UNIVERSITY OF VAASA

FACULTY OF BUSINESS STUDIES

DEPARTMENT OF MANAGEMENT

Master's thesis in International Business

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HOW SOCIAL CAPITAL CAN AFFECT POSITIVE HEADQUARTERS' ATTENTION IN THE SUBSIDIARY-HEADQUARTER RELATIONSHIP

VAASA, 2016

To my family who helped me

to spread my wings and fly

ACKNOWLEDGMENTS

This dissertation has not been completed without the help of several persons. First of all, I would like to express my gratitude to my supervisor, Professor Adam Smale, for his guidance and support. His suggestions and tips provided me new insights into the study area.

I would like to thank my family, which gave me the possibility to study abroad and to live one of the best experiences of my life. I am also thankful to Stefano, who, despite the distance, has never given up on me.

I have been fortunate to meet wonderful people, who shared with me the funniest moments of this experience. I will keep all these memories imprint in my mind.

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UNIVERSITY OF VAASA

Faculty of Business Studies

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Topic of the Thesis:	How social capital can affect positive headquarters' attention in the subsidiary-headquarter relationship
Name of the Supervisor:	Adam Smale
Degree:	Master in International Business
Master's Programme:	International Business
Year of Entering the University:	2015
Year of Completing the Thesis:	2016 **Pages:** 151

ABSTRACT

Nowadays Multinational Corporations (MNCs) are expanding their business and establishing subsidiaries abroad. Therefore, this paper analyses the subsidiary-headquarter relationships of ten MNCs. In more detail, the focus is to discover how social capital is able to influence the positive attention that Italian subsidiaries try to capture from their foreign headquarters, and – at the same time – to highlight other elements that may influence this positive attention, using a bottom-up perspective. The latter approach has been adopted because most previous research has proposed a top-down approach, trying to capture the knowledge sharing from the headquarters point of view. A qualitative method has been used; in particular, ten semi-structured interviews with Italian subsidiary managers have been performed via Skype. The main idea is that the attention gained from the headquarters is a result of the elements of social capital: relational, structural and cognitive capital. Moreover, during the interviews performed, some other influential factors emerged. They are evidently considered to be able to increase the positive headquarters' attention. The findings could be useful for managers who may learn how to improve the performance of their subsidiaries by leveraging the social capital.

1. Introduction

This chapter aims at analysing the topic of the subject. Firstly, the background of the study is provided in order to explain to the reader the roots of this research. Secondly, research gaps are listed in order to motivate why this topic is interesting and which are the weaknesses in the previous works. After that, the research questions and objectives are explained in details in order to let the reader understanding what is the focus of the current thesis and what the researcher attempts to analyse.

1.1 Background

The relationship between headquarters and their subsidiaries in Multinational Corporations (MNCs) is one of the most interesting topics to analyse in order to understand the corporate dynamics. Analysing the relationship between these parties is very important both for subsidiaries and for the MNCs as well. Indeed, nowadays MNCs are continuously growing and this growth is not only related to the headquarters, but also to the different subsidiaries all over the world. Thus, the company as a whole is exposed to an incessant process of changing, due to the fact that parties of the firm are changing in a fast way (Perry & Andersson, 2001). It is commonly known that subsidiaries play a fundamental role for the MNCs: they perform specific activities shaped on the market where they are situated; they develop particular capabilities that will be useful for the firm as a whole and they are also responsible for the maintenance of competitive advantage as well.

Practically, the relationship between subsidiaries and headquarters is twofold: on one hand it is important for the headquarters to rely on subsidiaries; on the other hand, these subsidiaries should maintain a continuous communication and a solid relationship with the central group. Thus, from the headquarters' perspective the aforementioned relationship should be analysed because developing resources, capabilities and specific knowledge of its subsidiaries can undoubtedly lead to a significant grow of the company and they can also increase the success of the firm. For these reasons, the company will benefit from relying on subsidiaries; in essence, the image and reputation of the company in the world will certainly improve. Furthermore, the firm – thanks to the

specialisation of the subsidiaries in specific activities – will become more efficient in performing activities. Indeed, these local subsidiaries are able to accomplish this specific activity shaped on the market where they are established, because they are specialised in doing something already defined by the headquarters. In doing so, following this process, the success of the firm will be sure and the company will have also the possibility to expand abroad in other countries its business, gaining new market share and acquiring new customers all over the world.

On the other hand, the relationship between subsidiaries and central group is important also for the subsidiary side. In fact, maintaining a long-term and healthy relationship with the headquarters may represent the possibility to create an effective, faster and high quality communication. Moreover, being effective in executing orders from the central group can trigger a real significant trust from the headquarters. This could represent the real possibility to improve the role of the subsidiary from an executor, to a real centre of excellence. This new possibility is one of the most important for the local market because it can be a real strategic part of the firm. This is important because it represents the possibility to be considered not only as a passive site, where to perform activities delegated by the operating centre, but it represents much more. Indeed, subsidiaries can elevate themselves to a strategic centre that is capable to be part of the operating process, to create a competitive advantage and also to maintain it. In this way, subsidiaries acquire much more independence and autonomy; hence the headquarters are no more the only decisional centres and the only subjects able to give to the right resources to the other parties in the network. Thus, a new situation is created: it is possible to shift from a situation in which there is one part that is much stronger (the headquarters); to a situation where both parties in the relationships can manage their power (Perri & Andersson, 2011) and can "compete". This term does not refer – of course – to the typical competition in the economic sense, but represents the real power of the subsidiary, that is able to take the best decisions for the market which it is established in, giving the fact that this foreign site has the real know-how, local knowledge and the specialisation. This is also what emerged through an interview with an Italian manager. He asserted that the subsidiaries, in the kind of firm he works for, are much more important than the central group (headquarters). Indeed, often the

headquarters directly ask to the biggest local market subsidiaries what is the best solution to take, basing on their experiences, customers and culture of the local market.

Essentially, this study should be considered important mainly for managers working in subsidiaries. This because, thanks to the data collected through this research, they may analyse other's situations trying to enhance their internal condition. Local managers might understand how other subsidiaries deal with different situations; in this way they could have new perspectives for see the state of affairs from different points of view. Moreover, having a glance of what other firms perform, subsidiary management might correct its behaviour in a way that would be able to enhance the performance of the local site. This is obviously reflected in the headquarters as well, because subsidiaries are very important players in the MNC. Thus, improvements in the way they accomplish their tasks may lead to big advantages for the central group too.

The current study has its roots in the work of Bouquet and Birkinshaw (2008) "Weight versus Voice". This because subsidiaries have the possibility to be visible from the headquarters, and this visibility might exponentially increase when they well perform a specific activity, or when they suggest ideas to the central group. Indeed, "subsidiary's voice (Hirschman, 1970; Morrison & Phelps, 1999) is used to emphasise its existing or potential contribution to the MNE as a whole (Birkinshaw, 2000) shapes headquarters' attention" (Bouquet & Birkinshaw, 2008: 258). Starting from the voice power subsidiaries have, the social capital theory is introduced in this research (Nahapiet & Ghoshal, 1998) because it is considered to be a form of voice through which subsidiaries may have the possibility to become more visible from the headquarters' point of view. Therefore, the social capital framework is used in the current work as a mean in order to access if it may have any effect on positive headquarters' attention.

 In detail, all the three elements of social capital are taken into account, because they are considered to have a strong impact in how subsidiaries are able to increase the attention of the MNC. The aforementioned elements are respectively the relational capital (the trust that subsidiaries are able to gain from the headquarters); the structural capital (frequency of contacts that parties usually have); and the cognitive capital (the common set of values shared between people in organisations). All these three elements are important in order to increase headquarters' attention and to elevate the concept of the

subsidiary to a higher level, such as centre of excellence, as well as strategic actor into the corporate environment (Qianhong Fu, 2004). The social capital framework is related to personal connections and interpersonal interactions. The latter are defined as social networks, thus "the social relationships between individual actors, groups, organizations, communities, regions and nations" (Lin, 2001: 6).

As stands above, in this research the focus is on the positive attention and on how to subsidiaries can gain it from the headquarters. There are several factors that may influence the increasing or decreasing of this positive attention that could be the strategic geographical position; the initiative taking; the competences; the activities performed and the capabilities of the subsidiaries, just to list some of them. This study focuses on the social capital because this framework is able to capture not only the mainstream factors that are referring to the direct and visible capacity and capabilities of the subsidiaries, which are more obvious; but also some more intrinsic and not so visible facts. This is the case of the interpersonal relationships, communication and its nature, trust and values shared between people in organisation, both if they work for the headquarters and whether they are employed in the subsidiaries as well. All the aforementioned factors represent intangible elements that cannot be easily understood, just having a fast glance of the company as a whole. There is a strong need to study them and analyse them in details because there might be different mechanisms at the basis of different MNCs. Thus, the headquarters of a specific MNC probably do not behave in the same way as another one, according to those internal mechanisms. Moreover, if – on one hand – understanding the importance of a specific subsidiary considering its capabilities, activities and geographical position is a quite easy process; trying to capture the reason why one particular subsidiary has much more attention (positive attention) than another one is much more complicated, and this path requires more time and analysis too.

Additionally, Putnam (2000) argued that social contacts are able to affect the productivity of individuals and groups within corporations. In this way people who work in subsidiaries of a MNC should be more motivated to collaborate and cooperate with the headquarters. For this reason, the result tends to be an increase in the performance of the company as a whole. In detail, he argues that social capital is a set of

"connections among individuals and the norms of reciprocity and trustworthiness that arise from them" (Putnam, 2000: 19). In addition, the author confirms that trust is an essential element that arises from social networks. Indeed, in MNCs is important to have and share a system of mutual values and trust on which future obligations and expectations may be based (Coleman 1988). Therefore, the relationships among the headquarters and its subsidiaries must be based on this system of mutual value and trust in order to involve the parties to collaborate and work together in a healthy environment. Indeed, with the regard to the final result that trust is able to comport in a relationship, Putnam (1993) considers trust as an important element which can sustain economic dynamism and governmental performance (Qianhong Fu, 2004).

Trust is not easy to reach: on the individual level, someone trusts an individual to do something based on his disposition, his ability, and his reputation. Therefore, individuals consider the background, culture, values and social system of another when seeking to determine whether to trust someone or not. In this sense trust is never "blind", indeed – in this case – it is generated by the past results or carriers of people working in specific subsidiaries. It is possible to find some evidences of what stands above, indeed one Italian manager interviewed especially stressed this point. On the other hand, the collective level inheres with trust given to organisations or – in this case – subsidiaries. None is able to give trust to an agency or organization with which the individual is affiliated, if there is no trust on the individuals working there (Dasgupta, 1988). For these reasons it is possible to conclude that trust given to the subsidiaries is a result of the trust that the people in the headquarters are able to give to the people working in the subsidiaries basing on people's past results, achievement and reputation (Qianhong Fu, 2004).

In most cases in literature has argued that it is not completely clear how to create trust within communities, especially in diverse or heterogeneous economic environment (Qianhong Fu, 2004). However, – quite recently – Granovetter has stressed that social relations among people are mainly responsible for the production of trust in economic life (Granovetter, 1985). In addition, it has been argued that stable relationships, common set of values and communication with people are fundamental in order to maintain a long-term relationship. Finally, Putnam also argues that dense networks in a

community of people increase the level of communication and – at the same time – strengthen trust. Subsequently, the cooperation for mutual benefit (Putnam, 1993) will increase as well.

1.2 Research gaps

Previous research on the topic has just focused on understanding how subsidiaries succeed in gaining attention from the headquarters (Birkinshaw, 2005). The attention of MNCs is usually divided among numerous subsidiaries across the world; therefore each subsidiary does not receive the same attention as others. Most researchers have observed that attention is important for both the subsidiaries in order to be vocal in support of their achievements (Birkinshaw, 2000; Dutton, 1997) and for the headquarters to be alert to their promising subsidiaries (Bartlett & Ghoshal, 1986; Doz, Santos & Williamson, 2004). Nowadays there are still a lot of subsidiaries that are trying to gain more attention from the headquarters; with regard to this, one of the managers interviewed in this research is actually focused on how to increase the attention that his subsidiary currently receives.

A few previous works treated subsidiaries as autonomous entities which are able to capture attention from headquarters (Morrison & Milliken, 2000: 207). The relationship between headquarters and subsidiary can be analysed through the agency theory (Eisenhardt, 1989b). According to this theory, the agents will follow their own goals, which may diverge from the interests of the principals (Jensen & Meckling, 1976). The MNC – the principal – cannot make decisions that maximise its own interests, because it is not the only one that possesses knowledge. Indeed, this knowledge is possessed by local subsidiaries. On the other hand, headquarters cannot give to subsidiaries entire freedom to do what they want; therefore, a trade-off between control and autonomy is needed. Autonomy is quite time-consuming because it results from a long process that involves trust, values and frequency of communication between headquarters and subsidiaries. Indeed, building trust and tied links with the central group is an important strategy for subsidiaries which want to be recognised by the headquarters and – therefore – to be considered important (Ambos, Asakawa & Ambos, 2011).

Moreover, fewer papers focus their analysis on the subsidiaries' point of view; most of them use a top-down approach from the central group to the subsidiaries. Therefore, the current work is proposing to use a bottom-up path in order to perform the data collection. This process should be interesting because it allows the reader to analyse the situation from the subsidiaries' perspective. Most previous research studies that used a bottom-up approach have focused their analysis on the knowledge sharing topic, as for instance Cheng, Maitland & Nicholas (2009). Furthermore, Mahnke, Pedersen & Venzin (2005) have used the subsidiaries' point of view in order to explain and investigate the knowledge outflow from MNC subsidiaries. Additionally, other authors have investigated the role of subsidiaries as centres of excellence (COEs) (e.g. Holm & Ulf, 1999).

Finally, many studies have underlined the potential value of subsidiaries, but they did not focus on how this potential value is created. Only the work "Weight versus Voice" (Bouquet & Birkinshaw, 2008) has focused on how the value of subsidiaries is created in a concrete way. The work introduces new variables that are able to influence attention between the headquarters and its subordinated offices. However, among these variables, there is no presence of the three dimensions of the social capital theory.

These are the reasons why the current work is proposing to explain the issue of attention by using the aforementioned variables of the social capital framework: the relational capital (i.e. trust), the structural capital (e.g. frequency of communication) and the cognitive capital (i.e. set shared values among parties). In doing so, this thesis aims at giving to the readers a deeper explanation of the topic taking into account the weaknesses in the literature listed above.

1.3   Aims and research questions

Starting from the social capital framework, this research attempts to give a good understanding of how social capital is able to influence the attention that subsidiaries try to capture from the headquarters, and thus, how the social capital affect their relationship. Moreover, it may be interesting to understand if there are some other factors that are not directly linked to the headquarter-subsidiary relationship.

Thus, the research questions are respectively:

- "What is the role of social capital in positive attention subsidiaries gain from headquarters?"
- "What other factors are important in order to attract positive headquarters' attention?"

While the first research question is more focused on the effects of the social capital on the headquarters' positive attention, the second one is more general and it aims at understanding other factors that may be important to explain how and why the positive attention increases. Indeed, the target is not only to figure out elements embedded in the social capital framework, but to discover other possible and significant factors besides the aforementioned literature background. In fact, through the process of gathering and analysing of data, some unexpected evidences might emerge. In doing so, the paper will assume more impact on the research scenario because it – eventually – does not only confirm that the social capital is able to affect the positive headquarters' attention, but it will also introduce new factors in this scenario.

In contrast to most previous past works that have analysed the problem from the headquarters' point of view, this paper puts emphasis on the opposite side. More precisely, the point of view of the research is the subsidiary. For this reason, the work assumes great importance: it is able to analyse the situation with a bottom-up approach. The subsidiary's perspective represents the possibility to understand the effective impact, for the subsidiaries, of social capital on attention gained from the headquarters. For this reason, this work is able to give to the literature – thanks to this element of newness introduced – a more complete background for future research.

The delimitation in this research is related to the fact that the considered subsidiaries are Italians and they are subordinate offices of different MNCs, with their headquarters in other countries. Additionally, the current study provides a limited vision of the topic presented. This is due to the fact that the perspective of the study is focused on subsidiaries, their vision of the relationships with headquarters and – finally – their voice. This point is crucial to underline because subsidiaries have a strong power: they can leverage on their voice in order to attract headquarters' positive attention. Indeed,

interviewing headquarters' managers might introduce a new and interesting perspective in the study, because the central group might have a different point of view and might be better influenced by several other dynamics that the subsidiaries are not able to capture because they are in a position thanks to which they have a complete overview of the whole network. Thus, it is possible to understand that the delimitative area is a fundamental element for reaching the appropriateness of the research topic. Indeed, this requirement is met when the area is delimited and not to wide. In this way it is possible for the researcher to go deeper and giving more details about the topic.

1.4 Structure of the thesis

In Chapter 1 the introduction is presented. In this part of the thesis, the background of the study together with the research gaps is explained, in order to let the reader understanding why it is interesting to focus the analysis on this topic. Moreover, the research questions are listed and clarified in detail in order to give to the reader a picture of the field of the study and why this topic has been chosen. Additionally, the mapping of the thesis is provided in order to let the reader understanding what he or she will read in the next pages.

Chapter 2 contains the literature. In this part of the research is important to explain where the current topic finds its roots. At the beginning of the chapter the headquarters-subsidiary relationship is presented followed by the clarification of subsidiaries' roles. At this point the subsidiary perspective is introduced in order to highlight that this study is based on the bottom up approach; therefore it is analysed the subsidiary's point of view. Moreover, the concept of the positive attention is explained in detail with the aim to make the reader aware of its definition and implications. Furthermore, the social capital framework, which represents the starting point for the research, is introduced. In this point the research provides a distinction of the three different elements of the framework: the relational, the structural and the cognitive capital. Finally, a brief summary is presented in order to gather all the most important information provided in the literature review.

Chapter 3 explains the methodology used in order to reach the objectives set at the beginning of the research. Firstly, the methodological approach and the research method are provided. Secondly, the sample and the data collection techniques are described in detail; furthermore, the choice of the semi-structured interviews is motivated. Finally, the validity and reliability of the study occur, with the aim of motivate why the paper is considered to be a good research.

In the Chapter 4 results are commented. This part contains the analysis of the data gathered from the interviews, thus a discussion of the empirical result is performed. In order to answer the two research questions proposed the interviews performed are analysed by the social capital perspective. In this way it is possible to understand how the social capital affects the positive headquarters' attention. Furthermore, other possible factors – beside the social capital – that may influence the positive attention are analysed as well.

Finally, in Chapter 5 is possible to find the conclusions of the research, limitations and potential managerial implications of the results obtained.

2. Literature Review

This chapter attempts to give a clear picture of the headquarters-subsidiary relationship followed by the subsidiaries' roles and how they have evolved throughout the time. Additionally, the positive attention is introduced into the topic, in order to understand the effects that the social capital has on it. The latter framework is − then − introduced because it is considered to be the starting point of the current thesis. In order to analyse the topic in a deeper way, the three fundamental factors that are embedded in the social capital framework − the relational, the structural and the cognitive capital − are listed and explained in order to understand how they influence the positive attention that subsidiaries try to gain from the headquarters.

2.1 Headquarters-subsidiary relationship

One of the core issues of the study in MNCs is related to the difficulties of how to create and manage the relationship between headquarters and subsidiaries (Birkinshaw et al., 2000). During the last 10 years, when globalisation became more and more important, it has become more relevant to talk about the MNC as an inter-organizational network (Ghoshal & Bartless, 1990), and the firm is seen as a web of relationships that the foreign sites have with the central corporation. The headquarters-subsidiary relationships are considered to be crucial because resources and competences are distributed among several subsidiaries, and these foreign sites are organised through interdependent exchange with the headquarters themselves (Birkinshaw et al., 2000). Therefore, relying on elements like control and cooperation in the headquarters-subsidiary relationship becomes fundamental (Ghoshal & Bartlett, 1988).

The typical view of the headquarters-subsidiary relationship is related to the principal-agent (Nohria & Ghoshal, 1994) theory, where the headquarters represent the principals which give directions to the agents, the subsidiary. Hence, the relationship is seen as a classic control problem. In this case, what does the principal in a concrete sense is to delegate some tasks to the agent, who is expected to perform them efficiently. The principal, then, has to control the agent in order to check if he is accomplishing his

work, respecting deadlines and guidelines. The basic problem is that the goal of the principal may be different from the one of the agent. That is the reason why the first one has to subsidize the second one through monetary incentives or rewards as well. The application of the agency theory may be appear to be abstracted, but it has lot of concrete application. Indeed, in analysing the headquarters-subsidiary relationship it finds a real application. Subsidiaries are spread all over the world and cannot be controlled in every moment by headquarters. Thus, in order to maintain a good relationship between them they must create a good working environment, basing on trust, set of common values and a frequent communication.

More recently, thanks to the changes in global competitive conditions, a shift has occurred: from a hierarchical perspective, to a flatter situation where the MNC is a web of different relationships (O'Donnell, 2000). MNC is a geographical dispersed network (Araujo & Rezende, 2003) in which a set of different relationships according to the features and capabilities of the subsidiaries exists. Ghoshal and Bartlett (1989: 74) conceptualise the MNC like an "inter-organisational network of exchange relationship among different organisational units". The latter may be totally autonomous and independent foreign sites, or – at the opposite side – they could be mainly dependent from the central group. Indeed, headquarters cannot take decisions totally independently because they do not have the specific knowledge or resources of the local market, but – on the other hand – it cannot leave all the decisions to subsidiaries because their interests may be different from the headquarters ones. Thus, there should be a right balance between autonomy and control. In order to align the objectives, the headquarters have to introduce some control mechanisms, but the intensity of the control might be different: there could be totally controlled subsidiaries and mainly autonomous ones.

The aforementioned shift from a traditional to a network structure has brought to consider a new perspective of MNC. The MNC is considered as a network, which is more complex and less hierarchically structured than the traditional past environment. Hence, the picture of the headquarters as centres of control located in the home country, while subsidiaries represent the foreign peripheral sites (Benito et al., 2002) is changed.

The network structure implies that the relationships between headquarters and subsidiaries are not static; on contrary, the reality is very dynamic and is a continue process of decision, communication and exchanges. Building ties with the external environment is helpful because, in this way, subsidiaries are able to enhance their knowledge, develop their ideas, innovate and build competences that could share with the whole company and – in doing so – they can also increase the capabilities of the firm (Andersson, Forsgren & Holm, 2001). These ties, both strong and weak, are built through a long process that needs time in order to work and be effective. The first category is related to the ability of similar people to create clusters among them which are connected one to another; the second category represents a "local bridge" (Krakhardt, 1992 : 216) that links parties in the company which otherwise were not connected one to another. Therefore, these ties are fundamental in order to maintain a healthy and frequent communication.

Focusing the attention on the balance between control and autonomy, the trade-off that the headquarters faces is between centralised or decentralised decision makings (Picard, 1977; Goehle, 1980; Hedlund, 1981; Doz and Prahalad, 1981; Garnier, 1982; Van Den Bulcke, 1984). In this case, the relationship is never a simple one. Usually, the kind of approach used in MNCs is the top-down one, but, as the subsidiaries decrease their dependence on the parent company for strategic resources, then relying on the top-down approach is no more possible (Doz and Prahalad, 1981), or still difficult. Therefore, these authors promote some control mechanisms like career planning and reward in order to assure headquarters the possibility to give directives to subsidiaries. In this way, the centralisation is ensured. This mechanism of centralisation may also be reinforced intensifying the tendency to control subsidiaries not only for production, but also for non-productive activities (Singh, 1981). In this case, subsidiaries are totally dependent on headquarters.

On the other hand, there is the opposite tendency which is the decentralisation. Subsidiaries are expected to have the ownership, to participate locally to the decision making and to have the possibility to manage all the manufacturer and non-productive activities locally. In this case, subsidiaries are autonomous entities.

In the middle, instead, there is a hybrid model. It is characterised by both centralisation and decentralisation, and the subsidiaries are considered to be semi-autonomous entities. Indeed, the headquarters give directions and policies to the foreign subsidiaries; but there is also a subsidiary management that is able to take part to headquarters' decisions, to express its point of view and also to influence headquarters concerning some issues such as budget allocation, innovation and several project solutions.

