidiaries communicate business opportunities (or other types of stimuli) with the headquarters on a continual basis, implying that they regularly refine and develop their perceptions of the different forms of headquarters attention. This dynamic model is outlined in figure 1 below; it is also pertinent to mention that the arrows in the model show the sequence of events rather than a causal link.

[Please insert Figure 1 about here]

METHOD

Research Design and Context

In orders to gain a deep understanding of the subject, we decided to adopt a qualitative research approach. We thus answer to the repeated call for more contextual studies within the field of knowledge transfer in multinational corporations (Sigglekow, 2007; Michailova & Mustaffa, 2012). Our qualitative research design has further enabled us to capture significant markers of the perceptions of the subsidiaries in our

study, given that these perceptions relates to subsidiary managers' communication with headquarters (see Monteiro, Arvidsson and Birkinshaw, 2008). This allowed us to elaborate on concepts that will advance the research on communication processes (Pratt, 2009) related to subsidiary knowledge flows (Michailova & Mustaffa, 2012: 390). We collected data in one organisation, Gamma AB[1], which is a multinational company with its corporate headquarters located in Sweden. The organisation is a manufacturer of products delivered to both consumers as well as businesses and provides related services to both customer groups. Gamma has subsidiaries in over 30 countries and has approximately 5500 employees. Like many multinational companies in Western markets this organisation is shifting focus to emerging markets, as its traditional European markets are facing stagnant or declining growth. In addition, the organisation has developed through acquisitions in different countries and is now in the process of standardising its products and services, grouped in six different segments, on a global scale. This elevates the need for knowledge sharing to take place within the organisation, as each subsidiary has a different set of resources and expertise. For these main reasons, Gamma is an interesting and appropriate setting for studying communication and learning across borders. The choice for a single organisation enables us to control for significant variations in organisational strategy, culture and structure.

Sample Selection

Subsidiaries

The location of the subsidiaries was selected on the basis of purposeful sampling (Patton, 2002). Two subsidiaries were selected from among Gamma's units in the advanced markets (both in the EU) and two from the emerging markets. Emerging markets are defined as the traditional BRIC countries, while advanced markets are defined as those having a very high Human Development Index score, according to the criteria of the International Monetary Fund (O'Neill, 2001; IMF, 2014; UNDP, 2014). The main criterion for choosing these subsidiaries was size in terms of their sales revenue contribution to the whole organisation. We selected the two largest subsidiaries among those Gamma has in emerging markets,

[1] On request of the company we anonymized the company and its units

while the selected EU subsidiaries were the second- and third-largest subsidiaries in the advanced markets in Europe. In addition, we made sure that all the subsidiaries had become part of the organization through acquisition and that there was no significant variation in terms of how long they had been part of the organisation.

Business Opportunities

It is important for respondents in subsidiaries to be able to relate to concrete phenomena when they express their view on how they communicate with headquarters. Such concrete focus increases the relevance of the data collected, and allows respondents to discuss abstract issues related to communication in relation to concrete examples or critical events. For that purpose we decided to focus our interviews around specific business opportunities that subsidiary managers identified in their markets and expressed what they wished to exploit. For the purpose of this paper, we focused on four specific business opportunities, one in each selected subsidiary, and followed how these opportunities were communicated with the headquarters, from the first identification up to a resulting outcome with regard to implementation. Initial interviews were conducted with subsidiary managers in the selected subsidiaries, and we asked them to briefly discuss 3 to 5 business opportunities that they had communicated with the headquarters in the past few years. Later, the final four business opportunities were selected on the basis of the 2x2 matrix presented below (see Figure 2). For all four business opportunities the subsidiaries had each received a favourable response from the headquarters about their implementation. In addition, all four business opportunities selected were external to the organisation (Birkinshaw & Ridderstråle, 1999), so the distinction between them was on the basis of their similarity to the existing business operations of the respective subsidiaries (i.e., domain developing, or domain consolidating).

