

GETULIO VARGAS FOUNDATION
SÃO PAULO BUSINESS SCHOOL

RENATO DE SOUZA SANTOS

STRATEGIC ISSUE SELLING FROM SUBSIDIARIES TO HEADQUARTERS

SÃO PAULO
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Dissertation presented to the São Paulo
School of Business Administration,
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Research line: Business Strategy

Academic Supervisor: Prof. Dr. Jorge
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“A fool's way is right in his eyes, but he who listens to counsel is wise”

Proverbs12;15

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RESUMO

Existe um amplo debate na literatura de negócios internacionais acerca da ação estratégica de subsidiárias de corporações multinacionais gerando inovações na organização. Estas empresas estão num nível inferior a matriz e enfrentam obstáculos para alcançar sucesso ao propor algo para a matriz. Para entender este fenômeno nós usamos a teoria de issue selling como um mecanismo que explica como essa influência exercida pela subsidiária pode gerar sucesso apesar da discrepância. Esta pesquisa está dividida em três artigos. O primeiro, fizemos uma revisão sistemática da literatura sobre como os estudos sobre issue selling tem sido conduzido acerca da definição conceitual e operacionalização do fenômeno; como resultado foi possível apontarmos e extraímos o insight da pouca utilização do issue selling na relação matriz-subsidiária e o apontamento para os obstáculos centralização e diferenças culturais. No segundo artigo, testamos qual o impacto do enquadramento e processo de issue selling por parte de subsidiárias estrangeiras de MNC, moderado pela centralização exercida pela matriz, usando uma amostra de 342 subsidiárias internacionais. O resultado mostrou que a centralização pode ser contornada pelo gestor da subsidiária ao usar a estratégia issue selling. No terceiro artigo examinamos se a cultura nacional modifica a atenção dedicada pela matriz ao issue selling executado pela subsidiária; este artigo é dividido em duas partes, parte A, com a mesma amostra do segundo artigo, modelamos a moderação da distância cultural agregada; e parte B, usando uma amostra mais ampla de 533 subsidiárias, sendo 191 locais, onde modelamos como moderação cinco dimensões culturais do gestor da matriz relevantes para a literatura. O resultado do estudo A mostrou que a distância cultural foi significativa, enquanto o resultado do estudo B mostrou que as dimensões culturais individuais não são significativas para a estratégia de issue selling. Essa pesquisa traz algumas contribuições, primeiro para a teoria de issue selling mostrando a possibilidade melhoria da teoria fundamental com a inclusão da Attention-based view no framework, e mostrando caminhos teóricos a serem explorado no alinhamento do framework com os contextos estudados. Segundo, com os artigos práticos, reforçamos como a estratégia de issue selling mostra relevante para entender a relação matriz-subsidiária. E mostramos que os controles exercidos pela matriz precisam ser aprimorados e que a subsidiária precisa observar a diferença cultural entre ele e a matriz ao propor uma novidade.

Palavras-chave: influência estratégica, subsidiária, issue selling, influência cultural, centralização

ABSTRACT

There is a broad debate in international business literature about the strategic action of subsidiaries of multinational corporations generating innovations in the organization. These companies are lower than the parent and face obstacles to success by proposing something to the headquarters. To understand this phenomenon, we use the issue selling theory to explain how this influence exerted by the subsidiary can generate success despite the discrepancy between them. This research is divided into three articles. First, we performed a systematic literature review on how issue selling studies have been conducted regarding the conceptual definition and operationalization of the phenomenon; as a result, it was possible to point out and extract the insight of the little use of issue selling in the parent-subsidiary relationship and the pointing out to centralization obstacles and cultural differences. In the second article, we test the impact of issue selling packaging and process on foreign MNC subsidiaries, moderated by the centralization exercised by the head office, using a sample of 342 international subsidiaries. The result showed that centralization could be circumvented by the subsidiary manager when using the issue selling strategy. In the third article, we examine whether the national culture modifies the attention paid by the headquarters to issue selling performed by the subsidiary; this article is divided into two parts. Part A, with the same sample as the second article, we model the moderation of aggregate cultural distance; and part B, using a larger sample of 533 subsidiaries, with 191 locations, where we modeled as moderation five cultural dimensions of the matrix manager relevant to the literature. The result of study A showed that cultural distance was significant, while the result of study B showed that individual cultural dimensions are not significant for the issue selling strategy. This research brings some contributions, first to the issue selling theory, showing the possibility of improving the fundamental theory with the inclusion of Attention-based view in the framework and showing theoretical paths to be explored in aligning the framework with the studied contexts. Second, we reinforce how the issue selling strategy proves relevant to understanding the headquarters-subsidiary relationship with practical articles. And we show that the controls exercised by the headquarters need to be improved. The subsidiary needs to observe the cultural difference between it and the headquarters when proposing something new.