In essence, the headquarters-subsidiary relationship can be modelled to be a "mixed motive dyad" (Birkinshaw et al., 2000) where the interests and perceptions of the two parties are mainly not aligned one to another (Goshal & Nohria, 1989). There is also a trade-off between autonomy and control: indeed, as the subsidiary desires autonomy, headquarters prefer to rely on control because they are afraid of opportunistic behaviour. Moreover, where the subsidiary is too focused on local interests for the local business, headquarters try to enhance the profitability of the company as a whole (Birkinshaw et al., 2000), instead of relying on a specific local market. Thus, headquarters and subsidiaries have most of the time different perceptions and sometimes also targets; they must find a common point in order to align their interests. Therefore, they should rely on an effective communication in order to align their tasks and act for the company's performance. For this reason, instead of relying only on complete autonomy or totally control, they should focus on cooperation.

In this viewpoint what is central is that cooperation is a hybrid solution between subsidiary autonomy and headquarters' total control. Cooperation has been studied for decade both in MNC literature and in the general organisation theory literature. In this way, beside the cooperation itself, what is important to take into account is the shared interest between headquarters and subsidiary. Cooperation is defined as "working together towards a common end" (Funk and Wagnall's standard desk dictionary), to which Birkinshaw et al. (2000: 330) have added, "based on shared interests" in order to emphasize that the cooperation is possible just when both subsidiaries and headquarters share the same interests which are useful to accomplish specific tasks. The latter will bring success and positive results to the company as a whole. In several research the topic of cooperation has been linked with the coordination, which has been defined as a process that is able to create right and suitable linking between several different task

units in organizations (Tuggle, 1978: 150; Cray, 1984; Van de Ven, Delbecq & Koenig, 1976). Of course the coordination is central in organisations composed by several foreign sites (Ghoshal & Bartlett, 1990), because the most difficult part is due to the geographical distance. This factor is not as easy as a difficulty to be overcome because it requires a high communicative effort in order to decrease the distance and to let things follow the right path. Aligning interests of various organisational units is not an easy process, but it could be reached through cooperation (Birkinshaw et al., 2000). A strong coherence between people and common values is crucial for Wexley, Alexander, Greenawalt and Couch (1980) in order to create an accurate communication (Dansereau, Green & Haga, 1975; Graen & Ginsburgh, 1977; Newcomb, 1956), which is able to allow people to be related by strong ties. In this way people who work in subsidiaries are able to create a cooperative relationship with ones who work for the headquarters (Katz & Kahn, 1978).

The kind of relationship between the two parties can vary according to several aspects, such as the kind of activities performed, the markets where they operate and the cultural aspects. Indeed, as emerged also during an interview, these three factors are supposed to be the most important ones in order to build a healthy and long-term relationships. Taking into account the set of activities accomplished by the subsidiaries, as long as the foreign sites perform at best their tasks and their economic results are the ones expected – or even better – the relationships become stronger and stronger. Indeed, there is a strong basement for this relationship, created by mutual respect, trust and communication. As for the market where these subsidiaries operate, it is important to highlight the fact that the potentiality of the market and the results in term of sales and revenues represent the most important factor. Thus, the stronger are the results and the potentiality of the market – not only in term of sales and revenues, but also in term of growth – the relationship among parties becomes stronger, as the time goes by. Finally, the cultural aspect differs from one country to another one, of course. Indeed, taking into consideration the two extremes of western and eastern companies, an example could be provided. In fact, in Japanese firms the relationships (both personal and professional) are fundamental and they must be preserved. On the other hand, American companies are defined as "sharks" because relationships are important, as long as the

economic results are good. In this case, the term relationship is referred not only to the internal linkages among people, but also to the headquarters-subsidiary relationship.

Theories of MNCs are able to explain the level and pattern of subsidiaries, which perform value-added activities abroad (Dunning, 1993). MNCs are nowadays seen as a network, where foreign sites are geographical dispersed and accomplish activities according to the local market where they are established (Kogut, 1983). Thus, these subsidiaries represent a semi-autonomous entities, with their own management, policies that come mainly from the headquarters, but they can shape their capabilities and resources according to the potentiality of the local market. This theoretical approach has its roots in works of Prahalad (1976), Bartlett (1979), Hedlund (1986) and White and Poynter (1984), and several others. The network model has two big features to take into consideration: the knowledge and information flows – related to the communication – and the roles of subsidiaries. Information and knowledge are "sticky" (Szulanski, 1996; Von Hippel, 1994; Zander, 1991) assets because they do not easily flow between locations because of people rationality and tendency to not disclose their secrets, and – of course – because of the geographic dispersion. It has been also argued that information and knowledge are stored in every single foreign sites, but the reality is that people working there are not willing at all to share these information and knowledge among each other: they only do it with the headquarters in order to become more visible and to attract potential positive attention from it. That is the reason why the "holographic corporation" coined by Hedlung (1986) remains a "distant ideal" (Birkinshaw et al., 2000: 324). The second crucial feature of the network theory is represented by subsidiary roles. Indeed, nowadays they are developing and increasing their importance. Foreign sites started to be market access means in order to sell MNC's products in host countries, but – as the time went by – they became important for the value-added activities they perform, such as manufacturing and R&D (Forsgren, Hol, & Johanson, 1992).

This viewpoint has been explained more in detail in the next paragraph, in order to give to the reader a deeper comprehension of how the role have changed throughout the time and – subsequently – how subsidiaries have become important.

Below is reported a scheme regarding the networking between headquarters and its subsidiaries.
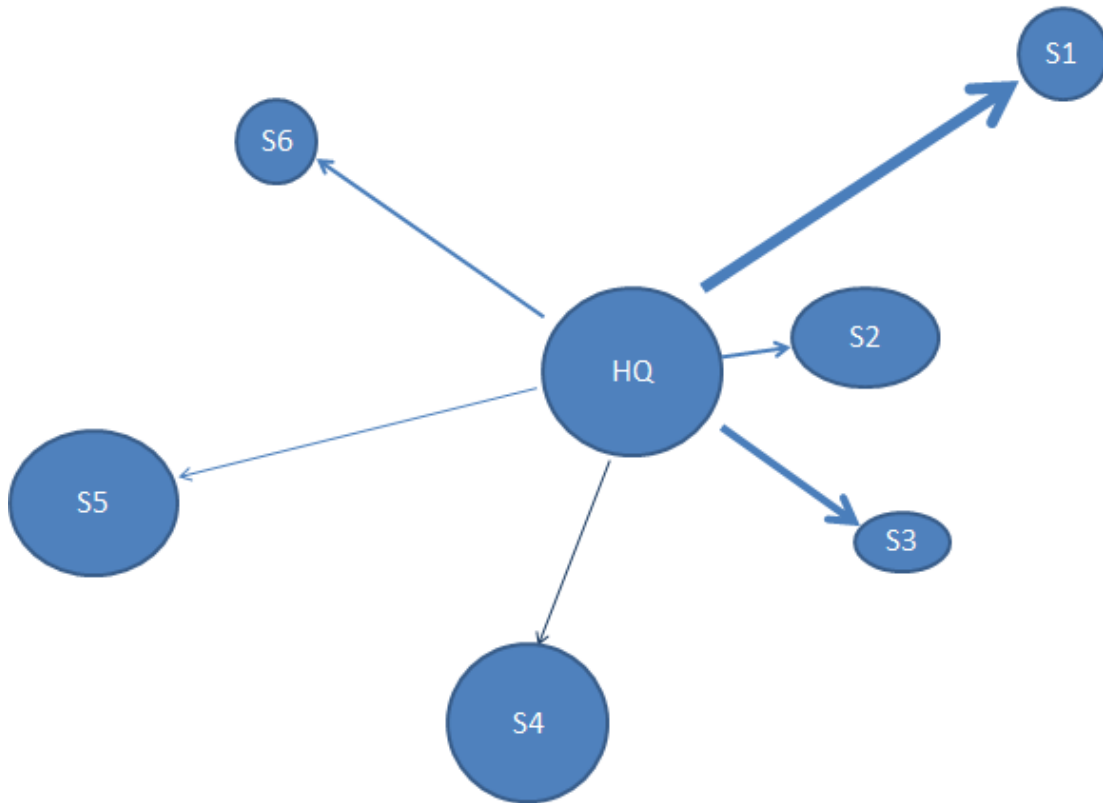
Figure 1- Network between headquarters and its subsidiaries

In the graph it is possible to understand the network structure of MNCs. At the central position there is the headquarters which is linked to every single subsidiary. The foreign sites are represented by S1, S2 and so forth. The headquarters gives to the subsidiaries resources, policies, strategies and financial resources which must be respected and implemented as well.

The size of the circles represents the importance of the single subsidiary according to some different elements, such as the activities they perform, their capabilities, the size, the location and the results. Moreover, the rows represent the ties between the parties: the thinner is the row, the weaker is the tie; and – vice-versa – the thicker the row, the stronger the linkage between them. It is evident that the intensity of the linking among

subsidiaries and headquarters depends on several factors, and not only on the subsidiary size. That is the reason why also smaller subsidiaries have strong ties with the headquarters.

2.2   Subsidiary roles

Since 1980 MNCs have received a lot of importance in scientific and economic studies because of their imperative role in the global economy (Fong et al., 2007) and nowadays they are constantly increasing and expanding their business abroad. This is the result of the globalised world; in this perspective it makes sense for companies to expand their operations across national boundaries (Bartlett, Ghoshal & Birkinshaw, 1992). In doing so, MNCs have the possibility to enter new markets, to access new resources and knowledge and to implement the capabilities of the firm as a whole. For all these reasons, they establish subsidiaries abroad and they use them to perform different activities such as R&D, sales and manufacturing among the others. Traditionally, the headquarters is the subject that owns the competitive advantage in the original country. In order to take advantage of that, the firm can decide to establish abroad different subsidiaries (Dunning, 1981; Vernon, 1966). According to the transaction cost theory of Coase (1937), the choice of internally manage the competitive advantage – hence, the possibility to create foreign subsidiaries that rely on the headquarters – is the most efficient one. Indeed, exporting or creating several contracts with other external firms does not allow the company to appropriate of the potential benefits of the competitive advantage. Therefore, subsidiaries are considered to be "receptacles" (Perri & Andersson, 2011: 228) of the headquarters᾽ competitive advantage, whose aim is just to replicate the sources of the competitive advantage in different local markets, through subsidiaries established there.

For the typical view in literature, subsidiaries have been considered to be "passive" actors in the company network, because of their competence-exploiting nature (Cantwell & Mudambi, 2005). In this view, they are not only passive within the firm's network because – first of all – they just restrict themselves to perform the activities the headquarters orders to accomplish; but they are also passive within the external

network, the one related to the local market. In this perspective, subsidiaries try just to implement and replicate the strategy of the headquarters.

In the '90s many studies have been focused on subsidiaries' roles (Bartlett & Ghoshal, 1989), their autonomy (Birkinsaw, 1997; Birkinshaw, Hood & Jonsson, 1998) and also their evolution and changes (Birkinshaw & Hood, 1998b). Subsidiaries have been considered for a long time just means to implement the group's already shaped strategy (Bartlett & Ghoshal, 1986; Ghoshal & Nohria, 1993; Taggart & Hood, 1999) because of their relatively low competences in comparison to the headquarters.

On the other hand, subsidiaries are not just ''implementers'', performing the tasks set down by the centre; they may also play an active role in the corporation (Simões, Biscaya & Nevado, 2002). Indeed, in the last twenty years, the nature of subsidiaries has changed both theoretically and practically. The ability of these subjects to be more active both within the company's network and in the local markets as well is emerged. Hence, there is an important shift of subsidiaries from parties that are able to take advantage from pre-existent competences and resources, to a real active subjects which are able to autonomously create the competitive advantage by themselves.

In this case they are considered to be centres of excellence (Andersson & Forsgren, 2000), strategic leaders (Bartlett & Ghoshal, 1986) and global innovators (Gupta & Govindarajan, 1991). Indeed, subsidiaries try to elevate their role from the operational level to a more active and strategic one. In doing so, they aspire to reach a high level of autonomy, trying to capture more attention from the MNC, increasing their voice power. The process of being independent and trying to attract attention from the headquarters is not easy, because it is – in most cases – time consuming, and it involves some factors that are fundamental for building a long-term and healthy relationship between the subsidiary and the headquarters, like for instance trust, frequency of communication, shared values and inter-relationships between the parties (Kottaridi, Filippaios, Papanastassiou & Pearce, 2012). Moreover, there is always an implication of the trade-off between autonomy and control toward subsidiaries (Kostova & Roth, 2002; Asakawa, 2001). Indeed, the headquarters must control their subsidiaries, their actions and their initiatives, because their results will affect doubtless the performance of the company as a whole. That is the reason why the headquarters usually tends to

centralize the decision-making process and also the coordination of the dispersed activities. On the other hand, the headquarters is not able to take alone the decisions that will affect the firm as a whole because it does not have the complete scenario and sufficient knowledge to do it. That is the reason why, concerning some specific activities the headquarters is able to give a certain level of autonomy to subsidiaries, because they have the right know-how. The latter represents actually the real strength of subsidiaries on which they have to leverage on. In doing so, subsidiaries will be able to take decision in a good way regarding the market where they are established in (O'Donnel, 2000; Nohria & Ghoshal, 1994). The trade-off between autonomy and control may be smooth leveraging on social capital, because creating a good and strong inter-relationship with people in the headquarters might give to the subsidiary higher level of autonomy and possibility to perform activities more independently. Thus, trust is reinforced, thanks to the common values shared within the organization environment and thanks to the quality and frequency through which people in subsidiaries communicate with the ones who work in the headquarters.

The role which the subsidiary performs in a specific moment of its life is due by three fundamental factors that determine its evolutionary process (Birkinshaw & Hood, 1998):

1. The task that the subsidiary has to perform after receiving orders from the headquarters (the decisions taken by the headquarter concerning the policy, activities and responsibility);
2. The choices of the subsidiary (the best decisions taken by the subsidiary itself after having considering the local market and its needs and features);
3. The features of the local environment (how environmental factors affect both the headquarters' decisions, and the choices made by the subsidiary management).

Thus, the role of the subsidiary in a specific moment is caused by the interaction among the three aforementioned factors.

In order to enhance the functions and the development of MNCs, subsidiaries play a very important role. They perform different activities according to the place where they have established and have specific roles in the corporate context. They rather have the

ability to transform country specific advantages into firm specific advantages (Rugman and Verbeke, 2001). The possible evolution of the subsidiary from a passive party to an active one is related to its ability to affect the strategy of the parent company, trying to acquire different strategic responsibility within the group, but also from the entrepreneurial "mind" that this subsidiary is able to show to headquarters. Several studies have taken into account the ability of some subsidiaries to take a strategic decision in total autonomy; in other words without being influenced or ordered by the centre of control (Birkinshaw, 1997; Rugman, Verbeke, 2001).

Crucial is also the choice of subsidiary's location: some countries seem to be more attractive than others (Krugman, 1991; Krugman and Venables, 1995) considering the activities that the subsidiary is expected to perform there. The location choice is related to some microeconomic parameters such as economies of scale, strong market power, flexibility of customers and suppliers and – finally – low trade costs (Ottaviano & Puga, 2003).

Ghoshal and Nohria (1989) stated that in a MNC there are four different internal situations: clans, hierarchy, integrative and federative. All these situations are characterised by "different combination of structural elements: centralisation of authority, normative integration of member and centralisation of rules" (Fong et al., 2007: 24). Generally, the aforementioned structures are related and strongly tied with subsidiaries' roles and activities performed within the subsidiary itself, such as R&D, marketing and so forth. Thus, subsidiaries may have different roles; therefore, some of them are considered by the headquarters to be more important than other, and – for this reason – the headquarters gives to them more attention. According to Ambos and Schlegelmilch (2007), there are three different subsidiaries' roles: implementer subsidiaries, related to the ability of the subsidiary to adapt the product to the local market; contributor subsidiaries, linked to the exploitation of the MNC's technological competences on a global scale; innovator subsidiaries, which are units that are able to create new technological competences abroad. The last category – more than others – is considered to be the most important one because it implies the ability of the unit to create, develop and distribute innovation. Therefore, these kinds of subsidiaries are fundamental for the MNC, which – with its activities – is able to enhance its strategic

competitive advantage (Ambos et al., 2006; Bartlett and Ghoshal, 1989; Cantwell, 1995).

Finally, it is important to remember that subsidiaries' roles may not be only assigned by the MNC directly, but – on the contrary – are the subsidiaries themselves which might evolve and change their own role developing their unique resources and locally expertise (Birkinshaw, Hood & Johnson, 1998). Thus, it implies for sure a change also in the headquarters' strategies (Harzing & Noorderhaven, 2006; Dörrenbächer & Gammelgaard, 2006); moreover, the reputation of those subsidiaries at headquarters' "eyes". Therefore, taking into account the aforementioned reasons, an increase in reputation usually implies an increase in the attention towards subsidiaries.

According to what stands above, a scheme based on the subsidiary role is presented below.
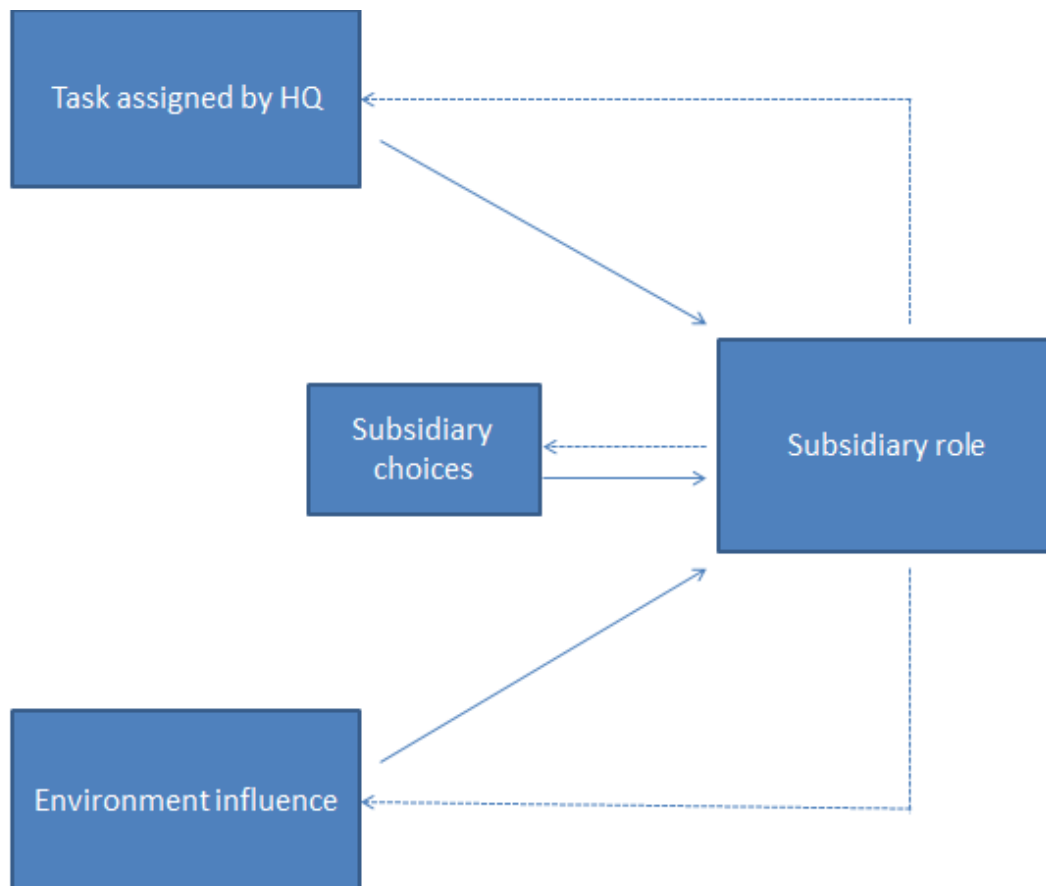
Figure 2- Determinants of subsidiary evolution process (Birkinshaw & Hood, 1998)

The role is determined, according to the authors, by the activities the subsidiaries must perform, by their choices and by the local market as well.

2.3 Subsidiary perspective in IB

MNCs can be viewed by two different and contrasting points: the first one is the top-down and the other one is the bottom-up approach. The top-down approach may be described by the "governance" (Gereffi & Fernandez-Stark, 2011: 13); indeed, it is focused on leading firm and organisation. On the other hand, the main concept for the bottom-up perspective is the "upgrading" (Gereffi & Fernandez-Stark, 2011: 13); indeed, this is concentrated on the strategies of countries, regions and other foreign stakeholders in order to improve their position for the firm. This upgrading activities of subsidiaries are considered to be very useful for increasing benefits of the firm as a whole, such as profits, value-added, capabilities and security (Gereffi, 2005b: 171). In order to be considered good and potential foreign sites, subsidiaries have to become attractive opportunities for the headquarters, building skill-based competences that are required to satisfy clients of respective markets where they are established (Gereffi & Fernandez-Stark, 2011).

What is absolutely important for the scope of this research is the subsidiary perspective. In fact, in contrast to the classical and hierarchical perspective that MNCs are used to rely on – the top-down approach –, in this work the focus is on the bottom-up approach. There is a big evident difference between the two aforementioned points of view. First of all, in the top-down approach there is a corporate group in the headquarters that is actually taking decisions for the entire firm, including subsidiaries. The headquarters has the power to decide both the corporate strategies and the behaviour of employees. In this trend, the upper echelon gives some policies and strategies to subsidiaries, which must implement them at the lower-level (Gereffi & Fernandez-Stark, 2011). Thus, in subsidiaries there is a local management that is able to accomplish tasks given by the headquarters and to implement strategy and policies as well. In this way, the foreign sites do not have the decisional power; hence, they cannot take decision autonomously

because they have to respect upper-level decisions. This form of hierarchical process is usually used by MNCs, especially when subsidiaries do not play a fundamental and strategic role for the firm as a whole. For these reasons, the headquarters considers its foreign sites to be not ready to take part to the decisional process.

Moreover, in a top-down management model the headquarters determines objectives, tasks and how the rest of the business will work, in order to accomplish predefined objectives. Thus, the responsibility to create a successful company is only on the top management. For this reason, suggestions regarding the business from lower-lever (subsidiaries) in a top-down environment are non-existent. This top-down approach has doubtless some advantages, such as a high level of control of subsidiaries by the headquarters. This ensures that the foreign sites will behave and accomplish tasks as the headquarters decides. Furthermore, if market knowledge or product development strategies are lacking, the headquarters can give directions for solving the problems.

On the other hand, with the bottom-up approach subsidiaries have the possibility to develop a good level of capabilities and a strong trustworthy relationship with the headquarters, which can easily help them to increase their power. Indeed, the foreign sites may become part of the decisional and strategical process if they demonstrate to the headquarters their active and positive role for the company as a whole. Subsidiaries can reach this status only with an impressive and notable effort. First of all, they must create by the time a strong and frequent communication with the headquarters in order to let innovative ideas and knowledge to flow. In doing so, they might also increase, at the same time, the level of trust the headquarters gives to subsidiaries; and – therefore – build a strong image and reputation. They can easily participate to the strategic and decisional process providing suggestions and new ideas to the top management. Moreover, when the trust is strong enough and the capabilities are the one expected from the headquarters, then subsidiaries are delegated by the headquarters to take decisions autonomously. Thus, subsidiary management will have the possibility to show to the headquarters to be an autonomous entity. Therefore, involving subsidiaries, relying on a bottom-up approach can bring several advantages. Firstly, in this way it is possible to create a morale and sense of ownership in subsidiaries' employees who feel part of the company. People who work in subsidiaries may be more actively involved in

the work and strive harder to reach targets. Secondly, this positive side could also trigger an increase in innovation participation and ideas and knowledge flow to the headquarters.

Interesting is also analysing the process of exchange of information, knowledge and capabilities from the headquarters to the subsidiaries. Top-down information, knowledge and capabilities sharing proceed through a hierarchy: all these three elements come from units or people who work in the headquarters and reach the ones employed in the subsidiaries. Therefore, as can be deducted from the previous sentence, headquarters uses a vertical chain of organisational units which are specialised in "functional, technological, geographical, or product-market related areas of expertise" (Gupta & Govindarajan, 1991: 10). Thus, in this case, a top-down flow of information, capabilities and knowledge must be clearly specific for the local market where the aforementioned three elements must be applied. Indeed, each local market has its specific needs, customers, cultural values that must be satisfied in order to have success. For this reason, information, capabilities and knowledge should be shaped according to the location, in order to be narrow (Winter & Szulanski, 2001) and closely related to recipient's specialised areas of expertise (Mom, Van Den Bosch & Volberda, 2007). In this way, headquarters allocate the specific resources for the specific local market, giving the possibility to subsidiaries − in a second moment − to increase, refine and improve expertise in those areas (Katila & Ahuka, 2002).