[Please insert Figure 2 about here]

Data Collection

We used semi-structured interviews as the main data collection tool. The interviews were structured in two phases. We had a general discussion about the relationship of each subsidiary with the headquarters of the organisation in the first phase of interviews. In addition, we had a discussion on how the subsidiaries communicate business opportunities with the headquarters. This was normally elaborated on through examples of a few business opportunities, which we used as a way to gauge the subsidiary's perceptions about its 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, especially what they considered to be the key facilitators and inhibitors in the process with respect to the headquarters. All the interviews were conducted face-to-face and at location in the four different subsidiaries. The average duration of interviews for each subsidiary was approximately 160 minutes. The respondents in all the subsidiaries included the country manager. In addition, other key managers were interviewed in each subsidiary, including finance managers, sales managers, and business line managers. Since all subsidiaries were located abroad and we travelled there for the interviews, we had the opportunity to spend between one and three days on the respective locations, allowing us to interact informally with people in the local units, for example during lunches and car rides, also with people who were not formally interviewed for this study. We were shown around in the office buildings and in warehouses, and were introduced in the product offerings of Gamma in the local markets. The tours included the showing of the first stages of the implementation of the opportunities analysed in this paper in two of the subsidiaries, and in one subsidiary we were taken to customers to see Gamma's products "in action". These informal interactions and the extended visits enabled us to make observations of the local offices, and the general atmosphere in them, serving as useful background information to the data collected in the formal interviews described above.

In the next phase, the interviews focused solely on the communication process for a specific business opportunity, which was chosen prior to the interview by the authors based on the data collected in the first phase. We had prepared questions about how, where and with whom the subsidiary managers

communicated within the headquarters at different time periods, hence enabling us to obtain a detailed retrospective account of the communication process as it took place over time and prepare a timeline from the initial sharing to the final decision from the headquarters. These interviews were conducted by telephone with the persons with the primary responsibility for communicating the business opportunities in these subsidiaries. The country manager was interviewed in all subsidiaries except in one EU subsidiary, where the sales manager was contacted. The average duration of interviews for each respondent in this second phase was approximately 30 minutes. All the interviews in both phases were conducted in English. The interviews were recorded and transcribed later. Notes were also taken by the authors during the interviews (Patton, 2002).

[Please insert Table 1 about here]

In addition, 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. Furthermore, we got access to the company intranet, where we found the templates used to communicate 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.

Data Analysis

The first step in the data analysis process was to arrange the data collected in a systematic way; hence we developed detailed description of the four different cases and the organization in general. Later, we selected quotes from the case descriptions which could be grouped in either one of the three types of attention outlined earlier, i.e. attention perspective, engagement and 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 the critical differences or similarities between them

(Tarrow, 2010). We use a combination of two sets of contrast (A1, E1 and A2, E2) and parallel (A1, A2 and E1, E2) cases to perform a total of four sets of paired comparisons (e.g. see Skocpol & Somers, 1980). We compare subsidiaries in the different type of countries (contrast cases like A1 and E1) given that the nature of business opportunity (domain developing) is the same in order to highlight differences between them. On the contrary, we compare subsidiaries in similar type of countries (parallel cases like E1 and E2) to show the similarities between them despite the difference in the type of business opportunity being studied. This enables us to show that these variations (both differences and similarities) stem from the way in which headquarters attention is perceived by the subsidiaries in these emerging markets and its impact on the communication process from these subsidiaries, rather than due to the differences in the type of the business opportunities being communicated.

CASE DISCUSSION AND ANALYSIS

Attention Perspective: Moving from Advanced Markets to Emerging Markets

A review of the past five annual reports of Gamma (2009, 2010, 2011, 2012, and 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 like India, China, Brazil, and Mexico, at the expense of providing information about their traditional markets in Europe. In addition, the annual reports are filled with quotes from the CEO and other top management team members of the organization where they state that the organization is shifting focus towards the emerging markets in Asia, North and South America. This is happening because their traditional markets in Europe are facing stagnant or declining growth hence following a cost saving approach. Annual reports are not the only official documents that outline this shift in headquarters' attention perspective; it is also visible in the internal communication of the organization, mainly in the company magazines and regular CEO video messages to the employees of the organization. The shift in headquarters' attention perspective was also supported in the interviews we conducted in the four different subsidiaries. This is aptly captured by the statement from the subsidiary manager of country A2, "*most of the group's acquisition work is in Americas or Asia*

because they are obviously the growth areas". The respondents from subsidiaries present in the emerging markets also felt that the headquarters is eager to expand market presence in these countries, they were especially happy with the positive and supportive approach of the CEO towards new business opportunities in the emerging markets.

Perception of Attention Engagement: aligned with attention perspective?

The subsidiaries in the emerging markets feel that the headquarters lacks the ability to "encode and interpret" business opportunities (or information in general) from them on a continual basis, as it requires the headquarters to have the necessary knowledge about its business operations and local markets. Headquarters of multinational corporations do not generally have complete knowledge about all the subsidiaries within the organization (e.g. see Denrell, Arvidsson, and 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 of the different locations in which the multinational company operates (Kostova and Zaheer, 1999). Gamma is no different, but the subsidiaries in the emerging markets feel that headquarters has relatively greater knowledge about the subsidiaries in the advanced markets in Europe and more importantly, they feel that there is a lack of interest at headquarters to gain knowledge about the emerging markets, as they have tried to convey information about their unique business environment to headquarters on repeated occasions. The quotes provided below show the frustration of the subsidiary managers regarding the perceived lack of interest and inability of headquarters to gain the peculiar knowledge regarding the emerging markets.