Keywords: strategic influence, subsidiary, issue selling, cultural influence, centralization

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INTRODUCTION

Organizational decision-making has long attracted the interest of researchers, and the more diverse its structure and organization, the more challenging it is to understand (Chandler, 1962). Because of limited rationality, decision-making gains more challenging contours for researchers' understanding of the cognitive process of decision-making by managers becomes increasingly complex (Nickerson, Yen, & Mahoney, 2012). Therefore, the first step in understanding decision-making is understanding what the manager considers as strategic issues.

These strategic issues began to emerge in companies with the evolution of strategic planning. However, over time, issues arose that made following the initial planning impossible, forcing shorter-period meetings. This made strategy implementation more expensive (Abedin, Kordnaeij, Fard, & Hoseini, 2015, p. 558). Because of the increased complexity of these issues, companies have started developing systems to deal with them optimally. As people interpret their environment, managers spend time and resources evaluating and attempting to forecast trends. However, the more they trust their analysis, the less time and resources they spend (S. C. Schneider & De Meyer, 1991).

The study of strategic issues gains a different perspective, depending on the number of people involved in or influencing decision-making. Wooldridge's (1990) study was one of the first to highlight this aspect. According to Bansal (2003), strategic issues may be sold downward (from top managers to middle managers and middle managers to line employees), upward (from middle to top managers), or horizontally depending on each context or organization. Therefore, depending on the target of influence, the proponent can change how influence is utilized to draw attention. Naturally, top management views strategic issues differently than middle managers.

However, selling strategic issues contains nuanced contours in contexts wherein individuals in the lower level of the organization attempt to influence a higher-level individual. This is because an attempt at reversing the decision-making process has been made. This is particularly important in the relationship of multinational companies (MNCs), wherein each subsidiary aims to acquire territory and serve the local market while dealing with it, influencing the headquarter's natural control, which holds formal ownership over the organization (Birkinshaw & Hood, 1998).

Therefore, this study focuses on the intersection between the literature on the sale of strategic issues (e.g., Dutton, Ashford, O'Neill, & Lawrence, 2001; Webber, Bishop, & O'Neill, 2012) and that on the headquarters-subsidary relationship (e.g., Conroy & Collings, 2016; Dörrenbächer & Gammelgaard, 2016). This research specifically addresses subsidiary managers selling strategic issues while attempting to influence the headquarters' decision-maker.

This research is relevant as the question-selling theory disaggregates how the proponent presents their idea of influencing the decision-maker. The proposition of innovation by subsidiaries has been the subject of debate in international business theory (Kostova, Marano, & Tallman, 2016). It is observed that the issue-selling theory can be used as a mechanism for disaggregating the strategy used by the subsidiary manager to influence the decision-maker in the headquarters. Separating the elements generating more and less attention can produce positive or negative attention (Conroy & Collings, 2016; Ling, Baldrige, & Craig, 2012). Another important aspect of this research is understanding the possible interventions in this communication between headquarters and subsidiaries when proposing an idea. We know that the headquarters are apprehensive toward agency behavior on the part of the subsidiary, and, for this, it uses a mechanism for exercising control (Kostova, Nell, & Hoenen, 2018). Thus, we analyzed the effect of the centralization exercised by the headquarters as a moderation in the relationship of selling strategic issues by the subsidiary. The other important aspect of this relationship is the difference in cultural orientation between them. Therefore, our additional contribution is in testing the cultural distance between headquarters and subsidiaries and the cultural orientation of the headquarters managers as interveners in the subsidiary's attempt to influence the decision-maker of the headquarters.