On the other hand, bottom-up information, knowledge and capabilities sharing proceed through a horizontal path: indeed, these three elements come from people working in subsidiaries and flow directly to the top management in the headquarters. This bottom-up inflow of knowledge, information and capabilities do not follow a standardised and formalised paths in the organisation, because they are created ad hoc. They come from unpredictable and reciprocal interaction between subsidiaries and headquarters (Burgelman, 1983b) and they are usually followed by a qualitative rather than quantitative change of the already existing activities (Sanchez & Heene, 1996).

Thus, as emerge in the previous analysis, the top-down inflows are associated with information, capabilities and knowledge coming from the higher level and spread throughout the subsidiaries all around the world. On contrary, the bottom-up inflows are

linked with information, capabilities and knowledge coming from subsidiaries (Mom, Van Den Bosch & Volberda, 2007) and given as suggestions to the headquarters, in order to be active players in the organisation. Moreover, these elements can be also shared from the central group to other subsidiaries in order to improve the performance of other foreign sites. Finally, in order to overcome these difficulties of inflows, MNCs have to devise new practices based on communication and reciprocity in order to increase the frequency of interactions between headquarters and subsidiaries (Monteiro et al., 2008).

For this sake, communication plays a fundamental role in the relationship between headquarters and subsidiaries. Indeed, the communicative process helps the firm to achieve the desired outcomes for the firm as a whole, such as a strong and healthy relationship based on trust and a set of common values that employees must respect in the corporation. There are two ways of communication, the top-down and the bottom-up. The first approach is the mainstream one, from the headquarters to the subsidiary, which is able to increase utilisation of specific programs by making employees aware of particular services and their availability. The second perspective is the bottom-up, from subsidiary to headquarter, which is related to provide information, knowledge, innovation and ideas to the top management. The possibility that emerges from this second approach is that it helps the central group to shape specific programs and policies to meet the specific needs of the market where the subsidiary is located. That is the reason why, nowadays, in a context where MNCs are increasing and globalisation has become of the day round, a shift from a top-down to a bottom-up perspective has occurred. In fact, a top-down communication is:

- Authoritarian
- Asymmetrical (One way communication)
- Instructional

While on the other hand, the bottom-up communication has the following features:

- Participation
- Collaboration
- Partnership

- Negotiation

- Symmetrical communication (Two-way communication)

- Dynamism and Adaptation (changes happen very fast)

As emerged from specifically one interview the two-way communication is one of the most important features of the one listed above. Indeed, any good relationship can be built from an asymmetrical communication, both from the top and from the bottom. That is one of the reasons why some companies are not so successful in the market. They focus their attention just on strategical and decisional issues, but they do not care enough of the communicative process. Therefore, by this situation a lot of problems emerge and it is not possible to solve them in a good way if people do not build an efficient and continuous communication for capabilities, information and knowledge flow from the subsidiary to the headquarters and vice-versa.

For all the aforementioned reasons, using the bottom-up approach is preferable because the subsidiaries are active and they try to achieve their targets and objectives. On the other hand, the top-down perspective is too authoritarian (Filmer-Wilson & Anderson 2005; Owens & Driffill, 2008) and the participants are passive.

2.4   Positive attention

According to Ocasio and Joseph (2005) the attention that the headquarters gives to its subsidiaries is defined as a result of their efforts and capability of notice, encoding and interpret several external stimuli. Headquarters' attention has the power to influence positively subsidiaries performance and results; for this reason it is defined by Chandler (1991) as value-enhancing and forward-looking in nature. Specifically, this positive attention is the extent to which the parent company recognises the results achieved by subsidiaries because their performance influence also the performance of the firm as a whole. That is the reason why, the positive headquarters' attention has been also defined as "the extent to which the parent company recognizes and gives credit to the subsidiary for its contribution to the MNC as a whole" (Birkinshaw, 2006: 579). The

aforementioned definition provided by Birkinshaw (2006) has three important elements: first of all, the attention has a positive meaning, because it can enhance the development of the firm as a whole. There is nothing inside this definition which portrays attention as a form of control. Secondly, the attention given to subsidiaries is into the hands of the parent company as a whole, and not only a matter of a specific CEO. Finally, it is achieved thanks to subsidiaries' contribution to the MNC as a whole, rather than the single contribution of a specific subsidiary to a local market. So, as states above, it is evident that the term attention may be seen through different perspective but in the current work, this word is referred to have only a positive connotation.

According to previous research, the subsidiary-headquarter relationship is seen as an interdependence where both parties try to optimize their activities, contributing to the success of the firm as a whole (Ghoshal & Bartlett 1989). On the one hand, the headquarters controls its subsidiaries around the world, exercising a role of orchestrator of resources, assets knowledge and attention (Ghoshal et al. 1995; Foss & Pedersen 2002). Moreover, subsidiaries have different competencies and local knowledge which build their "specific advantage" (Rugman & Verbeke 2001). Therefore, these units are able to increase their strategic role and to independently react and adapt to changes that can emerge in the corporate level.

As asserted by Bouquet and Birkinshaw (2008), as well as declared by Ocasio (1997), and Bouquet et al. (2009), headquarters' attention has been described as something positive that is able to add value. These authors have included in their analysis of the attention, what the call "involvement". This concept is one of the way in which headquarter is able to give attention to its subsidiaries. In some cases the attention of headquarters has been defined as something required for a short period of time that comes directly from the central group, in contrast to other resources which can also be gained from the market (Bouquet et al., 2009); therefore the latter can be reached from the headquarter or from the local market as well. However, the literature is plenty of different studies and research in which are listed and explained the factors which may attract the positive attention from the headquarters. First of all, some really tangible and explicit factors such as activities that brought recognition, initiative taking and participation of the subsidiaries and innovation reached in the local market, as well as

the real economic numbers, i.e. revenues, costs and costumer basis. Relatively silent are other factors which may also capture the attention of headquarters. In this category it is possible to find some elements of the social capital (trust, communication and set of shared values).

The attention is related to the concrete action of the involvement of the headquarters in the subsidiary activities. This because subsidiaries must be controlled by the headquarters in order to understand if they perform their tasks in a good way, and – in the case that the tasks are accomplished meeting the standards – the central group increases the trust given to the subsidiaries. According to the attention based view, attention is connected to concrete action (Simon, 1945), and in the MNC, headquarters' attention can be viewed as "the investment of time and effort that is situated within an entire system of activities, communications and discussion" (Bouquet et al., 2009: 3).

Ocasio (1997) stated that the level and intensity of attention may increase when there is a focus on factors that could enable a strong competitive advantage. An example of what written before might be innovations or new projects (Cyert & March, 1963), since subsidiaries have shown their ability to work and to innovate, being proactive. Indeed, in MNCs, positive attention is often shown as "headquarters recognition and intervention in innovation projects" (Bouquet and Birkinshaw, 2007: 25). Subsequently, a strong competition among different subsidiaries takes place because these foreign sites want to "fight" for the headquarters' attention (Birkinshaw and Lingblad, 2005), which is a privilege and may strengthen their relationship.

For the headquarters the process of giving attention requires a real strong commitment of time and effort as well. Indeed, the mechanism of giving attention to different subsidiaries can be translated into a process of action taking, in line with asserted by Simon (1945), Ocasio (1997) and Bouquet et al. (2009). These actions must be concrete, it is not enough that the headquarters intervenes, but the path requires also the willingness and the real effort in participating. Meanwhile, subsidiaries have the task to try to accelerate this process in which the headquarters is involved, leveraging on innovativeness; effective communication; trust; set of shared valued; evolution and new proposals (Bouquet and Birkinshaw, 2007). Indeed, in previous research has been demonstrated that subsidiaries that are visible within the network have more

possibilities to increase the positive attention the headquarters is actually giving to them. In order to be visible at the eyes of the headquarters, what is certainly successful is involving themselves in the process of innovation, trying to differentiate themselves from the other foreign sites – therefore, be as unique as possible – and try to give a real and concrete contribute to the firm as a whole (Ghoshal and Bartlett, 1988).

As many researchers showed, it is fundamental that the headquarter focuses the attention on its most promising subsidiaries (Bartlett & Ghoshal, 1986; Doz, Santos, & Williamson, 2004), but – at the same time – it is important for subsidiaries to be vocal in order to achieve their own goals (Birkinshaw, 2000; Dutton, 1997). On this trend it is fundamental to make a distinction between two theoretical perspectives related to the allocation of the headquarters' attention to its subsidiaries: the structural and the relational perspective. The first one is related to the fact that the attention is given by headquarters to those subsidiaries that occupy different position in the corporate system (Ghoshal & Bartlett, 1990; Nohria & Ghoshal, 1997), thus all the foreign subsidiaries that are efficient, active and innovative, because in this way the headquarters is increasing its power and its performance. Indeed, the MNC is seen as an efficiency-seeking and value maximizing entity (Birkinshaw, 2006). Therefore, the positive attention a subsidiary receives is based on its weight in the global ordering of power, thus on how important are they for the firm as a whole (Bartlett & Ghoshal, 1986; Jarillo & Martinez, 1990). The relational perspective, on the other hand, is based on the not only hierarchical perspective. Indeed, according to some authors (Dutton, 1997; Dutton & Ashford, 1993; Dutton, Ashford, O'Neill, & Lawrence, 2001), headquarters' attention can be viewed as the outcome of the bottom-up process (Birkinshaw & Hood, 1998; Birkinshaw et al., 1998), not only with the opposite mainstream approach. This means that foreign subsidiary units have their own voice that they can use in their relationships with the headquarters to more effectively position their achievements within a corporate system (Birkinshaw, 2006). Thus, regarding the weight of a firm, it is important to take into account that the location of the subsidiaries can affect a lot the performance of the MNC because the presence of critical location-specific advantages of specific market (Dunning, 1998). On the other hand, the voice is referred to the initiative taking of subsidiaries. These initiatives are typically directed towards new products or services, or new market opportunities (Birkinshaw, 2006).

The attention that the headquarters is able to offer to its subsidiaries has been described to be a scarce and critical resource (Cyert & March, 1963; Simon, 1947). Indeed, subsidiaries are spread all around the world and each of them has specific characteristics, cultural diversities, complexity of the market in which they operate and complexity also of the portfolio of business and functions (Bouquet & Birkinshaw, 2006). For these reasons, the attention is usually divided in unequal ways according to the importance and potentiality of the market associated to each subsidiary (Prahalad and Doz, 1987). Thus, subsidiaries compete with each other in order to attract more attention from the headquarters, trying to increase their bargaining power and to avoid the intervention of the central group in some specific decisions that the subsidiary could be able to take by its own. Indeed, the more the attention a subsidiary gains, the less the attention that the headquarters is able to give to others (Ocasio, 1997).

However, the attention is difficult to capture and could depend on the kind of activity performed by the subsidiary, for instance R&D performing subsidiaries are more likely to attract the attention of the headquarters. Furthermore, it can also be affected by the market potential growth where the subsidiary is established, as emerges in the interviews performed in the current work.

Some features that may increase the positive attention that the headquarters gives to subsidiaries are listed below in a summarising scheme.
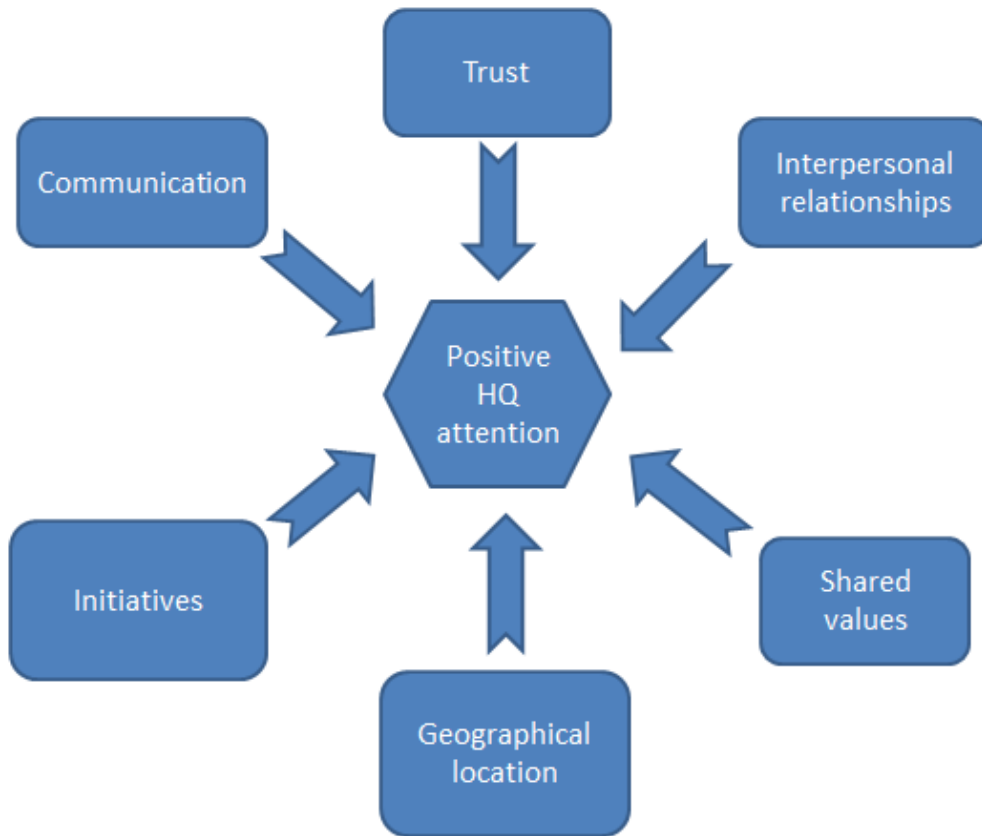
Figure 3- Conceptual framework of positive attention

The positive headquarters' attention may depend on different elements. First of all the social capital framework might provide evidences in this field. Indeed, trust, communication, interpersonal relationship and a common set of shared values may create a directly proportional effect on the positive headquarters' attention. These are just assumptions based on the theoretical background, but through the current study, the researcher aims at reaching a deeper comprehension of the topic. Moreover, according to Bouquet and Birkinshaw (2008), the geographical element has been confirmed to be crucial in order to affect the positive attention of the headquarters. Finally, the active role of subsidiaries, and – in particular – the initiatives proposed by them might be a fundamental input in order to become more visible from the headquarters' point of view.

2.4.1 Consequences of excessive positive attention

Attention in MNC can be conceptualised as a zero-sum relationship between headquarters and subsidiaries because the more attention one subsidiary obtains, the less attention the other foreign sites will receive by the central group (Ambos & Birkinshaw, 2010; Birkinshaw, Bouquet & Ambos, 2007). Directing attention on key issues is not an easy process that subsidiaries have to face; indeed, they have to promote their unique and unfamiliar ideas (Dutton & Ahford, 1993; Dutton & Jackson, 1987).

It may happen that a specific foreign site self-promotes in an exaggerated way that it attracts unwanted and excessive attention from the headquarters. In this way it over promotes the success of the subsidiary itself (Ashforth & Gibbs, 1990). Hence, that subsidiary attempts to attract attention from the headquarters in an over-aggressive way, leveraging on the several successes achieved. In this way, the effort of attracting headquarters' positive attention fails and results in something that effectively destroys value (Conroy et al., 2016). This kind of behaviour assumed by the subsidiary may be perceived to be subversive and might attract negative attention.

According to the literature the negative attention is described as "direct or indirect interventions from the headquarters that destroy value at the subsidiary level" (Conroy et al., 2016) and it is – therefore – difficult to distinguish and differentiate from control or monitoring activities (Bouquet & Birkinshaw, 2008a) performed by the central group. Taking into account the aforementioned consideration, headquarters' attention is not always a desirable outcome for the local sites (Conroy et. Al, 2016), especially when the attention is considered to be negative. Indeed, negative attention may potentially suffocate or disempower the subsidiary over time (Bouquet & Birkinshaw, 2008a).

Additionally it may also happen that the central group intervene in subsidiary issues with good intentions, with the aim of reaching additional information or commitment by the foreign site. In this case the positive attention may turn into negative because the headquarters "intervenes excessively in prosperous the early stage projects and requests too much information or undertake too many visits" (Conroy et al., 2016: 3). That is what is called "hyperattention" by Bouquet et al. (2015). This behaviour prevents

subsidiary to reach the expected results in their activities because of drain of time (Bouquet et al. 2016). Thus, the central group destroys value in promising subsidiary even though headquarters may be attempting to add value.

In conclusion, it is important that subsidiaries maintain a realistic perspective while promoting their foreign site and their capabilities; otherwise it may occur that they attract too much attention from the headquarters, and this might prevent them to be successful. Therefore, the foreign sites should not excessively promote themselves in order to avoid the transformation of positive attention into negative.

2.5   Social capital framework

In order to understand how subsidiaries are able to increase headquarters' positive attention the researcher proposes to use the social capital framework as a starting point. This theoretical background is used as a mean in order to access how much subsidiaries are able to be vocal towards headquarters, and thus, how – in concrete – they can increase their visibility.

The concept of social capital exists since people live in communities and have interactions one to another with the expectations of reciprocity and trust (e.g. refer to Platteau, 1994; Moore, 1994; Woolcock, 1998), but it has been formalised by Granovetter (1985) and Putnam (1993; 2000) among others. Loury (1977) has defined social capital as a set of resources embedded in family relations and community social organisations useful for the development of young child. The concept has been then enlarged and applied not only to social phenomena, but also to the economic development of firms and organisations, as proposed by Baker (1990). The main aim of social capital is to establish long-term and healthy relationships with other people in order to facilitate economic and non-economic benefits (Lin, 2001). Indeed, according to Bourdieu (1986), the most important factor is that network relationships represent "valuable resources for the conduct of social affairs" (Nahapiet & Ghoshal, 1998: 243). Moreover, an important factor that should be considered is the fact that initially social capital has been related to small group of people like communities, villages or even families by Putnam (1993), but other authors like Coleman (1990) opened the door to a

new perspective of the social capital framework which is in fact extended to organisations and in general to the economic world (Grootaert & Van Bastelaer, 2001). Therefore, according to the aim of the current work, the economic benefits within organisations are the ones that are taken into account.

Rodriguez and Wilson (2000) evidenced several psychological determinants within relationships which entail familiarity, friendship, shared set of values and confidence. All these elements are related to the view of social capital (Li Li, 2004). Furthermore, Bourdieu (1986) identified durable obligations that arise from feelings of gratitude, respect and friendship. In this way, relationships are easier to create and maintain because at the basis there are all these values of mutual respect and consideration. That is the reason why a lot of authors have stated that the social capital framework is conceptualized as a set of elements that can positively influence firm conduct and performance (Gulati et al., 2000; Nahapiet & Ghoshal, 1998). According to Bourdieu, "the social capital can assume different forms, such as norms, sanctions, obligations, values" and – finally – trust within group of people and – therefore – also in companies (Bourdieu, 1986: 249). The relationship is the basement of social capital, and it is defined as a set of interactions and communications (Putnam, 1993). Putnam (1995) argued that a very important priority is to distinguish within the social capital framework three different categories: the structural, the relational and the cognitive dimensions, but, as suggested by Nahapiet and Ghoshal (1998), these three dimensions are strongly tied and correlated one to another, thus they cannot be studied and analysed separately. That is also one of the reasons why, the current paper is taking into account all these three elements of the social capital framework. In addition, also Nahapiet and Ghoshal (1998) suggested that social capital includes three different dimensions: a structural (represented by, e.g. network position and therefore the frequency of communication between parties); a relational (represented by, e.g. trust); and a cognitive dimension (represented by, e.g. shared vision and values between units). The aforementioned authors – in their studies – used the Granovetter's point of view as a starting point. Indeed, six years before, Granovetter (1985) proposed the discussion of structural and relational embeddedness, but he did not take into account the cognitive capital, which is – therefore – analysed by Nahapiet and Ghoshal in 1998. The term structural embeddedness is related to the properties of social system and networks

relations as a whole; therefore, it is related to the impersonal configuration of linkages between people in organisations, thus who you reach and how you reach other actors in networks (Burt, 1992). In contrast, the relational embeddedness is described as a series of personal interaction that people have developed throughout the time with each other in a network. Therefore, this factor is related to particular relationships that people have built starting from mutual respect and friendship, which is able to influence their behaviour within organisations (Granovetter, 1985). Nahapiet and Ghosahl (1998) then explained the cognitive capital as those resources that are able to provide shared representations, interpretations and system of meanings among actors (Cicourel, 1973). All these resources are also very important because they are strongly tied with common shared value, language, codes and narratives between people within organisations.

More recently, other authors tried to explain deeper the three dimension of the social capital framework, such as Bolino, Turnley and Bloodgood (2002) among the others. They declare, that the structural dimension is related to the overall pattern of relationship that could be built within organisations and involve the extent to which people in a corporation are inter-connected one to another (i.e. do the employees know one another?). The relational dimension is linked with the nature of connection between individuals in organisations, thus it is related to the quality of the relationship that arises within organisation (i.e. are they characterized by trust, intimacy, liking, and so forth?). Finally, the cognitive dimension is tied with the common set of values that people share within organisations (i.e. do employees truly understand one another?). It is created through communicative language, narratives codes and shared value between people that influence the relationship among them and their behaviour in the network (Lee & Jones, 2006).

More in detail, the structural dimension involves the relationship among actors within a network and can be analysed through network ties and − therefore − analysing the frequency of communication between headquarters and its subsidiaries. Network ties are important because they have the capability to create a lot of opportunities for social capital transactions (Adler & Kwon, 2002). An important feature of network ties is that they are established as a result of interpersonal relationships between people from informal social gatherings and meetings (Brown & Hendry, 1998; Paniccia, 1998). Thus, communication between actors is important in an organisational environment

because it allows information to freely flow from the subsidiary directly to the headquarters. In this way, connectivity between the two parties can be established; indeed, "connectivity between network members is usually established through informal interpersonal relationships" (Inkpen & Tsang, 2005: 153). In doing so, interpersonal relationships created with this process and maintained throughout the time are characterised by strong network stability. The latter is defined as a continuing changing membership within a network and it enhances the opportunities in organisations to grow as it becomes stronger (Inkpen & Tsang, 2005).

The relational dimension focuses of the role of direct ties within organisations. In this perspective the most important factor to analyse is the trust; in fact it has been defined by Dodgson (1993) and Doz (1996) as a critical factor that affects relationships between organisations. Trust is based on social judgements (i.e. assessment of benevolence and competence of the other actor) together with the risk (e.g. cost risk) associated to the fact that one party can decide to turn out to be untrustworthy (Rousseau, Sitkin, Burt & Camarer, 1998). Moreover, trust is able to create possibilities and opportunities for the firm as a whole because – thanks to the communication – it is able to enhance the information flow between parties, and – at the same time – it eliminates possible opportunistic behaviour.

The cognitive dimension represents "the resources providing shared meaning and understanding between network members" (Inkpen & Tsang, 2005: 153). There are two facets of the cognitive capital: the first one is referred to the shared goals and the second one to the set of shared values that people have in common when working in the same organisation. Shared goals represent the degree to which people share a common understanding and approach in order to enhance the performance of the firm as a whole; while shared set of values refers to the degree to which norms, rules and values of people working in a specific organisation are reflected in the organisation itself (Gulati et al., 2000). It is important that everyone shares the same set values, because in this way it is possible to interpret things that can happen in the same way, avoiding some kind conflicts that can arise from people that are not actually sharing the same set of values. Indeed, since parties have different cultures and set of values, conflicts may arise and impede collaboration within subsidiary-headquarter relationship (Inkpen & Tsang, 2005).

In conclusion, in a corporate environment, it is important to establish different relationships in order to reach some economic benefits. For this reason, subsidiaries should leverage on trust, frequency of communication and common values with the headquarters. In this way they could be able to improve their relationships with the chief office and they may also increase attention the latter gives to them. Thus, starting from the social capital framework, this work focuses on trust, frequency of communication and shared values as elements that may be able to influence the level of attention gained by subsidiaries.

2.5.1 Structural capital

The structural capital refers to the ability of people within organisations to create networks ties through a communicative process. These connections between individuals are built thanks to the continuous interactions between individual in a network (Wasko & Faraj, 2005): if these connections are dense and strong, then people build working and personal relationships. The latter could be helpful not only for performing task at best (Krackhardt 1992), but also they allow the top management to understand and more easily predict collective and individual actions (Burt 1992; Putnam 1995b).