> "*They do not have the idea about what is doing business in [country E2] (…) 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 E2)

> "*The [country E1] 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 E1)

Subsidiaries in the advanced markets in Europe did not complain about the knowledge constraints of the headquarters; instead they were confident that it is fully aware of their local unit which is reflected in the quote below.

> *"In terms of making an acquisition, they [headquarters] would be quite comfortable doing it in [country A2] 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 A2)

On the other hand, Gamma is geographically divided into three regions: Asia-Pacific (APAC), Americas (both North and South America), and Europe, Middle East and Africa (EMEA). All three geographic regions have their own regional managers, who are also members of the top management team of the organization. Communication at the regional level is well structured and managed in Europe. The senior management team for Europe meets face-to-face for 2 days in rotating locations every 6 weeks. These meetings are often complemented with regular communication through e-mail and phone conversations. Europe has been further broken down into six sub-regions (Nordic, France, UK and Ireland, Southern Europe, Eastern Europe, and Central Europe) and each of them 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, which mainly contains financial information. On the contrary, no such communication system exists at the regional level in the Americas or Asia-Pacific regions. The only regular platform for them to communicate with the headquarters is through the organization-wide conferences that takes place every six months. Consequently, lack of communication with headquarters, especially face-to-face, was the main grievance of the subsidiaries in the emerging markets. They even link this with the lack of trust at the headquarters about the business opportunities being communicated by these subsidiaries.

> *"They don't trust the opportunities we can have here in [country E2] (…) 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 E2)

Similarly, the subsidiary in country E1 wants to have more face-to-face and direct communication with the headquarters, given their size and growth potential of the market. Although the CEO of the organization is the primary regional manager, the subsidiary does not communicate with him, but instead they go through a regional director who is based in another country of the region (outside country E1). Hence, they believe that going through the regional director for the purpose of communicating business opportunities adds an unnecessary obstacle, and they are skeptical about how the regional director puts the message across to the CEO and 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 E1)

Perception of Attention Selection: lacking intensity and communication challenges for subsidiaries in emerging markets

The headquarters decides to focus its attention and act upon all the four business opportunities that we study in-depth; the variation mainly takes place in the intensity with which it is done, which is mirrored in the communication process between the four different subsidiaries and the headquarters. Direct, informal and rich communication with headquarters is challenging for the subsidiaries in the emerging markets, as headquarters does not have complete confidence in the information conveyed to them by these subsidiaries. On the other hand, subsidiaries in advanced markets seem to be willing to communicate business opportunities at an early stage and in an informal way to seek assistance from headquarters in developing it further. Headquarters, in turn, is also quick to react to business opportunities from subsidiaries in advanced markets; the number of clarification questions is low and the decisions are made quickly.

The subsidiaries in advanced markets communicated the business opportunities with the headquarters in an informal way and were willing to do so at an early stage. The subsidiary in country A2 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, where they wanted to check at an early stage whether headquarters was also interested in going ahead with an acquisition in country A2 and to also bring headquarters on board to jointly proceed with the search process for a suitable target organization, for which they referred them to a merger and acquisition advisory firm. The business opportunity was communicated by the subsidiary manager of country A2 to the manager for mergers and acquisitions at 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 country A2 to pursue an acquisition; hence the 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 country A1 communicated the business opportunity to the sub-regional manager in an informal face-to-face communication, who gave them 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 them to the sub-regional manager. The decision was made quickly as 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 ease in the communication process can be attributed to the well-developed communication system in Europe.