Communication has been defined "the formal as well as the informal sharing of meaningful and timely information (Anderson & Narus, 1990: 44). Nohria and Ghoshal (1997) observed that dense headquarter-subsidiaries communication enforces the relationship among central group and its subsidiaries. Effectively, a frequent communication between the headquarters and the subsidiary could lead a better understanding of each other's situations which may result in improved level of trust and mutual respect. Subsequently, great trust tends to encourage subsidiaries to work more cooperatively with headquarters (Persaud, Kumar, Kumar, 2002). Communication among headquarter and subsidiaries improves relationship quality and contributes to increase the level of the performance of the firm as a whole. Hence, as Rotter (1967) claims, frequent contacts represent a great power in influencing the trust, mainly when managers working in the headquarters have little knowledge about the ones who work in subsidiaries.

Additionally, also other studies (Makela, Barner-Rasmussen & Bjorkman, 2008) have proved that communication frequency is positively related to the trust. In some previous research, communication frequency and social interactions have shown to be positively related to the trust (Tsai & Ghoshal, 1998; Govindarajan & Gupta, 2001; Becerra & Gupta 2003). According also to some psychological studies, individual have different propensities to trust other people, but these differences come from their attitudes, personalities, experiences in life and how frequent and how well they communicate each other (Olson & Zanna, 1993; Eagly & Chaiken, 1992). Indeed, a frequent and a high quality communication is able to create and reinforce particular relationships that could be built in social, but – in this case – also in corporate environments. Thus, the number of contacts and also the quality of this communication can increase the trust that the headquarters is actually giving to the subsidiary. Moreover, as the time goes by, this trust is going to increase, because of the historical past and relationships have been evolved throughout the time. Communication allows a better coordination between parties within organisations and it is fundamental because it involves subsidiaries to participate to the development of the firm as a whole (Ambos and Schlegelmilch, 2007; Gupta and Govindarajan, 1991; Harzing and Noorderhaven, 2006; Nobel and Birkinshaw, 1998).

As already mentioned, Granovetter focused its studies on the importance of the social relations between people and formal organisations and stressed the point that these relations and a frequent communication among individuals has been recognised to be fundamental (Granovetter 1985). Therefore, as the frequency of communication among individuals increase, the individuals increase their relationship. In doing so, the individual who tries to communicate frequently becomes more visible than others and – at the same time – he is expected to exercise a greater influence on the evaluation of his results, on decision making and on his performance among the others. Thus, this is going to trigger a higher level of trust. Another very important point to highlight states in Putnam's research (1993): he underlines the fact that dense network in an organisation – thus the communication frequency – is able to strengthen norms of reciprocity and trust. That is the reason why it is important to increase the number and the quality of communication between subsidiary and headquarters' managers, not just for exchanging information and knowledge, but also for building and reinforcing strong

and healthy relationships, which may allow the firm to increase its strategic and competitive position.

Beyond the consensus about the importance of creating a network and trying to maintain it through a frequent communication, it has been debated whether the quality of communication is important or not in network building. Thus, when considering social capital related to the positive attention that subsidiaries try to gain from the headquarters, it is fundamental not only considering *whom one knows*, but also *how well one knows them*. For this reason, Granovetter (1992) introduces what he calls "structural embeddedness". He stresses the point that in an organisation there is a big difference between "concrete personal relations and structures (or "networks") of such relations" play in a daily work and accomplishments of tasks (Granovetter, 1985: 490). This distinction is actually based on the difference between the configuration of one's network and the quality of these relationships. Nahapiet and Ghoshal referring to Granovetter's definition of structural embeddedness clarify it as "the impersonal configuration of linkages between people or units" (Nahapiet & Ghoshal, 1998: 244). With this definition the authors refer to a series of network ties that people in subsidiaries are able to build with others in the headquarters in order to connect each other and communicate in an effective way.

2.5.2 Relational capital

Relational capital exists when people have a strong identification with the collective (Lewicki & Bunker 1996) and trust people within the organisation seen as a collective (Putnam, 1995b). People perceive also the obligation to take part (Coleman, 1990) in the collective itself and recognize a set of values and norms (Putnam, 1995b) that all the people who belong to the collective must respect.

Trust is an important element which can shape the interpersonal relationships between managers who work for the subsidiary and the headquarters' CEOs. For this reason it is important to analyse inter-personal relationships that can be cultivated between people in the subsidiary and ones that work in the headquarters.

In the past, when there were very limited possibilities to communicate directly, people within organisations shaped their relationship basing on common and reciprocal trust. Today, thanks to the globalisation, the communication is basically performed through IT devices and information between subsidiaries and their headquarters can be exchanged through internet. But when there is a need to collaborate, to take some decisions or to solve a specific problem outside the corporate boundaries, there is a need to rely on trust and mutual understanding.

Trust within or between organizations is usually defined as "a confident expectation and goodwill a focal organization places in the partner organization" (Zaheer, McEvily, & Perrone, 1998: 22). The previous literature on organizational trust provides clear statements about trust; indeed, in relationships trust arises when one party has confidence in partner's reliability and integrity (e.g. Gulati et al., 2000; Morgan & Hunt, 1994). In addition, it has been demonstrated that trust has either direct or moderating effects on the performance and behaviour of people inside the company (Nyaga et al., 2010). Dirks and Ferrin (2002) affirmed that trust provides conditions under which certain outcomes are more likely to occur. The view of the authors' research is related to the fact that trust is a good mean which is able to organize and coordinate activities in MNC (McEvily, Perrone, and Zaheer, 2003). The aforementioned researchers propose that trust shapes interaction patterns between actors and motivates these actors to contribute and combine resources in order to reach the corporation common objectives.

Trust is risk taking because parties in an organisation know that one specific action might cause some consequences and – therefore – influence actions, ideas and behaviour. From the sociological point of view, trust can be analysed and considered with three different perceptions: property of individuals, social relationships and social system (Misztal, 1996). When considering trust as a property of individuals, it is represented by personality variable, thus emphasising individual characteristics such as feelings, emotions, and values (Wolfe, 1976). The second perspective about trust is related to the social relationship, thereby focusing the attention on achieving organisational goals (Misztal, 1996). The third treats trust as a valued public good facilitated and sustained by a social system (Putnam, 1993). These three interpretations and considerations of trust are interconnected. Indeed, on the individual level, an

individual trust someone else basing his evaluation on what he actually knows about the others' reputation, disposition and abilities; on the collective level, an individual does not trust another one if he does not trust the organisation for which the second one is actually working for (Dasgupta, 1988); finally, individuals – before trusting someone else – always consider their cultural background and social system (Luhmann, 1988).

More recently, in an effort to understand how trust affects organizations, McEvily, Perrone, and Zaheer (2003) conceptualized trust as a principle through which firms are able to organize and coordinate their activities. Indeed, trust has been suggested to be a relationship mechanism (Morgan & Hunt, 1994) that facilitates cooperation and coordination and – therefore – it generates relationship commitment as well. On the same trend, Chin, Chan and Lam (2008) defined trust as a fundamental factor to successful cooperate with other people or organisations, and - for this reason - it enhances cooperative behaviour (Bengtsson, Eriksson & Wincent, 2010; Doney & Cannon, 1997; Li & Ferreira, 2008). Trust plays a very important role because it represents a fundamental factor that is able to estimate the level of intra and inter-organisational corporation (Smith, Carroll & Ashford, 1995).

Trust is also important for learning (Barlett & Ghoshal, 1994; Gulat, Nohria & Zaheer, 2000), enhancing relational value through cooperation and the exploration of new information (Huemer, Bostrom, Felzensztein, 2009) and – as asserted by Morris, Kocak & Ozer (2007) and by Uzzi (1996) – it is able to improve the exchange of information, knowledge and physical resources.

A subsidiary can demonstrate its trustworthiness in different ways such as technical competences in operations, products, abilities as well as a correct behaviour of people working there, following certain and defined set of values by an ethical point of view. In this way, trust is built even though not in a direct and immediate process. Indeed, building trust is a path that requires a lot of time, especially when people are not in direct and daily contact and are separated by a long distance, both geographical and cultural as well. Although trust is characterised by an extremely difficulty in building, on the other hand it is really easy to see it evaporating in an instant. As a consequence, the subsidiary will be affected by a drop in the image and in a strong decrease also in

reputation at the eyes of the headquarters. Indeed, in this case, the attention the headquarters is giving to that subsidiary is a negative one. Thus, a failure in trust will occur and this represents a real threat for the company as a whole, because at the basis of the organisation should be ethics and trust as well, which are linked one to another.

Finally – in more recent studies – trust is often defined mainly of positive future expectations (Huemer, Bostrom, Felzenstein, 2009), because it is able to promote trustee initiatives, creativity and participation (Huemer, Bostrom, Felzenstein, 2009). Moreover, in previous papers have been argued that trust may reduce possible tensions within networks (Kemp & Ghauri, 1999; Zaheer, McEvily & Perrone, 1998) and it helps to decrease the number of conflicts within organisations. Additionally, in big firms, there is the need to create strong social relationships because they involve people to increase their contacts and – therefore – the communication among them. In doing so, increasing and reinforcing the communication process, also trust will be positively affected.

2.5.2.1   Personal legitimacy

In headquarter-subsidiary relationship context the personal legitimacy of key individuals at subsidiary level may play a significant role; that is the reason why it is important to analyse this aspect. Indeed, subsidiary managers might attempt to attract headquarters' positive attention trying to leverage on their personal legitimacy in order to achieve subsidiary key issues. Personal legitimacy is defined by Suchman (1995) as a concept that includes drive, conviction, or willingness to develop innovative ideas and approaches in order to interact with the central group. Thus, the main ideas it that subsidiary managers may attract trust and reputation from the central group if they have qualifications and certifications (i.e. they attended reputable business schools) that allow them to reach good results for the subsidiary they work for. Indeed, they drive the success of the foreign site: the better the activities they perform, the better the results achieved for the subsidiary as a whole. Subsequently, the entire MNC will benefit from that situation. In essence, the good performance of the subsidiary itself is reflected by the way managers working there lead the internal situation and gain positive results.

Additionally, individuals who spend more time in creating and building their own image based on trust and reputation, derived from concrete results in term of performance, are able to gain more exposure for creating a network of influence (Barsoux & Bouquet, 2013; Kostova & Roth, 2003) and ties (Reiche, 2011; Taylor, 2007). In literature this phenomenon is called "pollination" by Harzing (2002) and this term is referred to the ability and willingness of the central group to spread through the whole MNC a high number of expatriates to control subsidiaries who have a strong background characterised by constant successes. This allows subsidiary managers to regularly communicate and interact with headquarters' ones, who are the effective individuals who are in charge to take corporate decisions in order to create value for the whole MNC (Molloy & Delani, 1998; Schotter & Beamish, 2011; Vora, Kostova & Roth, 2007). In this perspective the personal legitimacy is clearly and effectively able to increase the level of positive headquarters' attention, because "the expatriates (foreign sites' managers) perspectives carry more weight in attracting headquarters' attention than host country managers" (Conroy et al., 2016: 13). Thus, it is possible to conclude that the subsidiary success is not only based on subsidiary characteristics alone, but the personal legitimacy of foreign sites' managers and the knowledge they have are fundamental variables that must be taken into account.

2.5.3 Cognitive capital

According to Nahapiet and Ghoshal (1998) social capital is divided into three dimensions: the structural, the relational and the cognitive. The structural social capital facilitates the process of decision making and information sharing between parties that have specific roles given by a set of established rules and regulations; the relational capital is defined as the "economic value of stable, long-run business networks" (Caragliu & Nijkamp, 2011: 5) and it is related to the establishment of safe, long-term and healthy relationships with actors within a network in order to maximise the results of the cooperation with each other. Finally, the cognitive one is related to "shared norms, values, trust, attitudes, and beliefs" (Grootaert & van Bastelaer, 2001: 5). Therefore, it represent a more subjective and intangible concept (Uphoff, 2000). All these three elements have in common the fact that they let arise strong relationships

among people who are – therefore – linked one to another by specific personal connections.

The cognitive capital refers to "shared representations, interpretations and systems of meaning among parties" (Nahapiet & Ghoshal, 1998: 244). They are able to let people make sense of information within a network and classify it into perceptual categories, as asserted by Augoustinus and Walker (1995). Thus, it is evident that a similar and common set of values and language are able to facilitate people in information sharing, learning, knowledge creation, enhancing innovation and sharing processes of thinking (Grant, 1996; Nonaka, 1994) with other people into the network created between people working in the headquarters and in subsidiaries. Lee and Jones (2006) affirmed that the cognitive social capital refers to the ability of the actors to create and build the set of mutual frameworks based on norms, codes and narratives and the language. The cognitive capital is based on trust, strength of norms, reciprocity and process of sharing (Grootaert & van Bastelaer, 2001). In this way it is able to enhance the development of shared values and interests (Fernandez, 2002; Tymon & Stumpf, 2002).

What is essential to highlight is that, in addition to trust and common set of values shared together with communication, the strength of ties is also important. Indeed, the cognitive capital fosters the creation of networks inside organisations thanks to the strong and weak ties. In fact, Larson (1992) has demonstrated that ties, and especially the strong ones, promote and enhance trust, reciprocity and long-term relationships between parties. Thus, strong ties are fundamental even if they are difficult to create and maintain, because the quality of information shared is higher than in the case of weak ties, but – at the same time – this information is not easy to codify (De Carolis & Saparito, 2006). On the same trend, as proposed by Grootaert & van Bastelaer (2001), a central element in the cognitive social capital is the interpersonal trust that more likely arises from log-term relationships. Furthermore, – besides the link of the cognitive dimension of social capital with trust – the cognitive social capital is also strictly tied with the communication because, as verified by Lee and Jones (2006: 16), it can help actors "forge bonds when communicating face-to-face". The cognitive dimension has been several times associated by previous research papers with economic synergies

created within relationships. In fact, has been argued that such externalities in the form of synergies among actors arise with cooperation becomes intense, feasible but also inexpensive. The last characteristic occurs when trust, sense of belonging and the existence of long-term relationships define a specific network (Inkpen & Tsang, 2005).

Nahapiet and Ghoshal (1998) claimed also that the mutual understanding between people in corporations is achieved through a shared language and narratives. When the latter both exist, is easier for employees and management to discuss about problems, transfer ideas, information and knowledge. In doing so, the ability to communicate becomes more effective (Boisot, 1995) and the level of understanding among people increase as well because they share the same set of values and language which can help them to interpret some events in a common way (Morgan, 1986). Finally, the cognitive dimension of social capital framework is able to increase the ability of employees to anticipate and predict behaviour and actions of other people inside the corporation. This could be useful also in order to successfully coordinate activities and to adapt to different corporative changes that might occur in MNCs (Klimoski & Mohammed 1994; Krackhardt, 1992). That is the reason why, many researchers claimed that cognitive capital is able to shape the behaviour of people within organisations. This is reflected in the everyday life in job environment, because it has effects on social life, human interactions and communication with other people (Augoustinos & Walker, 1995).

2.6   Summary

Essentially what emerged through the literature review is the fact that there are several factors that can influence the positive attention the subsidiaries receive from the headquarters. There are some factors that recur often in the analysis of the positive attention, like for instance the geographical position or the size of the subsidiary. However, the social capital framework has not been analysed in each single part (structural, relational and cognitive). Indeed, most of the previous research based on social capital was focused on trust as a main measure that could affect the positive attention. Thus, trust represents the starting point for building a strong and long-term

relationship. Although trust is fundamental, the communication, the interpersonal relationships and the common values shared are important as well in order to create an interaction among subsidiaries and headquarters.

Another relevant problem related to the past literature is derived from the fact that the studies in which the communication together with the interpersonal relationships was taken into account were performed mainly on humanistic sphere. They have been for several years undervalued because they were not considered to be linked with the economical and numerical "world". This triggered also the preference in using the quantitative methods in order to gather and analyse data. This is a strong limitation that is reflected in the poor number of economic research based on the qualitative method for gathering data. In addition, the importance of the cognitive capital has been undervalued and relegated just on little research. Indeed, in most of the studies performed, the cognitive capital has been often linked with the knowledge sharing and the process of protecting and sharing. The previous studies are centred on understanding the knowledge and information sharing process among subsidiaries and other subsidiaries; therefore, headquarters are not involved in the research.

Additionally, several research have based their focus taking into account only the headquarters' perspective because, as a central group, it is considered to be the most important part of the MNC. The top-down approach occurs in most of the previous papers, in order to give the reader a full and complete perspective of the ownership and its power. In this sense, subsidiaries have been relegated to play a useless role in the MNC scenario. This is also due to the fact that globalisation is a quite new phenomenon. Therefore, in order to have a more clear and updated picture of what a MNC actually is, it is fundamental to centre the attention also on subsidiaries perspective, using a more appropriate lens: a bottom-up approach. On the other hand, the researcher must also recognize that the bottom-up approach has been utilised mainly in quite new papers, but –rather than relying on the positive headquarters' attention – previous studies focused on knowledge sharing, in order to capture the motivations behind the willingness to share or not particular information, knowledge or capabilities.

For these reasons, adopting a critical point of view, it is possible to understand that the literature has still not good answers related to the process of increasing positive

headquarters' attention leveraging on social capital framework. Thus, in this paper the aim is trying to clarify all these issues, in order to give a strong and useful contribute to the literature.

In order to provide answers to the two research questions presented in the first part of the current research, first of all, the social capital framework has been used as a mean to understand if and how it is able to increase headquarters' positive attention. The social capital is composed by three elements: the structural, the relational and the cognitive capital (Nahapiet & Ghoshal, 1998). The first one is able to facilitate the decision making process as well as the information sharing between actors; the second one is described as the "economic value of stable, long-run business networks" (Caragliu & Nijkamp, 2011: 5). It is related to the creation of a long-term and healthy relationship with parties included in the network, in order to maximise the results of the cooperation with each other. Finally, the cognitive capital is related to "shared norms, values, trust, attitudes, and beliefs" (Grootaert & van Bastelaer, 2001: 3). Therefore, it represents a more subjective and intangible concept (Uphoff, 2000). All these three elements have in common the fact that they let arise strong relationships among people who are – therefore – linked one to another by specific personal connections.

Secondly, other potential elements that may influence headquarters' positive attention have been considered. They were not forecasted or foreseeable taking into account a specific framework in literature, but these potential factors might emerge during the data collection process. Indeed, if – during data gathering – critical elements would be considered to be essential for increasing headquarters' positive attention, they worth to be mentioned in the research because they might give an important contribution to the study.

In order to summarize the social capital framework and other possible factors with the positive attention, a scheme showing the relation between them is provided.
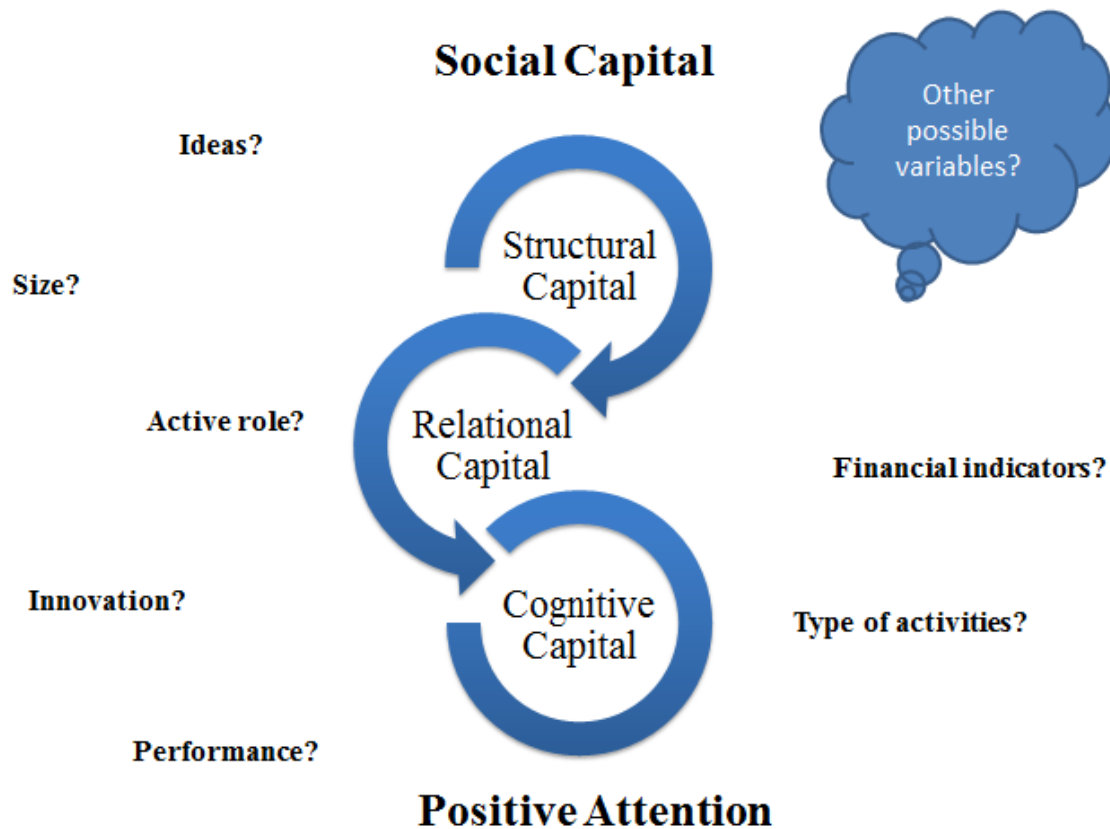
Figure 4- Social capital, possible influential elements and positive attention

The central chain in Figure 4 clearly shows the relationship between the three elements of the social capital and the positive attention the subsidiaries try to attract from the headquarters. The chain that links the structural, the relational and the cognitive capital with the positive attention refers to the first research question; whereas the other elements provided represents the second one. Indeed, several other factors that are able to influence the positive attention have been considered and analysed. At this point of the research these possible influential factors are not supported by evidences, they are just assumption of the researcher. For this reason they are followed by a question mark. The aforementioned elements could be the active role of the subsidiaries towards the headquarters; the size and geographical position of them; the activities performed; their financial situation and the concrete result they are able to provide to the central group.

3. Method

This chapter aims at analysing the method applied in this research. The research approach, the data collection techniques are described in details, followed by the sample and the data analysis. Moreover, the validity and reliability are presented and explained as well.

3.1   Research design

The research is focused on the headquarter-subsidiary relationship from a social capital perspective in order to explore its effects on positive headquarters' attention. More in detail, the analysis is based on discovering the effect of the social capital on positive attention. Subsidiaries have the possibility to increase their visibility from the headquarters, to increase their reputation and to be considered as centres of excellence, leveraging on their voice. Therefore, analysing – firstly – the trust between the parties; secondly, the frequency and the quality of communication; finally, the common values shared within the organisation, it will be possible to capture if and how these aforementioned elements are able to affect the positive headquarters' attention. Moreover, other possible elements, external to the social capital framework, might emerge from the interview as crucial factor that may have a positive effect on the attention.

Based on what stands above, the research approach used is twofold according to the research questions proposed: on the one hand, it is deductive because the focus is on discovering whether and how social capital affects headquarters' attention; on the other hand it is inductive because a part of the research aims at understanding which other additional factors are able to influence headquarters' attention.

In detail, the research method used is a qualitative one, in particular an interview study, in order to understand managers' past working experiences. Through interviews is possible to gather information about people past experiences and analyse their stories in order to understand the stories themselves, their consequences and the feelings the interviewees had (Dabbs, 1982). In this way it will be possible to understand the

different dynamics that are carried on in each of the subsidiaries analysed. Furthermore, it will be possible to capture the process of how managers faced a particular situation or problem and comparing their actions. This technique will allow the writer and the reader as well to understand which manager was more effective and why; whether a specific action was successful or a failure; what were the consequences of a predetermined operation and how to increase the attention from the headquarters.

According to Yin (1989), interviews are considered to be a very good means in qualitative research because the researcher have direct feedbacks from the interviewees; moreover, he can leverage on verbal and non-verbal prompts in order to encourage a more complete and detailed explanation of the questions and of the answers as well. Furthermore, the researcher can observe the respondents and this observation could help in order to capture both the affective and the cognitive aspect of the interviewees (Yin, 1989). The personal interaction with the participants plays also a very important role because the interviewer might also convince the interviewee to deepen a particular aspect of his/her speech. In this way, it is also possible to have a clearer scenario, thanks to the sensitive information gained. Finally, performing interviews is beneficial because it is possible to explain and clarify questions (Yin, 1989). This is a very crucial aspect because letting interviewees understanding questions helps the researcher to gain real trustful data to base the study on.

On the other hand, performing interviews is time-consuming because it requires scheduling the interview, conducting it and finally input notes. Moreover, it is not easy for the interviewer to carry it out because he/she must have specific knowledge, for this reason he/she should be "trained" (Yin, 1989: 67) in order to be capable to perform it at best. Interview errors and bias may occur: misunderstandings in between people, inadequate note taking and even difficulties in rephrasing a question may lead to errors, which negatively affect the data collection. Finally, interviews might produce a lot of data in a short range of time; therefore, it is critical to cluster raw data in order to analyse them. On this trend it is also important to mention that results are more subjective, that is the reason why the interpretation of data may differ a bit from one person to another one.

3.2   Sample and data collection

3.2.1 Data collection techniques

During the study, qualitative data was collected. That is why the aim was to obtain detailed information regarding the attention gained from the headquarters and cognitive capital: in particular a set of specific information was reached concerning trust; communication frequency and quality. Through the qualitative method was possible to capture managers' past experiences and, what was especially useful, was the possibility to understand what they did in a particular circumstance and why they performed that specific activity in order to persuade the headquarters or to attract its attention. What clearly emerged through the interviews was the importance of interpersonal relationships, and – in doing so – maintaining a constant and good quality communication with someone in the headquarters was fundamental. Indeed, interpersonal relationships are crucial in the process of increasing trust and attention from the headquarters, because before being managers, those people are humans, and – therefore – it is natural to build health relationships with other people.

In particular, primary qualitative data was collected. Hence, semi-structured interviews with managers of Italian subsidiaries were performed. These kinds of interviews are less constrained and allow the interviewer to ask more questions – if interested – and also to change the order of the questions (Yin, 1989). That is a very big advantage because the researcher can focus on what she is more interested in. Moreover, if the interviewee is reluctant to say something for particular reasons, the interviewer may also ask other questions in order to reach more detailed information and to collect interested data (Saunders et al., 2007). Semi-structured interviews allow the researcher to go deeper in the analysis thanks to the more detailed answers and broader explanation that are typical of open questions. They also give the possibility to the interviewer to enter different fields of knowledge which have been not considered before, but that are still important in order to analyse the problem of the research. Finally, the participants have also the chance to explain their points of view about the topic and possibly to think about personal ideas they have never thought about: what is called "thinking aloud" (Saunders et al., 2007: 324).

3.2.2 Sample

The data was collected interviewing 10 Italian subsidiary managers who are working for 10 different MNCs. Moreover, in order to have a wider analysis, the industries in which these 10 MNCs work are different one to another. The dynamics into different kind of industries and markets vary and firms have dissimilar approaches in increasing headquarters' positive attention, because they work in diverse markets with distinct possibilities related to the Italian market.

The possibility to participate to these interviews and – therefore – to contribute to this research was based on the self-selection method (Saunders et al., 2007): in this way the sample was selected. The researcher personally contacted the managers of these 10 MNCs by e-mails in which she explained the aim of the research and why the problem of the study was important. The sample is small but still representative; indeed, the process of selecting managers was based on "quality": only managers that were willing to take part and to give details upon the topic were interviewed. As stands in literature, people were selected according to their willingness to "open up" (Malhotra & Brik's, 2007: 63) to the current research topic.

Basing on the data saturation principle, after having reached 10 interviews, not more interviews were conducted because, at this point, additional data were insignificant and no more relevant for the sake of the research (Saunders et al., 2007).

In Table 1 are summarised all the information regarding the 10 different subsidiaries taken into account in the current research; while in Table 2 are listed few background details about the subsidiary managers interviewed.

Table 1- Subsidiary-headquarter information

Interviewee	Headquarters' location	Subsidiary location	Sector	Function	Subsidiary relative size
1	Ireland	Italy	Consulting	Consulting	Foundation: 2002 Rev.: 0,217 billion N.employees:2000
2	Germany	Italy	Automotive	Manufacturing Sales R&D	Foundation: 1908 Rev.: 0,283 billion N.employees:1000
3	Japan	Italy	Technology	Sales	Foundation: 1957 Rev.: 0,789 billion N. employees: 740
4	US	Italy	Semiconductor	Sales	Foundation: 1990 Rev.: 7 million N. employees: 20
5	Netherlands	Italy	Biologic Agriculture	Sales	Foundation: 1980 Rev.: 4,5 million N. employees: 190
6	Norway	Italy	Raw material	Manufacturing	Foundation: 1941 Rev.: 0,58 million N. employees: 500
7	Germany	Italy	Technology	Sales	Foundation: 1899 Rev.: 0,17 billion N. employees: 340
8	UK	Italy	Telecommunication	Sales	Foundation: 2002 Rev.: 100 million N. employees: 900
9	Japan	Italy	Technology	Sales	Foundation: 1990 Rev.: 0,38 billion N. employees: 880
10	Germany	Italy	Automotive	R&D	Foundation:1996 Rev.: 28 million N. employees: 120

Table 2- Interviewees' background details

Interviewee	Age	Tenure	Employee since..
1		Senior manager	2001
2	40	Purchasing and logistic director	2008
3	39	Market business manager	2008
4	54	Vice-president and Managing director EMEA	1995
5	60	General manager	1990
6	61	Supply chain director	1992
7	31	General manager	2006
8	45	IT Delivery manager	2001
9	55	General manager	2000
10	42	Senior manager	2005

3.3   Semi-structured interviews

The method used is a qualitative one: ten semi-structured interviews are collected. The interviewees are managers who work for Italian subsidiaries of different MNCs. The interviews are performed on Skype, due to the geographical distance, but – at the same time – trying to recreate a face-to-face interview, in order to capture not only the spoken language, but also the non-communicative language, that could be important as well. Moreover, interviews are performed in Italian, in order to avoid the language barrier; to make the data collection easier and more comprehensible; finally, to avoid observer bias, thus to eliminate possible interpretation errors. In this way data should be reliable. The length of the interviews was from 60 to 90 minutes according to the depth of the topic touched and also depending on the level of details given by the interviewees. The interviews were audio-recorded, transcribed in Italian and – afterwards – translated in English the same day of the interview, in order to remember the explicit and intrinsic sense of each sentence, or the exact context of a specific phrase. Each interview with

relative responses was saved into separated files and saved as "Interview 1" and so on. This was done in order to maintain the anonymity of the firm and of the interviewees themselves. Thus, information given was maintained confidential.

The interviews are divided into three main sections: the first one is related to the background of the firm and to the current activities performed by each subsidiary in order to understand which kind of market the firm serves, its relative size, potential growth and also the role that each Italian subsidiary plays in comparison with foreign ones. The second phase of interviews is related to understand trust, set of shared values and frequency of communication; while the third one is related to discover their effects on positive attention. Here the focus is on how to gain attention and try to understand where it comes from. The questions are open because it is fundamental for this research to discover some findings through the past experiences of managers. That is the reason why they are presented specific potential scenarios and they have to answer trying to explain what they would do in that specific situation. These scenarios remind them the last time when they faced a specific situation, involving them to tell their experiences. Through the latter it is possible to understand useful and precious facts and details. Questions were defined at the beginning; controlled and approved by the supervisor, but – since the interview is a semi-structured one – it is possible to ask some other questions according to the trend of the speech.

In Table 3 – provided below – it is possible to have an idea about the division of the interview into 3 sections. This division takes into account the different topics covered by the study.

Table 3- Main topics of the semi-structured interviews

Topic	Information obtained
Introduction	• Background of the firm • Activities performed by the Italian subsidiary • Role of the Italian subsidiary in relation to the other ones and to the firm as a whole • Autonomy vs control
Trust, communication and value scenario	• Factors that influence trust • Importance of quality and frequency of communication • Importance of interpersonal-relationships • Importance of common values shared • How much trust the Italian subsidiary receives
Positive attention Scenario	• How to increase positive attention • Factors that influence positive attention • How much positive attention has the Italian subsidiary and what about the other ones • Correlation between trust and positive attention

3.4   Data analysis

Qualitative data are often linked with ambiguous and not always clear concepts. Indeed, it is difficult to quantify information that derives from this kind of data. For the same reason for a long time only quantitative data have been utilised for research aims. Qualitative data are non-standardised and, therefore, more complex to assess and to analyse. Indeed, the researcher has to be in contact with people, in order to capture information from them, but sometimes people are reluctant to give certain kind of information, or omit others. That is the reason why collecting qualitative data is not always easy. The first step the researcher has to do is the identification of the categories to which original data belong. Each category must be labelled with a specific and suitable name (Saunders et al., 2007). Of course, this separation of the topic into various categories is guided by the purpose and the research questions fixed at the beginning of the study. Indeed, a researcher with different research questions and objectives will categorise the data into dissimilar clusters (Dey, 1993). Moreover, Dey specifies that "categories must have two aspects, an internal aspect – they must be meaningful in relation to the data – and an external aspect – they must be meaningful in relation to the other categories" (Dey, 1993: 96-97). In more detail, the names of the categories created have derived both by the terms used in the existing literature and by the ones that emerged during the process of data gathering, as confirmed by Strauss and Corbin (1998). In this way, it is possible to create a coherent and well-structured analysis framework in order to proceed with the data analysis. In essence, after having collected information, the researcher has to classify data following the aforementioned guidelines in order to simplify the analysis process.

The aforementioned theoretical process has been performed into this research taking into consideration the objectives, the research questions and the topics listed in the Table 2. Therefore, the most significant and representative answers which emerged during the interviews were quoted in order to show the results of the analysis conducted and to let the reader understanding the meaning of the statement and the emphasis of the answers as well.

The already existing theories or frameworks have been crucial in order to perform both the interview and the process of analysing data. Moreover, the research questions have

been useful and fundamental in order to accomplish the data analysis and to guide all the research. According to Sounders et al. (2007) there are two qualitative data analysis: the deductive and the inductive analysis. The first one is related to "pattern matching and explanation building" (Sounders et al., 2007: 500-514); the second one, one the other hand, is linked to the process of "data display, template analysis, analytic induction, grounded theory, discourse and narrative analysis" (Sounders et al., 2007: 500-514).

After the process of gathering data, the researcher has a large amount of raw data that must be analysed and coded. Therefore, starting from the raw data, it is fundamental to cluster all the data according to a specific topic. In this perspective as asserted by Auerbach & Silverstein (2003), the main idea is that in the data it may emerge groups of *repeating ideas*. In essence, these ideas have something in common and refer to a specific theme. "A theme is an implicit topic that organises a group of repeating ideas" (Auerbach & Silverstein, 2003: 38). Thus, following these procedure every theme must be grouped into larger, more abstract ideas. In this way it is possible to cluster all the information in large groups, for instance all the data related to the trust are classified all together in a specific group. The same path must be applied for the communication frequency, the set of shared values and other possible factors that may influence the positive headquarters' attention. For this reason, the researcher aims at creating 4 main clusters related to structural capital, relational capital, cognitive capital and other factors that might influence the positive attention subsidiaries are able to gain from headquarters.

Thus, according to what stands above, firstly, the analytical path expects a deep analysis of the theoretical frameworks and theories listed in the chapter 2, and – according to them – the researcher tried to discover some patterns between the interviews and the theoretical background. Accordingly, an analytical model that explains the research questions together with the objectives is forecasted. The forecasted model is expected to be true, but – of course – it may also provide not a clear and specific match of the data collected and the theoretical frameworks. Hence, if the predicted model is wrong or does not answer to the research questions provided in the chapter 1, then an alternative solution to the problem must be provided (Yin, 2003). Thus, it is important to identify

alternative factors that are able to explain how to increase the attention that the subsidiaries gain from headquarters.

3.5 Validity and reliability

The terms reliability and validity occur often in the quantitative research. The validity is defined as "the extent to which a measurement represents characteristics that exist in the phenomenon under investigation (Malhotra & Birks, 2007: 159). On the other hand, reliability is conceptualised as "the extent to which a scale presents results when being reutilised for the same purpose" (Malhotra & Birks, 2007: 313).

However, these concepts are considered to be differently viewed in a qualitative perspective. Nahid Golafshani (2003) asserted that the aforementioned definitions fit with just the quantitative cases. The replicability of the results, the possibility to measure them and to represent data in a scale do not concern with qualitative research (Glesne & Peshkin, 1992). Precision (Winter, 2000), credibility and transferability (Hoepfl, 1997) are more suitable in order to provide a lens for qualitative research. While quantitative research uses a more statistical and mathematical approach, the qualitative one relies more on a "naturalistic approach" (Golafshani, 2003: 601) which is able to capture context-specific phenomena. Indeed, qualitative research means "any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification" (Strauss & Corbin, 1990: 17) and instead, "phenomenon of interest unfold naturally" (Patton, 2002: 39).

Instead of using the terms reliability and validity which are mainly discussed in the quantitative research, Lincoln and Guba (1985: 300) explained the qualitative ones referring to credibility, confirmability, consistency (called reliability in quantitative research). In order to ensure consistency, the process of examination of trustworthiness plays a fundamental role. Seale (1999) asserted that "trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability" (Seale, 1999: 266). Although many researchers argued that the term validity is not applicable to the qualitative research, they realised that they must satisfy the need of checking a qualitative research. Thus, as a result, they have developed their own

concept of validity, generating and adopting more appropriate terms such as quality, rigor and trustworthiness (Davies & Dodd, 2002; Lincoln & Guba, 1985; Mishler, 2000; Seale, 1999; Stenbacka, 2001). This was related to a process based on "substituting new term for words such as validity and reliability to reflect interpretivist [qualitative] conceptions" (Seale, 1999: 465).

In the light of what stands above, in this research the classic terms *validity* and *reliability* have been substituted by *consistency* and *trustworthiness*. The consistency of the study is reached through two processes: the first one is related to the creation of the questions, while the second one refers to the translation of both the questions and the responses. Indeed, questions were written with the help of the supervisor who suggested the best way to ask questions and gave specific and useful tips on how to involve reluctant participants. On the other hand, the process of translation was very accurate. Every word was carefully translated in order to maintain the same emphasis that both the interviewers and the interviewees expressed into Italian. Thus, the translation was performed to be assumed more accurate as possible with the aim of preserving the real understanding of the questions of the interviewees too.

The trustworthiness is reached through a specific approach: the choice of the language used in the interviews. Indeed, interviews were performed in the mother tongue of both the interviewers and of the participants as well. This choice was fundamental because in this way the language barrier could be avoided and the interviewer could express in a clearer way her point of view and ask the questions as well without problems of misunderstanding. The choice of the Italian language was also made in order to make the data collection easier and more comprehensible. Moreover, in order to reduce participant error, the sample was chosen through the self-selection methods, as stand above. Thus, only real motivated managers took part to these projects and – therefore – were willing to give more details and to discuss about specific topics of interest. Furthermore, in order to make the interviews less boring and more attractive, they were divided into three parts, according to a specific topic. Additionally, there were really open questions, for instance, imaginary cases related to a specific situation to try to solve; followed by closed questions related to the intensity of trust, communication and attention. That variation of the kind of questions was created and selected in order to

avoid participant errors due to the length of the interviews and to maintain the participants focused on the topic. Another aspect to avoid was the participant bias: in order to overcome it, the anonymity was guaranteed to each manager and each firm as well. The nature of the questions was completely confidential in order to build a trustful relationship between the interviewer and the interviewees. Finally, with the goal of reducing the observer error, questions were planned and structured before the interviews in order to maintain a defined mental structure which was able to guide the interviewer during the process of gathering data. This was helpful for the researcher in order to not get lost among the different questions within the interview.

4. Findings

This chapter contains the analysis of the empirical findings of the study. The data analysis presented in the following paragraphs is coherent with what stands in the research methods presented in the Chapter 3. In this way it is possible to answer the two research questions which the current research is based on. Information about the role of the social capital in the positive attention and the elements which may influence the positive attention are presented and discussed, providing evidences from the semi-structured interviews conducted.

4.1   Structural capital and positive attention

Structural capital is the first element of the social capital framework that should be analysed in order to understand how it is able to increase headquarters' positive attention. As emerged in the interviews, social relations in organisations are based on communication, which represents the most important factor embedded in the structural capital. For this reason in chapter it makes sense – and it is coherent – to focus the analysis on communication. The latter may be a variable that might increase the level of headquarters' positive attention towards subsidiaries. Maintaining a constant communication allows people to build trust and interpersonal links, which are important to shift the relationships from a working perspective, to a human point of view.

4.1.1 Frequency of communication and positive attention

As revealed by interviews, communication is linked with trust, indeed they are positively correlated: the more the communication become intense, the more it is possible to create trustworthy relationships, which are at the basis of a good relationship between headquarters and subsidiaries. Moreover, communication represents a good opportunity for subsidiaries to become more visible from the headquarters' point of view because from creating a constant communication and maintaining it, subsidiaries may become more trustworthy and attract the positive attention from the central group.

"Without trust it is impossible to increase the positive attention the headquarters give to the subsidiaries. But trust is not enough. Interpersonal relationships and a frequent communication play a very important role in order to attract headquarters' positive attention. Moreover, the quality of the communication is fundamental as well."

(Interviewee 10)

From the statement above, what clearly emerges is the fact that the communication is tight to trust. Although trust is fundamental in order to establish a stable and healthy relationship, it is not enough. This because there are some other influential factors that may play an important role inside the company. One of these elements is the interpersonal relationship between headquarters and subsidiary employees. In order to build those relationships is fundamental to rely on a frequent and qualitative communication. All these elements together will – for sure – increase the positive attention of the central group because information and knowledge are shared, people may reach together solutions to specific problems and – finally – they can build trustworthy relationship.

"Maintaining a frequent communication is fundamental in order to increase the trust. Having frequent contacts, on a daily base, allows you to be trusted, and, in this way, it is more probable to increase headquarters' positive attention. For this reason it will be possible that future subsidiary proposals will be accepted. This happens because there is trust in your person and in the local site."

(Interviewee 9)

Trust is linked to communication because having interactions with other people is possible to create good and personal relationships based on trust. This is evident from

the statement above. Indeed, a frequent communication, especially the one on a daily basis, is able to increase the voice of the subsidiary because it becomes more visible and it distinguishes itself from other foreign sites. Furthermore, what an effective communication is able to create is the possibility to become recognised by the headquarters, thus in future it will more willing to take into consideration the subsidiary's proposals. That is of crucial importance because it incentives subsidiary to outstand from the other and in a certain way to compete one another in order to be better recognised by the central group, gaining more positive attention from it.

Meeting people that work for headquarters, is fundamental for managers who are employed in the subsidiaries: in this way they have the possibility to create a deeper connection and it is more effective than having contacts with them just by emails or calls. Having strong ties with colleagues of the headquarters is crucial also in the process of gaining positive attention from it.

> *"Sometimes it happens that, due to the different roles people have inside the company, they have to maintain communication more with some specific people than with others. Thus, if you need to have contacts with a particular person, it is important that you have good relationships with him/her. In general, personal relationships are at the basis. For this reason the headquarters organises some meetings in which the principal goal is to create a network and strengthen it. These kinds of initiatives are claimed to be useful for the solution of the local problem. For instance, in my company there is currently a problem in Hungary. If I would not know someone in that local subsidiary, it could be difficult to solve it, because there are several local factors that I do not know. Thus, if I know a manager there, he/she might help me because of his/her local know-how…The most important consequence of maintaining relationships through a frequent communication is the possibility to increase the headquarters' positive attention given the fact that subsidiaries become closer to the central group."*

> *(Interviewee 6)*

Communication is not only useful to maintain contacts, because these contacts are useless without a concrete application in the corporation reality. This means that communicating with people in the headquarters can allow the subsidiary to flow information and to be active in the innovative, decisional or even strategical process of the central group as a whole. That is the intrinsic meaning of "become closer to the central group". Indeed, the more the people in subsidiaries communicate with headquarters' managers, the stronger the relationship among them and the stronger the consideration of that subsidiary. Thus, it will be possible for the local foreign site to gain a prestigious position for the central group – and therefore to upgrade the positive attention – shifting its role from a simple executor, to an influential subject.

"The communication process is performed on a daily basis, but this is not a communication within top levels. All the people in the Italian subsidiary have frequent contacts with the headquarters' employees. Personally, I often contact the president and the vice-president of the central group in order to give and receive suggestions, share ideas and information and to help each other. In this way, in the monthly meeting these ideas are not more just ideas, but concrete and real projects. It is obvious that the communicative process helps to increase the headquarters' positive attention because it allows people to establish and build trustworthy relationships and to collaborate in order to reach common goals. "

(Interviewee 7)

What is important to highlight is the possibility to know different people at different levels in the organisation. This may offer managers a good possibility to become an important connection from the subsidiary to the headquarters, and a stable reference point for the central group. In this perspective, there are several advantages that may emerge from this wide network: first of all, the possibility to have open channels to headquarters' managers; secondly, the opportunity to collaborate with the central group in order to achieve common targets. Thirdly, maintaining contacts is a good and suitable

chance to be trusted by the central group and to focus its positive attention on subsidiary capabilities, innovations and good contributions. This process is for sure useful in order to gain much more attention from the headquarters leveraging both on subsidiary strengths and communication.

4.1.2 Quality of communication and positive attention

Sometimes, in order to increase the level of positive attention, what is more important than the frequency is the quality of communication. Indeed, if maintaining several and frequent contacts might help to create a positive environment, on the other hand, the number of contacts may not be so relevant when the quality embedded is low. Thus, it is possible that frequent calls or emails do not solve problems that may arise within the organisation.

"I do not think that frequency is so important in communication. What in my opinion is real fundamental is the quality of the relationships and of the communication. Indeed, keeping in touch or meeting several times in a stressful environment may be dangerous. Different is the case in which headquarters and subsidiary managers meet each other in a more relaxed and positive atmosphere. This is what really helps to build relationships and to attract positive attention from the central group; otherwise if people meet each other just for discuss a particular issue, in pressure, seated around a table, it does not have good consequences for the MNC as a whole."

(Interviewee 5)

The "structuralist" conception of the social capital is – therefore – focused on discovering all the advantages related to the network of contacts that people create throughout their working life with other employees that are working in the same site, and also with those working in the headquarters (Moran, 2005). Among all these

advantages, it is useful to recall the ones which come from a frequent and a high quality communication. In this perspective, what clearly emerges is that the quality is more important than the frequency for becoming more visible from the headquarters point of view. Moreover, the atmosphere created during the meeting or even during calls should be also taken into account as a crucial factor that may influence the quality of communication. In this circumstance it is evident that the personal relationships among people both in subsidiary and headquarters are affected by this quality of communication. Additionally, the importance of the atmosphere in the communication is evident from the statements provided below:

"Maintaining high quality contacts with the headquarters is very important. Headquarters generally decides something that the subsidiary proposes. Thus, creating a peaceful and friendly atmosphere is the right way to proceed. Indeed, showing to the headquarters a positive behaviour towards certain proposals allows the subsidiary to be considered as a good interactor, increasing at the same time the quality of the relationship and the trust as well. Thus, these elements together will increase the level of positive headquarters' attention."

(Interviewee 3)

The positive atmosphere is considered to be one of the most important influential factors in order to attract headquarters' positive attention. Indeed, it is able to show the positive approach of subsidiary employees towards headquarters proposals. This is a direct consequence of the ability of being proactive; indeed, a good approach in decision making, in problem solving and in innovation proposals allow the subsidiary to become visible and to increase the power of its voice towards headquarters.

Another important factor that is linked with the quality and that might be able to increase the level of positive headquarters' attention is the ability to rely on the right communication. Indeed, in the interviews performed emerged that besides frequency and quality of communication, the direction of the communication is fundamental.

Hence, the communication must be bidirectional, thus the flow of information and knowledge must be reciprocal: from the headquarters to the subsidiary and vice-versa.

> *"In order to become more effective and to reach higher level of attention, communication must be a bidirectional communication. In the firm which I work for there is a forum accessible from each location with the aim of communicating different initiatives and decisions taken. This is important both for the local market and for the central group as well."*

> *(Interviewee 8)*

This aspect of the communication should not be undervalued. Sometimes problems occur because information flows just from one side to the other, but not vice-versa. Thus, in this situation the problem arises and it is related to the lack of information, knowledge and communication itself. Thus, in order to be competitive with other local foreign sites and to be recognised as one of the most influential subsidiary, the bidirectional communication must be ensured within the corporation. This process may be ensured relying on the forum. In doing so, it is possible to enhance the level of headquarters' positive attention, as stands in the previous statement.