> "*We talk very detailed and close together about things, because he [sub-regional managers for country A1] 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, country A1)

> *"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, country A2)

On the contrary, both 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

opportunities, after doing the financial and market feasibility. The subsidiary in country E1 even got the support of another subsidiary in Europe to develop the business opportunity on its own initiative, without going through headquarters for mediation. The business opportunity was communicated to headquarters to merely comply with the organizational norms, as they believe that "*all investments have to be approved by headquarters*". In addition, the main medium of communication used by both the subsidiaries was e-mail, due to the limited face-to-face communication with headquarters. The subsidiaries in the emerging markets also had to answer numerous clarification questions from headquarters and the decisions took longer time, especially in the case of the subsidiary in country E2. The specific business opportunity that we study for the subsidiary in country E2 is a new solution for the local market, but the specific business solution had already been implemented in other subsidiaries of the organization, especially in Europe. 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. Despite this small adaptation to the product, it took headquarters eight months to finally approve the business opportunity and provide the unit with the full support needed to make the product as requested for the local market. The speed of making the decision was very slow and frustrating for the unit. According to them the delay can mainly be attributed to the apprehension of the "*European Organisation*" (which includes headquarters and key subsidiaries in Europe) about the growth in the emerging markets because it is viewed as a threat to their economic future. The manager of country E2 aptly described the contradiction in perspectives about the rise of emerging markets between 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."*

CONCLUSION

Theoretical Contribution

An employee works from 9 to 5, but discovers that his colleagues do not follow this company policy as diligently as he does. In this scenario, he is faced with a state of confusion as the behavior of his

colleagues contradicts with his existing belief on how to behave in a workplace. This confusion has been termed as cognitive dissonance; Festinger (1957) argues that humans have a desire to reduce this disharmony in beliefs and the level of confusion being faced by them. So, in this scenario, the employee will either justify himself by saying that he is acting as the good employee and others are doing the wrong thing or he will also start behaving like the other employees by not following the company policy as diligently as he did before. On similar lines, we have developed the concept of attention dissonance in this study, which can be defined as the state of confusion faced by the entities (could be subsidiaries or individual employees) who are receiving the attention of top managers feel that the attention in words (mainly at the cognitive level of top managers) is not translated into actual actions on a continuous basis. Using attention literature, we can define it as a misalignment between attention perspective and engagement, as perceived by entities receiving attention from top managers through the attention selection towards external stimuli from them (Ocasio, 2011). We have applied this notion of attention to the headquarter-subsidiary context, but it can also be applied to other contexts mainly the top manager-employee relationship. For example, an organization is highly decentralized and the top managers decide to give greater importance to business ideas from employees having direct contact with the customers, but do not provide any communication system in the organization for these employees to share their business ideas or top managers show neglect towards business ideas being shared, then this can lead to attention dissonance for the employees as the actions of top managers do not match their stated intentions.

The desire to address the attention dissonance faced by entities receiving the attention of top managers can lead them to behave in different ways. In our study, both the set of subsidiaries, i.e. from advanced and emerging markets, respond to attention dissonance by sticking with the status quo in terms of communicating business opportunities with the headquarters. The response of the subsidiaries nullifies the impact of the change in attention perspective of the headquarters, and implies that its value can only be realized when it is backed by tangible actions on a continuous basis. A possible explanation for the response is the distinction between talk and action, where the subsidiaries give greater preference to the actions of the headquarters (e.g. Brunsson, 1989). The subsidiaries in emerging markets continue to

communicate business opportunities in a formal and indirect way, while the subsidiaries in advanced markets leverage their rich and frequent communication with the headquarters to communicate business opportunities directly and informally. In the case of subsidiaries in emerging markets, they do not use their "voice" in a proactive and aggressive way in order to get the attention of the headquarters attention especially when the strategic orientation of the organization should facilitate them to show such intent (e.g. see Birkinshaw & Bouquet, 2008). The style of communication adopted by the subsidiaries in emerging markets makes it difficult for the headquarters to easily identify and understand the business opportunities being communicated, thus solidifying the belief of these subsidiaries that the headquarters lacks attention engagement towards them and increases the possibility of them going down the "spiral of silence" (Noelle-Neumann, 1974; Bowen & Blackmon, 2003).

In the recent past, a key issue facing headquarters in many multinational companies from advanced markets is the high economic growth in emerging markets as advanced markets are suffering from financial crisis. This was also the empirical focus of our study, where we examined this claim that high headquarters' attention is being given to subsidiaries in the emerging markets by the multinational companies from the advanced markets (Birkinshaw *et al*., 2007). We do observe that high recognition is being given to the subsidiaries in the emerging markets but mainly in the annual reports and internal policy documents. This to a large extent reflects the aspirations of the headquarters, so we find a gap between the cognitive realization of the importance of the emerging markets at the headquarters and actions being taken to actually show it, especially from the perspective of the subsidiaries within the organization present in the emerging markets. The subsidiaries in emerging markets view the headquarters to be inaccessible and unable to understand the peculiarity of their context, making it difficult for them to openly communicate business opportunities with the headquarters, which is necessary to pursue expansion and make maximum economic gains from being present in the emerging markets. We find that the hurdles faced by the subsidiaries in the emerging markets in communicating business opportunities stem from their inability to have direct face-to-face contact with headquarters through the communication system and channels already present in the organization. Ocasio and Joseph (2005) argue that the presence of formal

channels enables the formation of informal channels to communicate within the organization. Overall, if the subsidiaries in emerging markets continue to feel marginalized and face high resistance in communicating business opportunities, this can lead to a situation where they would be reluctant to share any business opportunities with headquarters in the future (Birkinshaw and Ridderstråle, 1999; Mahnke, Venzin, and Zahra, 2007).