> *"In order to gain positive attention from the central group, the communication with the central group should occur at different levels (organisational policy management, HR policies, and so forth). Therefore, there are some forums in which people can communicate from the headquarters to the subsidiary, directly. Through this forum it is possible to send and receive directives, news, updates and information. In the firm which I work for there is a real open channel, because the results we produce are fundamental for the headquarters. Therefore, the operative communication is performed on a daily basis and the headquarters is directly involved in our activities, thus the level of its positive*

attention is – without doubts – higher because it might participate to our activities, decisions and information flows."

(Interviewee 10)

Relying on forums in order to promote a bidirectional communication seems to be one of the best practices used by MNCs in order to assure a success in communication and information sharing. Moreover, it is clearly obvious that people who use this tool in order to communicate with headquarters' employees are able to become visible and to build relationships with others, even if these relationships are just virtual. In essence, the usage of the forum enables subsidiary employees to show an effective and real interest in foreign sites' people in communicating in order to solve problems, demonstrating – at the same time – that they are proactive and solution oriented. All these elements have a positive correlation with positive attention, as confirmed in the previous passage.

4.1.2.1   The forum as a tool to increase communication quality

As introduced before, talking about the bidirectional communication, the forum represents a good solution through which people from different local subsidiaries and headquarters are able to maintain contacts. The forum represents a virtual common place where users from different foreign sites can have access and contact others employees all around the world in other foreign sites, when problems occur or when they need help. This forum is not only useful in order to share information and knowledge and to solve problems, but – indirectly – it is a tool capable to let people creating and establishing relationships one to another, even though these relationships are, in a certain sense, virtual. Indeed, people cannot see each other, but they know with whom they are having contacts. Thus, in people mind, it is quite normal and natural to build a relationship, even if these two persons will not have the possibility to see each other physically. That is the human aspects that emerge, because before being employees, people are humans, and – for natural behaviour – they are pushed to

establish relations one another through communication. Moreover, the forum is able to involve the headquarters in the subsidiary activities, information flows and decision making process. Thus, the level of positive attention must be high because the central group actively participates to the subsidiary processes. Establishing interpersonal relationships and maintaining a good communication with the headquarters is important in order to increase the level of headquarters' positive attention; however, it seems to be physically impossible to build relationships with all the people inside the organisation. That is one of the reasons why the forum is considered to be a very effective tool. Indeed, it allows people to establish contacts one another inside the firm, also with lower-level employees. This has for sure positive effects on trust, because communication represents the basis of trustworthy relations, and, subsequently it is able to increase the headquarters' positive attention.

"Creating a network may help you, not only because from people you know and who trust you, you can obtain more positive attention, but also because keeping in touch and meeting people creates a shift to the relationship: from the professional to the personal. In this way the relationship becomes more humane."

(Interviewee 8)

The creation of a network among people that are linked one another by their professional lives is an element to take into consideration when aiming at organisational success. Indeed, if subsidiary managers keep regularly in touch with headquarters' one they can build more than a professional relationship with them. This means that people may create personal relationships, even based on friendship if they need to. In this way their linkages become more humane and built on trust. In that way, as a subsidiary manager suggests new proposals or asks for economic and financial support for the subsidiary he works for, it will be easier for him to gain positive responses, given the fact that people share something strong which is based on trust and mutual respect. Of course these values have a strong basement on the results achieved by the subsidiary

manager, and they are not only built on the personal linkage these people have one another.

4.1.3 Network and positive attention

The creation of a network is considered to be of crucial importance because – in doing so – it is possible to create dense relationships among people, which may help the subsidiary to increase the trust and – therefore – the level of positive headquarters' attention, and – at the same time – to create an important shift in the relationship itself passing from a professional to a personal level. This shift is capable to increase the level of trust among subsidiary and headquarters' managers because a personal relationship involves more personal aspects and it is not only based on job-related issues. In this way, trust increases as relationships between people intensify and become deeper (personal relationships), and this will cause an increase in the level of the positive headquarters' attention because the central group is full aware of how subsidiary employees are capable of, based on their personal values and professional attitudes.

> *"Interpersonal relationships and communication in the field where my MNC works are fundamental. Subsidiary managers try to confront themselves with the headquarters' ones in order to create a network. In this way people are able to find common solutions together and to reinforce relationships. And – of course – if relationships strengthen and trust increases, the direct result is that the positive headquarters' attention increases as well."*

> *(Interviewee 1)*

Accordingly, it is clear that the individual relationships among people of headquarters and foreign sites represent a primary source for the firm, because communication influences individual behaviour in relation to others, promote information sharing and enhance knowledge and innovative creations. All these aforementioned factors give a

strong contribution within the network. For this sake, the structural level of the social capital assesses the network density, so the frequency of the communication and the quality of the ties among people (Nahapiet & Ghoshal, 1998).

This communicative network is not referred to the firm as a whole, but as suggested by Wasko and Faraj (2005), all the individuals within the company may give a strong contribution, showing their willingness to take part to information sharing, innovations and knowledge flow. Indeed, structural capital is relevant for understanding and analysing individuals' actions. Employees are included in the network and – certainly – they have direct ties with other members that they create through a strong and effective communication. In this perspective, inside a corporation people usually share information and knowledge communication with each other, creating strong relationships. The creation of the network is doubtless helpful for increasing the positive attention because it is able to link people and to create interdependence between them.

> *"15 years ago the headquarters organised meetings with all the subsidiary managers. These were not mainstream meetings; indeed, in these occasions the headquarters organised the so called social activities. During that time, managers from all over the world met each other and recreational activities were proposed. Once we canoed in canals in the Netherlands. The relationships with people built in these occasions have a really high quality. People built real friendships, which help in the professional sphere. And it is obvious that if you have a strong relationship with people in the headquarters, they are more willing to give positive attention, because they trust you, also on the basis of the relationship."*
>
> *(Interviewee 5)*

Social activities are – therefore – considered to be a good mean in order to establish and maintain relationships among people that is the first step to increase headquarters' positive attention. Indeed, these relationships may for sure increase the communication

and – as a consequence – the positive attention because headquarters' managers trust the subsidiary ones, basing on the real relationship at the basis. Thus, relegating the importance of the communication just to a way through which people exchange information is a limitation. The communicative process has the big advantage to enhance the network, as already mentioned above, even though sometimes difficulties may emerge, as reported in the next statements.

The social activities assume a very important role in the headquarter-subsidiary scenario. Indeed, the headquarters commitment in creating a positive atmosphere in the MNC is of primary importance in order to guarantee organisational success. That is the reason why canoeing in the Netherlands has been considered to be an interesting proposal for establishing qualitative and stable relationships between subsidiary and headquarters' managers. This idea has given the possibility to all the people working for that company to enhance their performance thanks to the relationship built in that circumstance. The big role played by these initiatives is confirmed by the fact that nowadays that company is not able to organise them anymore because of the grown numbers of employees and the economic crisis that affected Europe. The difficulties of creating and establishing good and stable relationships with other people working in that company have emerged dramatically, especially when the interviewee highlights the fact that today he has not the same qualitative relationship with new hired managers, with whom he has just a professional linkages, nothing else more, that reminds to personal relationships.

From the interviewees is evident that sometimes some problems in communication may emerge. One of them could be considered the difficulty to decide who effectively has to take the decision and solve the problems. Most of the time people expect that managers have to do this kind of activity, but actually, it is very frequent that some minor problems must be solved by low level employees. In that way it is possible that many problems emerge in the organisation, especially when there are some issues to solve between subsidiaries, which do not know exactly who is in charge to perform such activities. Thus, this confirms the fact that the quality of communication is fundamental in order to maintain an order within the organisation.

"Most of the escalation problems are due to a not good communication. Indeed, very often it seems quite hard to establish the right level of frequency of communication. Thus sometimes people try to escalate the pyramid and to solve the problem thanks to the intervention of the headquarters even though, if it would be the right quality of communication, the problem could have been solved directly in the subsidiary, without the intervention of the headquarters."

(Interviewee 9)

From the speech above it is evident that the communication has a two-fold approach. On the one hand, maintaining frequent contacts with the headquarters might enhance the performance of the firms as a whole, because people in different location are able to collaborate one to another, trying to reach common solutions that could be shared with other foreign sites. In this perspective the result is the increase of the headquarters' relationship because the foreign site is able to acquire more voice and to be outstanding from others. However, sometimes it is difficult to really understand which the right way to communicate is. The difficulty stands in the fact that people must find a sort of balance between their needs and understand when a problem has to be discussed with the headquarters and when it is not necessary.

In conclusion, as asserted by some authors such as Simmel (1950); Bonacich (1987); Coleman (1998) and Burt (1992a) people that are able to interact with each other are the ones that are also able to attract attention from the headquarters. For this reason, if in the subsidiary work active people, who try to maintain a good, healthy and frequent communication with other in the headquarters, this is beneficial for the whole subsidiary and – subsequently – also for the company as a whole. Indeed, one of the main consequences is the increase of the headquarters' positive attention.

4.2   Relational capital and positive attention

In order to understand how the positive attention is influenced by the social capital, at this point of the study it is important to consider the trust. In particular trust may be

affected by different elements because it is an exogenous factor. In more detail, the term exogenous refers to the fact that trust depends on several factors and it is not a stand-alone concept. Indeed, trust is an element that is built taking into account several external aspects which are able to influence the relationship. Thus, in the analysis of the headquarter-subsidiary relationship it is important to remember that trust is not an easy concept that can affect the positive headquarters' attention, but – with trust – come also several other factors that influence it and that affect the headquarter-subsidiary relationship.

4.2.1 Past results, personal legitimacy, trust and positive attention

The interviews reveal that trust derives from historical basis; indeed, it is built on subsidiaries' good results reached throughout several years. That is important because on those strong past results collected it has been possible to create a trustful environment between subsidiaries and headquarters. It is also deserved to say that this trustful environment is able to increase the level of headquarters' positive attention towards the subsidiary which proved to have reached good results in past. Indeed, as emerged in most of the interviews, a strong trust might depend on real and concrete results achieved in term of performance and have effects – on a long-term basis – on headquarters' positive attention. On the other hand, what is important to underline is that subsidiary trust is reflected by subsidiary manager trust. Indeed, the foreign site is controlled by managers and the actions they take may result in good or bad performances, which are the performances of the subsidiary as a whole, since they manage the local site. Thus, the trustworthy relationship between headquarters and subsidiary is driven by the results achieved by the subsidiary managers. Evidences of what stands above come from the following quote:

> *"The headquarters has a strong and plenty trust in me and this is reflected also in the level of autonomy the Italian subsidiary has. The high level of autonomy is due to the high level of the trust in my person. This because I have reached good results and projects in my past career. If I were not here, the trust would be*

lower. You can obtain trust just working hard and showing people how good are your results. And – of course – the more you work hard and provide good results, the more the headquarters increases the level of positive attention, because your subsidiary has been able to meet the central group's expectations."

(Interviewee 10)

Past performances are fundamental in order to reach a high level of positive attention, because the subsidiary become more visible from the central group and it acquires a good reputation. Moreover, this might be considered the starting point of the significant increase in number of tasks assigned to the subsidiary by the headquarters, because good past results show how well this specific subsidiary performs that activity. Furthermore, good results are able to trigger higher trust because the more the activity is well achieved, the more the headquarters trusts the subsidiary and – subsequently – it is willing to assign new tasks to that foreign site. However, in the quote above is very clear what stands behind a strong trust and what are the consequences of trust. The autonomy of the Italian subsidiary is high just because the headquarters trusts the manager who works there and the central group is aware of subsidiary manager's capabilities. Thus, headquarters' managers know his talent, given the fact that in the past he has achieved always good results and projects. The interviews performed in the current study reveal that individuals may use their legitimacy with the aim to attract positive attention from the headquarters. In this perspective the personal legitimacy plays a fundamental role, because subsidiary managers – thanks to their ability in performing activities and results – are able to maintain contacts with the central group and to interact with it. Moreover, the headquarters has a fully trust in those managers because – thanks to the performances achieved in the past – they have built their strong image. In essence, the more subsidiary managers are able to increase the performance of the foreign site they works for, the more the reputation it attracts from the headquarters' side. Thus, in this perspective, that local site will gain benefits that are exploited through a relevant increase in headquarters' attention towards it.

Being trusted is one of the most important issues for the subsidiaries, because they are located far away from the headquarters, thus without trust it is impossible to build a relationship and to accomplish at best the tasks. Moreover, what is important to mention is that constant successes are at the basis of a high trust. Thus, the right mean to increase the level of positive attention is to collect good performances. As asserted before, the good performance of the subsidiary itself is reflected by the way managers working there manage the internal situation and gain positive results. Individuals who show to the central group their ability to perform activities and reach good results are able to build their strong image and reputation. So that, headquarters consider those people to be so important that – without their actions – the numbers achieved would not be attained. In this way trust in subsidiary managers means trust in the foreign site as well. Thus, the headquarters is able to increase the positive attention towards a specific local site if it trusts managers who work there. The evidences of what stands above are confirmed by manager 3:

> *"Trust is mainly based on past results. If you are a person who has a professional career characterised by strong and constant successes, it is obvious that this triggers a higher level of trust. But this trust is strong since the results are strong too. What is important to underline is that good results trigger high level of trust, which – subsequently – is able to increase headquarters' positive attention."*

> *(Interviewee 3)*

What emerges from the aforementioned quote is that trust is not easily achieved, and – at the same time – it is positively related to the positive headquarters' attention. Additionally, trust is tight to past results: the more the number of successes in your career, the more the trust headquarters' managers are willing to give. What makes a person or a subsidiary trustful is doubtless the performance achieved: when people who work for the subsidiaries show to the headquarter that they are good in accomplish their tasks, they will receive trust and – performance by performance – they will build their

personal trust that will be useful for them, but also for the foreign site as a whole. In this way, according to manager 3, this process is able to have good consequences on positive attention, increasing it. In this viewpoint the subsidiary becomes more vocal and attracts the attention of the headquarters in an active way. However, trust is never "blind":

> *"The expression "trust me" helps you only when you have a strong personal relationship with the headquarters' CEO".*
>
> *(Interviewee 4)*

As emerged, trust is a fundamental element in order to obtain a high level of positive attention. However, the manager interviewed think that "blind trust" is not enough. This confirms the fact that what actually creates a solid basis for the trust is the past performance. Indeed, the results achieved during the career help manager to build a trustworthy picture of them, thus if the results would have not be present, the trust would be "blind", and this does not work in a MNC. Again, in the aforementioned quote it is evident that there is a clear link with trust in subsidiary manager and trust in the local site itself. Headquarters has a fully trust in the foreign site when the people working there achieve good and concrete results that are able to increase the overall performance of the subsidiary and of the company as a whole. That is the reason why the interviewee stresses the expression "trust me". In essence, what clearly emerges is that the more the good results attained by subsidiary managers, the higher the trust headquarters has towards foreign sites and the stronger the relationship between the two subjects involved. This because the good results achieved by managers are reflected in the subsidiary performance and are possible thanks to the valuable knowledge, capabilities and skills of the subsidiary managers. Thus, it is possible to conclude that the subsidiary success is not only based on subsidiary characteristics alone, but on managers' capabilities and knowledge.

The positively relationships between trust and positive attention is evident from the interviews; indeed, some other managers explain that having a high level of trust triggers a high level of positive headquarters' attention. This is clearly showed by the following quote.

"Trust and positive attention are positively correlated. Indeed, if the trust is high, headquarters' positive attention is high. This because the subsidiary is an important actor given the fact that it has achieved interesting results for the central group. Moreover, if the subsidiary is also able to suggest ideas and propose projects to the headquarters, the trust and positive attention increase as well."

(Interviewee 8)

In the aforementioned quotation it is well explained why as trust increases, the positive attention increases as well. This is strictly linked with the performance achieved by subsidiaries: the better the performance, the higher the trust and the positive attention. However, from the aforementioned quote emerges something new: the past results are not the only important factors. A big role is also played by the active role of the subsidiaries. Indeed, ideas and future projects represent good challenges and opportunities for subsidiaries to use their voice in order to become more visible from the headquarters and to increase its interest towards them. Being proactive is central because it allows subsidiaries to show to the central group its capabilities and what they are actually able to perform.

Attracting positive attention is fundamental for subsidiaries because it helps not only to increase the reputation, the image and the voice of the subsidiary, but – at the same time – it allows to reach specific targets:

"Trust and positive attention are linked. Without trust it is not possible to reach high level of positive attention from the headquarters. This positive attention will also allow the foreign site to reach targets, for instance the budget allocation, which is very important for the Italian subsidiary."

(Interviewee 3)

It is evident that trust is able to increase the positive attention from the headquarters, and without trust it is difficult to attract it. For this reason the more trustful subsidiary must try to gain recognition from the central group. In doing so, its voice becomes louder and it is possible for the subsidiary to pretend and reach some privileges, such as a higher budget allocation, which is important in order to propose new initiatives and to be innovative. Indeed, without money, it is very difficult to achieve the goal of giving a strong contribution to the central group.

Finally, not all managers have the same perspective regarding the relationship between trust and positive attention. For one of them the attention has different connotations:

"Attention occurs when there is no trust. These two variables are negatively correlated, at least in the market where my MNC is operating. Trust derives from positive results and from the ability to deal with difficulties and problems. Attention derives from the necessity to allocate the resources and managerial capabilities. Therefore, attention is very often focused on those situations which are difficult and complex. Thus, it is necessary to solve the problems and – in this way – the headquarters intervene helping its subsidiary. This may be confirmed by a clear example. If I declare to the headquarters to reach in 2016 100.000.000 € and, during the year, is evident that I am reaching only 80.000 €, - trust me - that the attention on me is high, but the trust in my person is very low."

(Interviewee 1)

In this perspective the idea is that trust and attention are negatively correlated. This because, after an explanation of the researcher in order to distinguish the positive and the negative headquarters' attention, the manager was convinced that in his company the attention is only the negative one. Trust is perceived to come from past results, as other managers claimed, and also from the ability to face the problem in a rational and correct way. On the other hand attention may occur when there are some difficult problems to solve. In this perspective it is clear that the kind of attention the manager focuses on sounds like to be negative. However, it is possible to highlight that, as long as the central group faces subsidiary problems trying to intervene and help foreign sites to solve the unexpected issues, the headquarters is actually giving attention to subsidiaries. In this way the central group tries actively to support, and not control, subsidiaries. In this viewpoint the headquarters intervene with good intentions, in order to help subsidiaries to solve their internal problems. Thus, in this case, the attention is not characterised by a negative connotation, but it might be considered as a possibility to gain attention from the headquarters, which is actually the main goal of the local site. Indeed, in this way, subsidiaries receive more support and sympathy from the central group, which takes care of their internal situation. In essence, it is possible to conclude that attention has a two-fold interpretation of attention, and positive attention may diverge in negative attention, or – in extreme cases – in "hyperattention" (Bouquet et al., 2015). This might happen when subsidiary managers attract unwanted or excessive attention from the headquarters, given the fact that they over promote the success of the subsidiary which they work for. Thus, according to the quotation reported above, the researcher would not consider the attention to be negative. Indeed, headquarters activities do not aim at controlling, monitoring or isolating the foreign site. On contrary the researcher would affirm that the subsidiary goal of attracting high level of positive headquarters' attention is achieved, because the intervention of central group shows its openness and willingness to help the foreign sites, trying to solve their problems at best, because the headquarters is aware of the fact that subsidiaries represent a big part of the MNC and of its success as well.

4.2.2 Other factors related to trust that affect positive attention

Trust is able to affect positive headquarters' attention, as reported above. Trust, as perceived in the social capital framework, is quite different from what actually emerge during the interviews. Indeed, some elements which for interviewees are linked to trust are not embedded in the original relational capital.

4.2.2.1 Cultural dimension

In this trend, it is important to remember that sometimes the process of giving trust to someone is also related to the culture. This is also evident in the speech of Interviewee 4, who says:

> *"Americans pay a high attention to results achieved, they are also known as sharks, because their interest is tightly linked with performances. Trustworthy relationships between headquarters' managers and subsidiary managers are only built if the latter are able to achieve great successes in business and to bring the company to an exponentially growth. In this situation the trust is very strong and positive attention increases. But this trust remains stable if the person is able to continuously reach good numbers for the firm. When results vacillate, the trust vacillates too and the positive attention decreases as a consequence."*

> *(Interviewee 4)*

According to the cultural background it is possible to find differences in the way subsidiary try to increase the level of positive attention they receive by the headquarters. Indeed, as stand above, Americans are more result oriented; they focus on performance and results achieved. For this reason, a subsidiary is considered to be trustful when it is able to increase and enhance the performance of the firm as a whole. Providing good results, according to what stands in the previous paragraph, foreign sites are able to

improve the level of positive attention. Thus, for the American companies is not so difficult to establish trustworthy relationships with their foreign sites, as long as subsidiaries provide good results and increase the performance of the company as a whole. Different is the case of Japanese companies, in which the cultural aspect is predominant and the relationships matters a lot. Indeed, Japanese firms are focused on personal relationships, and less on results achieved. In more details, Japanese managers are result oriented just at the beginning, because they need to know the "foreigner" who is working for their company in the foreign site. But performance by performance, if this manager is able to achieve good results, he will acquire their trust. When the relationship is stable and the central group knows subsidiary managers' capabilities and past results, the focus changes. From a result oriented situation, there is a shift to a relationship oriented scenario. Thus, it is possible to understand that for Japanese companies building trust and attracting positive attention from headquarters is not an easy process, because they put more effort in relationships than in concrete results achieved by foreign sites, even if the performance achieved is important as well. In this perspective, the most important element in order to attract positive attention from Japanese central group is to be trusted according to the results achieved and the performances attained. Hence, it is possible to provide the following quote:

"Obtaining trust in Japan is very difficult. I remember the first two or three years I worked for this company, during the meetings with headquarters managers they did not even look at me in the eyes, because they considered me to be a stranger; therefore, for them it was difficult to give trust to a foreigner. As time went by, thanks to concrete results and performances achieved, day by day, I have built my strong image. I have worked hard in order to be trusted by the headquarters. Today Japanese managers trust me, but just because I have achieved good results in my career."

(Interviewee 7)

Culture is a very important element to take into account because most of the times people show different degree of mentality openness or willingness to concede trust. However, it is fundamental to rely always on results and to achieve good performances, which is something objectives that goes beyond the cultural aspect and – therefore – it is appreciated by everyone in the MNC.

4.2.2.2   Human perspective and peaceful atmosphere

The importance of trust is evident and tangible. It derives essentially from good results and it is able to enhance the headquarters' positive attention. But sometimes what it is important to say is that before being employees, people are humans, and – therefore – they might also make mistakes. Thus, relying just on past results is limitative. If a person has a career full of successes, headquarters' managers trust him on the basis of good results; but it is also important to take into consideration that people may also make mistakes and together, subsidiary and central group, should be able to overcome difficulties and solve the problems that occur.

"Trust is fundamental because – without trust – the only other important element to rely on is the performance achieved. But we are humans, and it is impossible to achieve always excellent results. Sometimes people make mistakes, but if there is the presence of personal trust among them, it is possible to go ahead and try to find a solution together".

(Interviewee 5)

In the aforementioned quote it is possible to capture that there should be a tendency to consider people as humans and – therefore – to consider the possibility that they may also make mistakes; therefore, it is impossible to rely just on numbers in his point of view. This, of course, makes sense because creating an atmosphere, on working place, in which the main criteria is relying on results, is – doubtless – a non-healthy

environment, where to create and establish good relationships. Thus, from this point of view, results are good in order to build trust and increase the positive attention, but what influences the increase of positive attention is the possibility to create a peaceful and positive atmosphere inside the subsidiary and transmit it directly to the headquarters.

4.2.2.3   Coherence and proactive behaviour

However, the positive atmosphere is not the only one factor related to trust that is able to increase the level of positive headquarters' attention. Indeed, coherence has been highlighted to be part of this group of elements:

> *"Coherence on what people say and what they actually perform is a crucial aspect, together with the interpersonal relationship, which represents the basement of the trust itself. Thus, as the coherence increases, the level of trust increases as well. By consequence, the attention will be positively affected."*

> *(Interviewee 6)*

Of course, as already mentioned above, the most important element on which the headquarters focuses its positive attention on is the subsidiary performance. Although results are fundamental, they are not the only factors that influence trust. This is fundamental because coherence and transparency on actions are perceived to play a very important role because they are able to build a trustworthy picture of the subsidiary manager who is performing a particular activity. In order to reach good results is fundamental to focuses on coherence and transparency of tasks due. Moreover, the possibility to exchange information when problems arise is considered to be very important in order to be reliable and to be considered trustworthy by the central group. Thus, if behaving like described above triggers higher level of trust, it – subsequently – triggers higher level of positive attention because the reputation of the subsidiary

enhances and – at the same time – the vocal power of the local site become more intense and more influent as well.

> *"Positive attention is strictly and positively linked with trust. Trust comes from three specific aspects: results, communication of the important information and transparency on macro-level activities."*

> (Interviewee 2)

Finally, being proactive is also considered to be a good mean linked to trust and it is an aspect which is able to increase the positive attention. Assuming a proactive role is important because it represents a good opportunity to be visible from the headquarters. Becoming influential and attracting positive attention is not an easy process that is the reason why differentiating from other subsidiaries in term of the kind of role assumed plays a fundamental role. Indeed, it is confirmed that the intensity of positive attention given to subsidiaries for the headquarters differs according to different factors and it may not be the same for all the subsidiaries. Thus, in order to become more visible and increase the positive attention it is very smart to rely on proactive behaviour. This is confirmed by the following statement:

> *"Extending ideas, suggesting and proposing projects represent a very good way in order to become visible from the headquarters' point of view, because the subsidiary shows its capabilities and its willingness to take an active role for the MNC as a whole."*

> *(Interviewee 8)*

In essence, according to Putnam (1993: 107), trust is a habit created in communities through centuries of histories of "horizontal-networks of association between people"

performing commercial and civic activities. Therefore, the concept expressed by the author is clear and is that as long as people interact with each other, they build relationships that could be characterised by different level of trust, according to the nature of people and to the actions they take one towards others. This happens in civic relationships, but what happens in economic activities is not so different by the way. Indeed, people interact with each other and – according to the results they achieved regarding a specific task assigned to them – they receive or not trust by their boss or supervisors.

4.3   Cognitive capital and positive attention

Sharing the same set of values within a relationship represents one of the most important elements. Indeed, this set of values is referred to the interpretation and representation subjects in the same MNC. They are able to make people aware of what are the real important and fundamental values to take into account and enable employees to rely on them in order to create and establish relationships.

4.3.1 Positive atmosphere

Interviews reveal that cognitive capital and positive headquarters' attention are linked one another. Relying on the same set of values is fundamental because in this way people know how to behave and how to create a good harmony within the subsidiary and the headquarters as well, because these feelings are reflected to the central group. According to the evidences provided below, the positive atmosphere within MNC is one of the most important elements in order to attract positive attention from the headquarters. For the latter relying on the same set of values seems to be one of the most important thing in order to maintain a good relationship with subsidiaries and – in this process – the positive atmosphere is able to create the right environment suitable to build the right relationships. Indeed, the attention of the central group is focused on understanding if people within the organisation feel confident in the place where they work.

"Sharing the same values within the organisation is fundamental. Twice per year all the subsidiary employees have to complete a survey analysis. Moreover, when headquarters' managers visit the foreign site, the first thing they asked for is the survey analysis results. This shows that there is a high positive attention on the respect of the set of values imposed by the headquarters."

(Interviewee 2)

The atmosphere created in the place of work is of crucial importance because if people feel good in that place, they are able to work in a better environment and to perform better. In doing so, the good results will be reflected on the headquarters and on the MNC as a whole, and the headquarters will be more willing to invest its positive attention on that subsidiary. This is one of the reasons why this survey analysis is considered to be so essential. Thus, it is possible to understand that the more the respect to the set of values imposed or proposed by the headquarters, the more will be the level of positive attention. However, what attracts the positive attention is also the concrete visibility of the commitment in respecting the values and rules.

"The importance of sharing the same set of values within the same organisation is a good challenge the MNC is constantly facing. Indeed, headquarters aims at reaching a peaceful and positive atmosphere within the MNC because it is able to increase the results of the company. However, managers cannot directly control every single day that the values are commonly observed, because of the huge distance between the foreign sites and the central group. For this reason the headquarters, every year, sends to each subsidiary the survey analysis to complete, showing to take care of the subsidiary situation, giving it a high level of positive attention."

(Interviewee 8)

Another reason why the headquarters is so focused on the survey analysis is because it is impossible for the central group to control the behaviour of foreign sites' employees. Therefore, in order to check if people are working in a peaceful and respectful environment, employees must fill in the survey once per year. As also stands in the relational capital section, the kind of relaxed atmosphere has a positive impact on the headquarters' positive attention. Indeed, a good environment enhances the way people work, increasing the performance of the firm as a whole. Thus, as headquarters sees motivated persons working in its subsidiary, it increases its positive attention towards it because the central group recognises the valuable resources the foreign site possesses. Requiring subsidiaries to collect surveys is also useful in order to stay connected with local sites, to raise their profiles and increase the intensity of their voices within MNC. Of course, on the opposite site, if a specific person does not assume an appropriate behaviour, a notification directly arrives to the headquarters from upper level people. In this occasion, the person will be firstly admonished and then, if the behaviour remains the same throughout the time, then that person will be pushed away from the firm. In that case the attention from the headquarters is no more the positive one, but it shifts to be more focused on control, and – therefore – it is perceived to be negative.

> *"Very important is to assure that within the company the same set of values are shared and observed. The person who does not share the same organisational values is automatically pushed away. In this way, it is obvious that the positive attention decrease because the headquarters must take some punitive and corrective actions."*
>
> *(Interviewee 7)*

The aforementioned statement assumes a very big importance because of the strong consequence that it may have on people to not respect the predetermined values and norms. This sentence highlights the real importance of sharing the same values. Indeed, being pushed away from working place is an extreme situation. Therefore, the cognitive capital assumes a big significance because it is able to create a shift of the headquarters'

attention from a positive to a negative meaning. That is the reason why in the aforementioned quotation the importance of sharing the same set of values within relationships is crucial. Moreover, if a particular foreign site is characterised by a positive atmosphere, the headquarters shows more interest in that subsidiary because it is more probable that employees working there are more motivated to put more effort in their work. This will trigger an increase in the performance of the local site in general, and – subsequently – of the MNC as a whole.

4.3.2 Networking and culture

People who share the same set of values are more willing to create a network where to share information. Similar and common set of values and language are able to facilitate people in information sharing, learning, knowledge creation, enhancing innovation and sharing processes of thinking (Grant, 1996; Nonaka, 1994) with other people into the network created between people working in the headquarters and in subsidiaries. In doing so, people rely on a set of mutual frameworks based on norms, codes and narratives and language. All these elements combined together are able to enhance – first of all – the performance of the company as a whole; secondly, to increase the level of the positive attention the headquarters gives to the subsidiary. Indeed, he states:

> *"The importance of the same value shared is directly related to the positive attention the headquarters gives to the subsidiary. Indeed, if in a particular subsidiary there is a good and friendly atmosphere and people share the same set of values, this subsidiary will receive a higher positive attention from the headquarters."*
>
> *(Interviewee 6)*

Thus, sharing the same set of values and the positive attention are positively related. Indeed, the stronger and the more spread these values are within the company, the higher the positive attention the headquarters gives to subsidiaries. Therefore, it is

evident that if subsidiaries rely on the cognitive capital, they can increase their voice towards the central group, thus they can become more visible and they may be also considered to be more important than others. Additionally, another important aspect is introduced in the discussion.

"Sharing the same set of values within the MNC is not so easy. In general people have to behave according to specific rules, maintaining a respectful and coherent behaviour. However, this is not always easy to perform. Indeed, there is also a very important factor to take into consideration: the cultural aspect. This element should be taken into account because it affects the way in which people behave. Moreover, when cultures are so different, this factors is emphasised. Japanese culture differs a lot from the Italian one; therefore it is not easy for Italian people to adapt to Japanese values."

(Interviewee 3)

In this perspective, the cultural element has to be taken into account because it may have a strong effect on the values themselves. This is more evident when headquarters and subsidiary cultures are very distant one to another. Indeed, the foreign site is located in Italy and the central group is in Japan, thus the difficulty is even higher. However, since the cognitive capital is based on trust, respect of given norms, reciprocity and process of sharing information, the process of establishing a common set of values is based on the aforementioned element. Then, step by step, showing the willingness to respect all the given norms, the Italian subsidiary may be able to become closer to the Japanese culture. In this way as the time goes by, the two cultures amalgamate one another. For sure it is impossible to totally change its own culture in order to become closer to the headquarters one, but showing the willingness to move a step forward it and to respect the predefine norms is, without doubts, a good starting point. This is also important because showing openness and making a step towards the central group allows the subsidiary to outstand from the others, and to gain recognition. For all these reasons, the main consequence will be that the positive headquarters' attention will

increase because the headquarters is able to capture and understand that the subsidiary is willing to adopt all the set of shared values and norms in order to fully cooperate with the headquarters. Therefore the central group considers that foreign site as a potentially important and active subject, giving positive attention and recognition as well.

In conclusion, for all the evidences that stand above, it is possible to conclude that the social capital framework is positively related to the headquarters' positive attention. As the trust, the communication, the interpersonal relationships and the common values strengthen, the positive attention of the headquarters increases as well. Indeed, as confirmed in the previous paragraphs, trust is a fundamental element in order to be recognised as important local sites by the central group. In this perspective, trust is coming mainly from past results and it is able, performance by performance, to build a strong image of the subsidiary and – for this reason – to attract more positive attention from the headquarters. Moreover, it has been demonstrated that frequency and quality of communication are crucial in order to gain positive headquarters' attention because maintaining contacts, even if they are virtual, with people inside the organisation allow persons to be more open and to socialize. In doing so, people build not only professional relationships, but also personal one and – at the same time – they are able to reinforce trust. A consequence – besides the increase in headquarters' positive attention – is also the fact that people may obtain from the central group more concessions, for instance on budget issues. Finally, sharing the same set of values and norms has been demonstrated to be essential in order to increase the positive headquarters' attention because it reinforces the reputation and the willingness to collaborate of the foreign local site. The subsidiary has to come as closer as possible, also culturally, to the headquarters in order to have a fully understanding about the values that are considered to be fundamental for the central group in order to reach the success. Showing the willingness to respect values will allow the foreign site to gain more positive attention from the central group. Thus, taking into account what stands above, it is possible to conclude that the first research question has received a satisfactory answer.

The following table summarises all the elements embedded in the social capital framework that – thanks to the responses to the interviews – have confirmed to be able to attract more positive headquarters' attention. Moreover, new elements emerged

during the study and are considered to attract positive headquarters' attention, thus they are listed in the following table as well.

Table 4- Social capital framework: embedded and new elements

Social capital	Embedded elements	New elements
Structural capital	• Communication frequency • Communication quality	• Peaceful atmosphere • Network:social activities • Bidirectional communication: forums
Relational capital	• Interpersonal relationships • Collaboration to increase performances	• Past performances • Culture • Coherence • Transparency
Cognitive capital	• Behaviour • Information sharing and trust	• Survey analysis • Control: if not respected pushed away

4.4   Other possible influential factors and positive attention

In order to answer to the second research question, other possible factors that may influence the positive headquarters' attention have been taken into account. Indeed, not only the elements embedded in the social capital framework are positively correlated to the positive attention.

4.4.1 Budget and product allocation

During the interviews several new interesting elements emerged. These factors might differ according to the sector in which the MNC operates. Indeed, in the technology market what emerged is the fact that there are two main activities which are capable of attracting headquarters' positive attention. In more detail:

> *"There are two activities that capture the positive headquarters' attention more than others. These are the budget allocation and the product allocation. The two aforementioned elements are linked one to the other, because the headquarters allocates the subsidiary a specific amount of product and budget as well according to its concrete sales potentiality. Thus, what is important for the subsidiary is to create a credible selling plan in order to gain higher budget and number of products, showing the ability to use the budget in the right way – without wasting it – and selling all the products in the foreign sites. If the subsidiary succeeds in doing so, the attention it will gain from the headquarters will be – for sure – high. Additionally, the subsidiary will be able to become more visible than the other ones and, in future, it could achieve a higher budget and a higher amount of products because of the good performance achieved."*

> *(Interviewee 3)*

For the subsidiary of the MNC this manager works for, the budget and the product allocations are fundamental in order to show to the headquarters its capabilities. Indeed, the more the subsidiary shows to be capable to use the budget in the right way and to not waste it, the more the positive attention it gains from the central group. This because asking for a higher amount of budget is a matter of trust: the headquarters must trust the subsidiary which it gives additional budget to. Indeed, it is not sure that the budget assigned to that subsidiary will be spent in the right way. Of course, the subsidiary must show to the central group its own plan, forecasts and expected results that are supposed

to occur with the additional budget required. However, the final results and the success are not assured. Therefore, being active and reaching good performances will for sure help the subsidiary in order to increase its visibility and to gain more positive attention. In doing so, if the subsidiary is able to show to the headquarters its ability to use the budget for a good purpose and to show concrete positive results, in future it will be easier for it to achieve a higher level of budget or number of products allocated. This is the consequence of the fact that the subsidiary has built its own trustworthy image and it is positively recognised by the central group. Therefore, as a result, the headquarters' positive attention will increase.

4.4.2 Strategic activities

As for the trust, the past performance achieved plays a very big role in the process of attention attracting. This is foreseeable given the fact that one of the most important elements for the headquarters is represented by the results of its subsidiaries. As already mentioned in the previous sections, the achievement of results is fundamental in order to establish which subsidiary is more effective and efficient. Indeed, the performance of the single foreign site is reflected in the MNC as a whole. However, it has been demonstrated that – although the past results are important and represent the ability of the subsidiary to complete its own tasks – they are not enough. In detail:

> *"The headquarters' positive attention increases as the subsidiary achieves good results economically and financially speaking, thus production volumes and profit. But this is not the only one motivation. Indeed, what also matters to the headquarters is the activity the subsidiary performs and the market in which it operates."*

> *(Interviewee 6)*

In this viewpoint, what emerges in the statements above is something new. In fact, the positive attention derives from the kind of activities performed by the subsidiary. Thus, the more strategic and important the activities conducted, the higher the attention. It is possible to deduct that R&D and marketing/sales subsidiaries receive higher level of attention, because their results affect a lot the possible future performance of the MNC. Moreover, marketing and R&D are the two organisational activities that represent for the central group the higher significance: the first one is directly related to the customers and the ability of the firm to attract them; while the R&D represents the activity for which the central group is able to afford more investments and to concentrate more energies in order to compete with other actors on the market and fight the strong competition. Furthermore, the sales represent a good challenge for the subsidiary because the higher the revenues on sales of the subsidiary, the higher will be the positive attention of the central group towards the subsidiary that performs better. This because, as already mentioned before, one of the most important elements considered by the headquarters is doubtless the performance. Since the internal subsidiary results are supposed to be one of the crucial points in order to attract headquarters' positive attention, the activities performed for achieving good results assume a very big relevance. The more strategic the activities performed, the more the importance the subsidiary assumes. This importance is reflected in the increase of the subsidiary voice and thus on the relevance of the single foreign site in the headquarters' eyes.

4.4.3 Local market potential

Other aspects should also be taken into account: the potentiality of growth of the market and its speed of growth. Indeed, they are considered to have a greater weighting than the activities performed. This because the headquarters focuses its efforts on helping more those countries where the business has the possibility to grow more, achieving good performances which might help the MNC as a whole. This – of course – make absolutely sense because it is natural that the central group is more focused on increasing the activities and sales where the market is prosperous and – therefore – has a greater possibility to grow. In doing so, the attention given to those subsidiaries that

have a good potentiality to be more successful than others are able to attract a higher level of positive attention from the headquarters.

"The positive attention received by each subsidiary depends by several factors. First of all, the speed of growth of the MNC matters al lot. Secondly, the potentiality of the market is a fundamental element; indeed, studying and registering a product for some nations where the agriculture sector is very developed is – certainly – more important than doing it for Italy, where the growth potentiality is for sure lower."

(Interviewee 5)

The potentiality and the speed of growth of the market are confirmed to be essential in order to understand why the central group gives so much positive attention to the subsidiary. Indeed, the location is of central importance because, as stands above, the agriculture market has much more possibilities to grow and to create higher margins in the Netherlands than in Italy. That is the reason why the Italian market is considered to be not so attractive by the headquarters; therefore, the level of positive attention is low.

"Certainly, the determinant factors of the positive attention are opportunities and sales. As for the opportunities, emergent markets are the ones that represent a very big challenge, thus the positive attention of the headquarters is focused there, because of a high potentiality and low costs. These countries are India, Korea and so forth. On the other hand, according to the sales perspective, the most important market is US."

(Interviewee 10)

As stands above, there are several factors that make a market attractive, such as the opportunities and sales, thus concrete results in term of performance and it is also a matter of location. This is obviously related to the increasing of headquarters' positive attention because, as mentioned several times before, concrete and potential results are able to induct the central group to focus its own positive attention to the foreign site that provide good performances. Indeed, there are some countries which are able to increase the revenues in term of sales, while there are others that have a high potentiality because of the low costs. That is the reason why emergent markets are considered to be good places where to locate the foreign sites and increase revenues. Hence, in these markets it is possible to reach good results leveraging on high potentiality and lower costs, mainly manufacturing costs. Thus, according to the aforementioned statements, there should be made a distinction between good potential markets according to the sales perspective and according to the potentiality of growth. Indeed, emerging markets as India, Korea and Middle Eastern countries represents location where the costs are low and there is a high potentiality of growth; while US is considered to be one of the most important market according to the sale perspective.

4.4.4 Ideas and projects proposals

The proactive behaviour of the foreign site is determinant in order to understand why a particular subsidiary is more effective in attracting more positive headquarters' attention than others. Indeed, proposing new ideas and projects show to the central group the ability and the willingness to take part to the headquarters' initiatives. In general, the process of initiatives taking is always a good process to consider by the subsidiary point of view, even though the ideas or projects are not accepted by the central group initially. The foreign site has to show the potentiality of its own ideas, the revenues they are able to provide to the firm as a whole and the future perspectives linked with the choice of the adoption of those particular ideas and projects.

"The activity on which the headquarters focuses more its own positive attention
is the budget allocation. Once, the budget allocated to the Italian market was

very low, but I personally had great ideas and projects, but - without a certain amount of money - I could not do anything. Thus, I flew directly to the headquarters to explain how important and innovative these ideas and projects were. It was hard but – finally – I convinced them to allocate to the Italian subsidiary a high budget. For this reason, in my opinion what actually helps to increase the level of the headquarters' positive attention is the innovativeness, the ideas, the projects and the active role of the subsidiary."

(Interviewee 9)

Through this brief story, it is possible to understand how important is to be active for a subsidiary. In this way, it is possible for each foreign site to distinguish itself from the others and to become more visible. Of course there must be also a certain degree of coherence of what a person says with what he/she performs and achieves. Indeed, after convinced the headquarters he could not have the possibility to not to do what agreed in that meeting. Moreover, if the performance – after allocating the budget – would have been positive, then the trust would have been increased; otherwise in the future this person would not be trusted anymore when proposing certain ideas and projects. In this perspective, the reliability and trustworthiness together with the commitment are considered to be fundamental, obviously followed by the results, in term of performance, achieved. Therefore, all these elements are able to increase the headquarters' positive attention basing on good past results, trust and commitment.

4.4.4.1   Respect of forecasts

Additionally to good results and performances achieved, a subsidiary must also leverage on other factors in order to attract headquarters' positive attention. That is the reason why the respect of the forecast has been introduced in the analysis. Indeed, this term refers to the reliability and the coherence of what a person promise to perform and what he/she actually does. This is not so obvious in the MNC environment, because sometimes subsidiary managers promise to reach specific results in order to gain trust

and attention from the headquarters, but – at the end of the day – they cannot or they are not able to reach the promised ones. Thus, in order to attract more positive headquarter attention, it is not enough to promise to reach concrete numbers and results, but to really achieve them. Subsidiary managers must be able to show to the central group their commitment and their involvement in the headquarters' activities. In this way they take part to the results and are able to increase the level of positive headquarters' attention. Apart from all the performance results; the coherence of what said and achieved; and the proactive behaviour, the subsidiary has to take into account that for the central group the respect of the forecasts is of fundamental importance. What said above is confirmed by the statements below:

> *"The subsidiary that shows more commitment and contributes to the performance of the MNC with good results receives more positive attention from the headquarters. However, not only results are considered to be important for the headquarters, but also projects, ideas and investments. In general, the respect of the forecasts is more important than the economic and financial situation of the company. If the Italian subsidiary is doing what it declared to do, even though the results are not so positive, the headquarters will give it a high level of trust and autonomy. On the opposite side, if the subsidiary is not respecting what declared in the forecasts, then the headquarters will monitor and control it negatively."*

> *(Interviewee 2)*

It is clearly demonstrated that maintaining an active role and respecting the forecasts play a fundamental role, since it is considered to be more important than results in order to achieve a higher level of positive attention. Proposing innovation and new project that might be beneficial for the MNC's success is certainly a good way to become visible and to distinguish the subsidiary from others. Moreover, this element of the respect of the forecast is completely a new factor introduced in the analysis. Probably for the MNC is difficult to constantly control the subsidiaries all around the world, thus

checking periodically the level of commitment and the respect of the forecasts may be faster to do and also less costly as well. The transparency in the activities performed is of central importance, especially when the geographical distance is very big and trust matters a lot. Hence, the ability to achieve the promised results in a predetermined period of time is another element introduced in the analysis and it is able to increase the headquarters' positive attention. Indeed, these factors are able to increase trust and to build a solid image of the subsidiary.

4.4.4.2 Show opportunities as risks

Another point of view that is able to increase the positive attention of the headquarters has been introduced. This has been described as the way to show new opportunities, leveraging on risks. Specifically:

> *"The headquarters' attention can be attracted showing opportunities and risks. Humans, for nature, and more emphasised in business, have fear of lose opportunities. Indeed, in most of the cases, people buy something not because they need it, but just because they are scared of not to find the item anymore in future. Thus, in my career I have understood that, if you really need something and you believe it may be good for the company as a whole, you have to present it to your boss as an opportunity lost. In this way, talking about business and numbers, you have to present them as risks."*

> *(Interviewee 4)*

This may be considered to be a tactic or a strategy in order to reach subsidiary objectives. It could be, but actually this behaviour is valid and credible. People, most of the time, behave in a certain way just because they are afraid of losing a particular opportunities. Hence, the main thought that can be extrapolate from the interview is related to the fact that numbers and results are fundamental, but they must be presented

in a critical and strategical way, in order to convince people to take some specific actions and decisions from which the whole firm may benefit. Indeed, it is clear that people are more attracted from a situation of risk instead of focusing their attention and energies on opportunities. This because it is an intrinsic element of the human nature: the higher the risk of losing something, the higher the attention. Hence, it is also reflected on the level in the organisations: the positive attention of the central group increases as the risk of losing good and attractive opportunities increases as well. Thus, the more the ability of the subsidiary in showing opportunities as risks, the more the headquarters will focus its attention in order to not to lose potentiality of growth on the market.

4.4.5 Size

In addition to the others listed above, subsidiary size is another element that may increase the positive headquarters' attention. With the term size the manager refers to the actual dimension of the foreign site and also to the number of employees.

> *"The Italian subsidiary attracts the headquarters' positive attention thanks to its good results and past successes. There are some activities that are able to increase it, such as sales and R&D, because are more visible from the headquarters. On the other hand, the subsidiary in Hamburg is bigger in term of size and number of employees, thus the central group – in a certain sense – is obliged to give to this foreign site a higher level of attention, even if performances and results are not as good as the Italian ones."*
>
> *(Interviewee 7)*

For this reason, according to this manager, the most important elements that are critical for attracting the level of positive attention are the results, the activities performed and the size of the foreign site. Sometimes the positive headquarters' attention may be

affected by the size (dimension and number of employees), even if the central group would not be so willing to give the attention to those subsidiaries. In support of this theory an example is provided: the central group would not give so much positive attention to the subsidiary located in Hamburg, if it would not have been so big in size and in number of employees working there. This process occurs because the headquarters has the responsibility to take care of its foreign sites and – most of all – of the people who work there. Thus, a big in size subsidiary is considered to be important from the headquarters point of view, even if the results it performs are not the best ones and – at the same time – even if the activities performed are not the most strategic. Thus, this is just a matter of dimension and number of employees which are able to attract the headquarters' positive attention leveraging on the responsibility towards people.