Limitations, Future Research and Managerial Relevance

The main recommendation for future research is to further develop the notion of attention dissonance and its effects on the behavior of the entities receiving attention of the top management. Firstly, we use four subsidiaries of a large multinational company to develop the notion of attention dissonance and how it impacts the behavior of the subsidiaries in terms of communicating business opportunities, so future studies should be done using a combination of qualitative and quantitative methods to further enrich our understanding of this phenomena and also generalize the finding to a greater set of organizations. Secondly, we base our results on data collected at the subsidiary level only, so future research should collect data at both the subsidiary and headquarters' level in the multinational company. This can enable us to understand the perception gaps of the three types of headquarters attention and how it impacts the behavior and actions of the subsidiaries (in line with Birkinshaw, Holm, Thilenius and Arvidsson, 2000). Lastly, we focus on attention dissonance on the headquarter-subsidiary relationship; future research should be done on this context and beyond as well, such as top management-employee relationship. On the other hand, future research should shed light on the possibility of variations in headquarters' attention depending on the differences in the nature of business opportunities being communicated from the same subsidiary, to follow up on the research done by Birkinshaw and Ridderstråle (1999) using the attention based view of the firm (Ocasio, 1997).

The findings of this paper have direct relevance for managers in multinational corporations and also domestic organizations. The study highlights the importance of the perceptions formed by the subsidiaries regarding the headquarters attention; especially a conflict in the perception of headquarters attention

perspective and engagement can have negative consequences. In addition, it emphasizes the importance of aligning the communication system and channels in the organization to the issues that the top managers aspire to focus upon; the top managers can get access to information and people related to these issues, which improves their ability to recognize and understand them. Finally, a vast majority of the multinational companies from advanced markets are focusing on subsidiaries in the emerging markets. The findings of the paper show the significance of taking actions to make sure the subsidiaries from emerging markets feel that tangible importance is being given to them. For example, this can be done by simply conducting official meetings in these emerging markets, including members of these subsidiaries in strategic decision-making positions in the organization, or taking more drastic decisions like establishing headquarters in the emerging markets, as Cisco has done by setting up a headquarters in India to boost the growth of the organization (Birkinshaw *et al*., 2007; Nandakumar, 2014).

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Figure 1: Conceptual Model

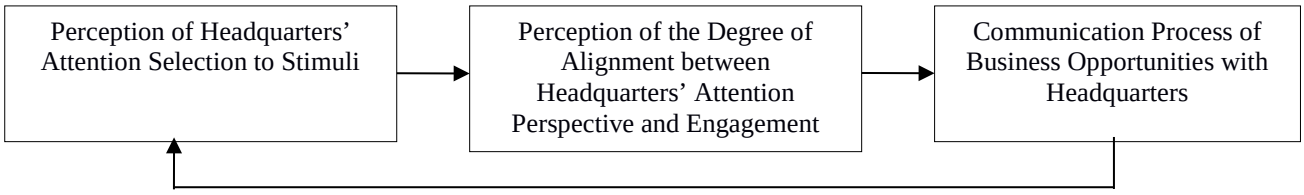

Figure 2: 2x2 Matrix for the selection of subsidiaries and business opportunities

Business Opportunity	**Subsidiary Location**	
	Advanced Market	*Emerging Market*
Domain Consolidating	Existing solutions for new market segment in country A1	Additional service for existing customers in country E1
Domain Developing	Acquisition in new business line in country A2	Introducing new product solutions in country E2

Table 1: Details of the Interview Data

Subsidiary	Respondents	Total time in minutes (number of interviews)	Phase
A1	General manager, sales manager	151 (2)	I
	Sales manager	22 (1)	II
A2	General manager, finance manager	86 (2)	I
	Country manager	39 (1)	II
E1	General manager, finance manager and business line manager	186 (3)	I
	Country manager	19 (1)	II
E2	Country manager, sales manager	218 (2)	I
	General country manager	41 (1)	II
Total		762 (13)	