4.4.6 Social responsibilities and activities

Additionally, it has emerged that for some companies a very important role in gaining attention is also played by the social responsibility and social activities. In this sense, as for the social responsibility, the following statement reveals something important for this research:

> *"When the subsidiary has to present its own projects and ideas the first thing the headquarters focuses on is the increase in productivity and the return on investment. Moreover, there is an element that must be taken into account which is the security of the working place. Nordic companies are very extreme on this point. Thus, when investments for increasing this security occur, headquarters is always in favour of enhancing it."*

> *(Interviewee 6)*

The point stressed does the MNC honour. Indeed, taking care of employees and of their safety on working place is for sure a pro. Furthermore, concrete results and indicators such as ROI and increase in productivity are important as long as the employees work in a safety environment. Thus, what comes first is the security. That is the reason why when subsidiaries ask to the headquarters some investments which concern the security of the people working in the MNC, the central group does not take into account the amount of money it has to spend in order to fulfil that investment, since the security and health of people come first.

Additionally, the possibility to take part to social activities is considered to be of big importance for some companies, as provided below:

"A very big importance is given to the social activities, in order to help local communities, i.e. give a medical car to the communities, help civic defence, public safety and even organise open days for company customers. All these activities are considered to be useful in order to increase the trust and, consequently, the positive headquarters' attention. Indeed, the central group understands that the foreign site is active and dynamic."

(Interviewee 9)

What is important to highlight from the lines written above is that, beside the numbers, the headquarters aims at being appreciated as a firm that helps the community. This is doubtless to reinforce the image and the reputation of the company and it may represent a strategy to attract more customers. Indeed consumers pay a high attention to the social responsibility nowadays. Thus, if a firm is involved in some activities that are able to provide good solutions for the collective and to improve its conditions, then the image of the MNC increases and – subsequently – the firm will have a series of benefits. On the other hand, it is worthy to provide the point of view of manager 8. Indeed, in the next sentences it is explained why social activities are considered to attract more positive attention from the headquarters.

"Besides costs, revenues, customers and general economic performances of the subsidiary, the central group focuses its own positive attention on those foreign sites that show a positive behaviour in participating to the initiatives proposed by the headquarters. The more the subsidiary is willing to take part to these initiatives, the higher the degree of positive attention gained."

(Interviewee 8)

This point should not be ignored because, by participating and sharing the initiatives within the company, the subsidiary should for sure benefit. In doing so, the visibility and the reputation of the foreign site increase. Indeed, subsidiary shows its own openness and proactive behaviour. This is important because this kind of behaviour is not typical to every single subsidiary. Thus, the ones that show their own passion and interest in doing these activities proposed by the headquarters will attract its positive attention.

4.4.7 Independency, rationality and problem solving attitude

Finally, it has also to take into account the perspective of that manager who considered the positive attention to be inexistent inside the MNC he works for. Indeed, according to the factors that may influence the attention he affirms:

"Attention comes from the ability of allocating and using resources and also from the managerial capabilities. Thus, for being positively recognised by the headquarters, the subsidiary must be independent, rational in decision making process and capable in problem solving."

(Interviewee 1)

This manager claims that the attention of the headquarters is focused on those subsidiaries where problems or difficult situations occur. On the other hand, it has emerged that the headquarters is able to positively recognise the success of its subsidiaries, showing the effective presence of the positive attention it claims not to exist. Indeed, being positively recognised means that the headquarters shows an interest towards this subsidiary, and in doing so, the central group gives to this foreign site a certain level of positive attention. In this case the attention increases as the ability to solve problems, to take decision and to be independent increase as well.

In conclusion, taking into account the aforementioned reasons, the second research question has received good answers as well. Indeed, there are several factors that may influence the headquarters' positive attention. In the following list are provided all the elements that are considered to be crucial for increasing the positive attention of the headquarters.

- Budget and product allocation;
- Strategic activities;
- Local market potential;
- Ideas, projects and innovation proposals (respect of forecasts and ability to show opportunities as risks);
- Size (dimension and number of employees);
- Social responsibility and activities;
- Independency, rationality and problem solving attitudes.

5. Discussion and Conclusions

The study aimed to provide a better understanding – firstly – of the effects of the social capital on the headquarters' positive attention and – secondly – of other possible factors that are able to influence the headquarters' positive attention.

5.1 Discussion

During the data analysis the three elements embedded in the social capital framework have showed to be very influential in the process of affecting the headquarters' positive attention. Moreover, other potential and new elements emerged. Some of these new factors may be easily predicted, for instance the performance of the subsidiary; others were much unexpected such as the social responsibility of the subsidiary.

5.1.1 Social capital and headquarters' positive attention: Structural capital

Firstly, starting from comparing the data gathered and analysed with the social capital framework it is possible to find good matches. Indeed, as for the structural capital, Nohria and Ghoshal (1997) claimed that a frequent communication between headquarters and subsidiaries may enforce their relationships. This is for sure confirmed by the interviews performed. Indeed, in most of the interviews (especially from manager 1 and 6) emerged the importance of creating a network within subsidiaries and headquarters. This because establishing and maintaining good relationships with people inside the MNC allows them to be visible and to be trusted. Additionally, it is important to remember that communication is tightly linked to trust. In this perspective Granovetter focused his studies on the importance of the social relations between people and formal organisations and stressed the point that these relations and a frequent communication among individuals has been recognised to be fundamental (Granovetter 1985). Therefore, as the frequency of communication among individuals increases, the individuals increase the intensity and numbers of their relationships. In doing so, the individual who tries to communicate frequently becomes more visible than others and –

at the same time – he is expected to exercise a greater influence on the evaluation of his results, on decision making and on his performance among the others. Thus, this is going to trigger a higher level of trust. It has been clearly explained that most of the problems that arise in organisations are due to the difficulties to figure out the right level of the frequency of communication. Lot of problems could be avoided if people would find the right balance. Indeed, a frequent and high quality communication is able to create and reinforce particular relationships that could be built in social, but – in this case – also in corporate environments. Thus, the number of contacts and also the quality of this communication can increase the trust that the headquarters is actually giving to the subsidiary.

On the other hand, the communication frequency is not the only important element. Communication has the capability to enhance the quality of the relationship and to increase the performance of the firm as a whole, as asserted by Persaud, Kumar and Kumar (2002). This finds support in the interviews done in which it has been claimed the importance of the quality of the communication, more than the frequency of contacts with the headquarters. Indeed, the quality of the communication is more important than the number of contacts, because what is really fundamental is the ability to share the right information in the right moment and to create a positive atmosphere in the working place.

As asserted before, it is clearly confirmed that there is a strong link between communication and trust. Hence, as Rotter (1967) claimed, maintaining a frequent and high-quality communication with people is powerful, because in this way it is possible to influence the trust, especially when geographical distance is really big and the headquarters has little knowledge about the people who work in subsidiaries. Additionally, Makela, Barner-Rasmussen & Bjorkman (2008) have proved that communication frequency and quality are positively related to the trust. This fact is also evident in the research conducted interviewing subsidiary managers: maintaining contacts with headquarters' people is a good mean to reach high level of trust and thus, relying on communication allows people to become more visible and to be considered as a person who is not only interested in the professional relationships, but also in personal ones. This is able to give a more human image to a manager, which is very

appreciated to both low-lever and upper-level employees. In essence, for all the aforementioned reasons, it is evident that communication frequency and quality are considered to be essential in order to increase the headquarters' positive attention. In fact, as the communication process become more and more intense, the positive attention increases more and more.

Furthermore, there are several elements that are not embedded in the structural capital, but that emerged and are considered to be fundamental in order to affect the headquarters' positive attention. First of all, subsidiaries should show to the headquarters their peaceful and friendly atmosphere. Indeed, the positive behaviour showed towards the headquarters is one of the most important drivers in order to establish a good communication and long-term relationship. If all the people within subsidiary adopt a positive behaviour, all the MNC will benefit. Secondly, in order to establish a network among people, the importance of social activities proposed by the headquarters assumes a strong relevance. In this trend, it is asserted that in order to create a network of people among headquarters and subsidiaries, as well as good and friendly relationships among people, the headquarters was used to organise social activities 15 years ago. In this perspective the example of canoeing in canals in the Netherlands has been provided: during these activities real friendships have been created. Nowadays these activities are no more proposed by the headquarters because the MNC has grown fast and there is a high number of managers to involve in these kind of activities and it becomes very expensive for the central group to support them. In this viewpoint, it has been claimed that the friendships created in those occasions are very strong and nowadays the interviewee does not have similar relationships with new managers, because these relationships are only professional. Thirdly, the bidirectional communication among people of different levels is considered to be essential. In this viewpoint, it has been affirmed that MNCs rely on a useful tool, in order to ensure the communication among subsidiaries and headquarters: the forum. This forum allows people to communicate on a daily basis, in real time. This is important because most of the time people need to share information in a specific moment, because for the work they are performing they need specific information. Thus, in this way, it is possible to have a direct access to other foreign site in order to communicate with people and to

have the needed information. This helps people to be in contact and to create relationships, even though just virtual ones.

In essence, it is evident that communication frequency and quality are considered to be essential in order to increase the headquarters' positive attention. In fact, as the communication process become more and more intense, the positive attention increases more and more. Besides these two elements other three main factors have emerged during the interviews. They are considered to be able to increase the headquarters' positive attention. All the elements listed above in the paragraph are summarised in the following table, in order to give a clear picture to the reader of what actually emerged through the collection of data.

Table 5- How structural capital influences positive attention from headquarters

Communication frequency	Communication quality	
Peaceful and friendly atmosphere	Networks: Social activities	Bidirectional communication: forum

Table 5 shows the elements of the structural capital that are able to increase the headquarters' positive attention. In the first row of the table are listed the two elements embedded in the structural capital: the frequency and the quality of communication. In the second row are listed the three new elements identified during the interviews performed. They are: the peaceful and friendly atmosphere, the possibility to create a network participating to the social activities proposed by the headquarters and, finally, the bidirectional communication ensured by the forum.

5.1.2 Social capital and headquarters' positive attention: Relational capital

The relational capital has been deeply analysed as well. According to Zaheer, McEvily, & Perrone (1998: 22) trust is "a confident expectation and goodwill a focal organization places in the partner organization". In relationship contexts, trust arises when one party has confidence in partner's reliability and integrity (e.g. Gulati et al., 2000; Morgan & Hunt, 1994). The reliability on people is due to their positive behaviour and to the communication process that allows them to create and build strong and healthy relationships. Thus, it is possible to understand that communication and trust are linked, as asserted before. Indeed, as claimed, the communication is a fundamental element in order to build trust in people. Hence, frequent contacts with headquarters' employees allow subsidiary managers to create interpersonal relationships and to be trusted, thus to give them easily a consensus on a specific activity. Therefore, personal relationships, which are totally different from the professional ones, emerge through establishing interpersonal contacts.

In addition, it has been demonstrated that trust has either direct or moderating effects on the performance and behaviour of people inside the company (Nyaga et al., 2010). Dirks and Ferrin (2002) affirmed that trust provides conditions under which certain outcomes are more likely to occur. Trust shapes interaction patterns between actors and motivates these actors to contribute and combine resources in order to reach the corporation common objectives. This is partially confirmed by the data gathered, because trust is a good way in order to create a collaborative environment among subsidiary and headquarters. However, what it has been strongly emphasised by all of the managers interviewed is that trust is build thanks to the past performances of people, thus their concrete results achieved in their past careers. Thus, trust is related to the performance, not only because it helps people to collaborate and – thus – to achieve good results, but mainly because it derives from past concrete results. Headquarters' managers trust subsidiary ones when they achieve good results in their career.

Additionally, there are some elements that are not considered within the social capital framework, but which emerged throughout the current research. One of these elements is the cultural one. Indeed, according to the headquarters' culture, the perception of trust

may differ. This has been confirmed that claimed that Japanese headquarters' managers have difficulties to trust foreigners, especially Europeans, because they are so different. The same aspect is highlighted by manager 4 who affirmed that Americans are called "sharks" because they are mainly focused on results and past performances and they do not care so much of personal relationships. Thus, they trust people just because of the concrete results they have achieved. In this viewpoint it has been also introduced a very important concept: the trust is never blind, thus the sentence "trust me" is not valid without results in support. Another aspect that emerged and that is fundamental in order to reach a high level of trust, and therefore, a high level of positive headquarters' attention, is the coherence of what people say with what they actually do. This transparency is considered to be relevant in headquarters-subsidiary relationship because it shows the seriousness of people who work in the subsidiary.

For most of the managers interviewed trust and positive attention are tightly linked. Indeed, if subsidiary employees have a positive behaviour, are willing to establish good relationships and are able to reach good results in term of performances they will increase the level of trust and – subsequently – the level of positive attention. This because they become more visible and they show their trustworthiness to headquarters.

Table 6 shows – in the first row – the elements embedded in the relational capital that are able to influence the level of headquarters' positive attention. On the other hand, during the process of gathering data, other factors emerged. They are the past performances and concrete results that subsidiaries obtained, the cultural aspect which may influence the perception of trust, the coherence of what said with what done and – finally – the transparency of the activities performed. All these aspects are able to increase the level of trust and – subsequently – the positive headquarters' attention.

Table 6- How relational capital influences positive attention from headquarters

Interpersonal relationships	Collaboration to increase performance		
Past performance	Culture	Coherence	Transparency

5.1.3 Social capital and headquarters' positive attention: Cognitive capital

To conclude with the social capital framework, the cognitive capital has been analysed according to the data gathered. The cognitive capital refers to "shared representations, interpretations and systems of meaning among parties" (Nahapiet & Ghoshal, 1998: 244). This is confirmed by the interviews performed. Indeed, sharing the same set of values, people know how to behave and how to interact with other people within the organisation. In this perspective, it has been affirmed that the survey analysis is a good way in order to check if people inside the organisation respect the set of values imposed by the headquarters. Sometimes it is difficult and expensive as well to control if the set of shared values is respected in each subsidiary all around the world, thus this survey analysis helps the headquarters to control and – at the same time – to maintain the level of the costs not so high.

It is evident that a similar and common set of values and language are able to facilitate people in information sharing, learning, knowledge creation, enhancing innovation and sharing processes of thinking (Grant, 1996; Nonaka, 1994) with other people into the network created between people working in the headquarters and in subsidiaries. In this way it is able to enhance the development of shared values and interests (Fernandez, 2002; Tymon & Stumpf, 2002). From the quotes provided above, it is evident that the literature background emphasises a lot the importance of sharing the same set of values. For these reasons, if someone is not respecting the given set of values he/she is automatically admonished and – after that – pushed away, if no corrective actions occur, as affirmed by manager 7.

Lee and Jones (2006) affirmed that the cognitive social capital refers to the ability of the actors to create and build the set of mutual frameworks based on norms, codes and narratives and the language. This is reinforced again by other authors who affirmed that the cognitive capital is based on trust, strength of norms, reciprocity and process of sharing (Grootaert & van Bastelaer, 2001). In this perspective, if a subsidiary is well integrated with the headquarters' values and it shows a positive behaviour in accepting them, then the positive attention the headquarters gives to this subsidiary will be higher

than the one given to other subsidiaries. Thus, in a particular subsidiary there is a good and friendly atmosphere and people share the same set of values.

Table 7 is able to explain how the cognitive capital has the power to influence the headquarters' positive attention. The first row presents the element embedded in the cognitive capital, while the second row lists two factors that emerged during the interviews and which are positively related to the headquarters' positive attention as well. First of all, the survey analysis because, thanks to this element, the headquarters has the possibility to check if subsidiary employees are respecting the set of values imposed. Moreover, headquarters has the possibility to control them and to admonish and – eventually – to push away the ones that are not behaving in the way they are expected to.

Table 7- How cognitive capital influences positive attention from headquarters

Behaviour	Information sharing & trust
Survey analysis	Control: if not respected pushed away

5.1.4 Additional influential factors and headquarters' positive attention

Besides the social capital framework, there are other factors that, according to the interviews, are crucial in order to influence the headquarters' positive attention. Table 3 lists all these influential elements. These factors are not embedded in the social capital framework but are considered to be influential on the headquarters' positive attention as well. Each manager considered a specific element of the one listed in Table 3 of crucial importance.

Some of them thought that the performance and the past results achieved play the biggest role inside their organisation. Others affirmed that the most important factor is being participative, assuming an active role proposing ideas, projects and innovations to the central group. Moreover, it has been demonstrated that the social responsibility and

the positive behaviour in participation to the activities proposed by the headquarters are two big factors to take into account. Furthermore, the values and the priorities of the central group matters a lot. Indeed, for the Norwegian company the safety and the social responsibility are very important, and this is something related to a cultural aspect. In addition, a manager affirmed that the size of the subsidiary is a crucial element. With the term size he referred both to the dimension and to the number of the employees that are actually working there. Indeed, for his point of view, in order to attract higher attention from the headquarters, the size matters a lot. Finally, for some managers the commitment, the transparency and the coherence are elements that are able to increase the visibility of the subsidiary; furthermore, the ability showed to solve problems and to be rational in decision making helps a lot the subsidiary to assume more importance than others, thus to increase the level of the attention the headquarters is willing to give to them.

In essence, there are several factors that are positively related to the positive headquarters' attention, but not all managers identified the same elements. This is due to the different nature of the MNCs, to the different cultures they have and to the different markets they are working for. Indeed, each market has its own perspectives and needs to be fulfilled, thus each company must behave in the required way.

5.2   Limitations of the study

Although the current work is able to fill some literature gaps, it has also limitations. One of them is represented by the possibility to generalize the results of the research just to other Italian subsidiaries of MNCs that are actually working in the same field of the ones taken into account. Additionally, companies' intrinsic features and values are important and must be taken into account as well when considering and analysing subsidiaries of specific MNCs. Indeed, some markets are more attractive than others and also their customers have different behaviours and share different values that can affect doubtless the purchasing behaviour and – therefore – the potentiality of the market. Evidences of what stands above are emerged during the interviews: the camera market does not have a big potentiality to grow in Italy because Italian people are more willing

to buy mobile phones and similar IT devices to take pictures instead of buying professional cameras. This because generally, each nation has its own potentiality of growth in specific markets taking into accounts the activities that the firms perform. For this reason, companies that work in different markets may have contrasted perspectives. Thus, performing interviews to managers who work for those companies may involve different results.

Moreover, in this research only one side of headquarter-subsidiary relationship has been analysed; indeed, the point of view is the foreign site's perspective. Although this viewpoint represents an innovative element in the research environment, the headquarters' side is not taken into account. Thus, because of the consideration of just one part of the relationship, the generalisation may be distorted and the results may be affected by this limitation.

Finally, the results are generalised based on one subsidiary manager's viewpoint. Indeed, just one subsidiary manager for each Italian subsidiary has been interviewed. Thus, the individual has his own point of view and – therefore – his subjective interpretation of the facts happened in the subsidiary may emerge during the interviews. That is the reason why the effective reality may be affected and distorted by the subjective point of view.

5.3   Implication for research

Inspired by the aforementioned limitations, future studies may focus on other types of analysis. Indeed, future research may converge on those MNCs that have Italian subsidiaries which are performing different activities to the ones interviewed in the current analysis. In fact, different industries in which companies operate may lead to different subsidiary behaviour and – therefore – to different conclusions.

Moreover, other future studies could be focused on understanding how positive attention is linked with the social capital, taking into consideration only particular MNCs that have the headquarters in a defined nation. This may be interesting in order

to understand how different headquarters manage their subsidiaries even if they share the same market and the same cultural background.

Additionally, it is advisable to perform research considering both sides of the relationship. Indeed, both subsidiary perspective and the central group's point of view may be taken into account in order to have a more complete scenario. Furthermore, it may also possible to perform more interviews to managers that work in the same subsidiary with the aim to understand if their answers are similar or if they diverge in some specific points. Indeed, the subjective point of view may overwhelmingly emerge.

5.4   Managerial implications

In conclusion, the current research could be useful for subsidiary managers to understand how to build a safe and healthy long-term relationship based on trust, set of shared values and frequency and quality of communication, basing on the analysis of other Italian subsidiaries taken into account in this work. Each of these subsidiaries has different strategies and manages in different ways its own relationships with their headquarters; therefore, each of them may learn from others how to improve trust and communication, but also how important is to share a common set of values. In this way, − thanks to these factors − managers might understand how to increase attention that they can gain from the headquarters. In doing so, subsidiary managers will be able to be constantly in contact with headquarters' employees and to create a sort of balance in their behaviour. Indeed, foreign sites' managers may attract positive attention from the central group in the correct way, without promoting in an excessive way their internal success. Hence, they will avoid value destroying, capturing only positive attention and gaining new possibilities, developments and opportunities.

Furthermore, the current work may be considered a good starting point for analysing different experiences and roles of other subsidiaries considered in this research in order to have a clear picture of how to increase the level of attention that subsidiaries receive by the headquarters. The positive attention is not only reached through a good application of the social capital into organisations, but also other factors play an

important role in this process. Indeed, – as emerged in the interviews – not only the structural, the relational and the cognitive capital are fundamental; the active role of subsidiaries, the innovative ideas they bring to the central group, the concrete results, the performance, subsidiary roles and activities, the transparency and the coherence between what a person say and what he or she actually does in order to accomplish a predetermined task are all factors that for sure are able to increment the level of positive attention subsidiaries may gain from the top management in the headquarters. Thus, leveraging on all the findings emerged throughout the interviews, subsidiaries have the possibility to clearly understand how to perform better inside their foreign site, trying to create value and maintaining it. In essence, they may learn how to behave in order to attract positive attention, for instance they may leverage on being active and proposing new and fresh ideas with the aim to be outstanding from others.

Additionally, this thesis may be a good mean for subsidiaries' managers to understand how to enhance the level of the subsidiary from a simple executor, to a strategic centre for value creation. That is why, taking into account all the results of the current study, subsidiary managers are able to take some decisions and choices that might increase the visibility of the foreign site which they work for. In this way, subsidiaries can be more visible and their role has the possibility to change from a simple executor, to a centre of excellence that is essential for the company as a whole, not only for the financial and economical results, but also for the innovations, ideas and projects that they are able to design. Indeed, as emerged during the interviews, the strategic activities play an important role in MNC scenario: headquarters focuses high level of positive attention on activities which have a great potentiality. R&D, marketing and sales are considered to be the three activities on which the central group focuses lot of efforts, because they may increase the revenues and enhance the expansion of the MNC abroad. Thus, leveraging on that kind of activities may be a strategic choice for subsidiaries in order to grow and increase their voice towards headquarters. Essentially, performing those activities will give the possibility to the foreign site to gain positive attention from the central group.

Moreover, the current research could be useful because managers can learn to increase the reputation of the subsidiary from the headquarters' point of view. This point is

strong linked with trust and communication. Indeed, the more the aforementioned elements are present in the headquarters-subsidiary relationship, the stronger the reputation. In addition, the reputation is also connected to the respect of the common values and rules inside the organisation. In this perspective subsidiary managers have the occasion to know which is the right way to build their image and to strengthen it, thanks to their activities and results achieved in their career. This is important because the success of the whole subsidiary may derive by key individuals operating there. Thus, this research is also able to involve managers to perform better and to be trusted by the headquarters in order to carry the foreign site to a fully success and recognition. Essentially, subsidiary managers should leverage on personal legitimacy in order to attract positive attention from the central group.

Managers may understand why other subsidiaries are behaving in a specific manner, their advantages and opportunities, but also their drawbacks and lot of possibilities as well. In doing so, managers might improve the capabilities of the firm as a whole, and not only the performance of the subsidiary which they are working for. Thus, positive attention from the headquarters will potentially increase, because the subsidiary is become a centre of excellence and an autonomous entity, not just an executor of duties imposed by the central group.

On the other hand, in this study, it is indirectly involved the headquarters' perspective. By this research the central group may have a useful implication: headquarters may understand how to behave in situations in which subsidiaries try to gain its attention. Indeed, in many cases foreign sites' managers are excessively focusing on promoting their successes and activities aiming at increasing headquarters' positive attention. Thus, central group's managers – thanks to the current work – might be able to increase their awareness on this topic, realising that – in most of the cases – subsidiary managers accentuate their performances in order to attract attention on key issues. Moreover, headquarters' managers should also understand when it is the case to intervene and when it is better to let subsidiaries to be more autonomous. Indeed, it may happen that the intervention of the central group in subsidiary key issues is not necessary and it may be dangerous for the whole business: it might turn into hyperattention, preventing subsidiaries to achieve the expected results.

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