This dissertation is composed of three articles which are presented in the next section, connecting their themes.

RESEARCH MOTIVATION AND GAPS

In the article "Issue selling to top management," Dutton & Ashford (1993) unravel how lower-level people in organizations influenced top management teams. We can see that these themes are treated differently, from the power relations perspective (Piderit & Ashford, 2003), from the perspective of the subsidiary headquarters relationship (Haq, 2017), etc. As theory progressed, it became more evident that for a manager's idea to be successful, the target's

attention must be drawn so that management can subsequently dedicate resources and effort to the execution of the objective.

After the initial studies on the preparation for issue selling (e.g., Ashford, Rothbard, Piderit, & Dutton, 1998; Dutton, Ashford, Lawrence, & Miner-Rubino, 2002; Dutton et al., 2001), the need for theoretical development emerged, investigating how to assess its consequences better. In the article “Towards an Attention-Based View of the Firm,” Ocasio (1997) indicated that the possible outcome of issue selling would be the target’s attention. The author highlighted that, in practice, issue selling is a framework that makes evaluating attempts at persuasion possible and shows the attention-based view as a way of connecting the dots between issue selling purpose and implementation. Hence, every time someone in an inferior position attempts to draw the attention of someone superior, they use some techniques that highlight what would be more pleasing to the target to attract attention and convince them about what would be strategic issues.

Strategic issues can affect an organization’s strategy by impacting the achievement of its objectives (Dutton & Jackson, 1987; Dutton & Ottensmeyer, 1987). They are an essential aspect of business strategy studies on how managers assess these issues (Dutton, Stumpf, & Wagner, 1990). Strategic issue evaluation can vary between *threats* or *opportunities* (Miller & Lin, 2015). This engenders a different result in the answer given to these issues according to the classification assigned. People categorize objects through cognitive processes according to their characteristics and structures. They naturally reduce the complexity of the world and simplify analyses of the organizational choices (Dutton & Jackson, 1987), given the limited time, the manager’s attention becomes a valuable resource (Ocasio, 1997). Strategic issue assessment is affected by the natural complexity of the environment, as many variables about the issue are involved, some known and others unknown, and an intervening relationship with the problems faced by the organization exists (Baer, Dirks, & Nickerson, 2013).

To understand how strategic issues are processed by the manager, establishing some assumptions guiding the analysis of managers’ choices is necessary. To understand the effects of these decision-making processes, Dutton et al. (1990) explained how strategic issues are classified among three categories: *urgency* (evaluation of issue value), *feasibility* (assessment of the probability of success in resolving an issue), and *interdependence* (the relationship between the strategic issue and other issues). Thus, the issue-selling theory, developed by Dutton and Ashford (1993), attempts to explain how middle managers adjust the presentation

of ideas to influence decision-making by top management. The authors developed a framework divided into two main features: *packaging*, which deals with the *frame*, *presentation*, *appeal*, and *bundling* aspects of the issue, and the *process*, which deals with the level of *involvement* of other players, *choice of channels*, and *formality* employed in issue selling. This theory is based on the fact that the middle manager is in a position of power inferior to top management. This leads him to use tactics to highlight their proposition (Dörrenbächer & Gammelgaard, 2016).

This is related to strategy execution as the issue-selling theory was used in different contexts. From the headquarters-subsidary relationship (Dörrenbächer & Gammelgaard, 2011, 2016; Haq, 2017), entrepreneurship remains internal in organizations (Ashford et al., 1998; Piderit & Ashford, 2003), even for understanding how mental health professionals hired by the American Army convince ex-combatants to follow medical prescriptions (DiBenigno, 2020). This theory has been broadly and diffusely developed. Creating a coherent line of work required a literature review on issue-selling theory, as, at the time of its completion, there was nothing similar to it. This was the motivation of the first article to **understand how issue-selling theory evolved since the seminal article was published in 1993**.

Article 1 presents a literature review on strategic issue selling, particularly on the conceptual definition and operationalization of the phenomenon, the main antecedents that have been argued to trigger its selling efforts, and the main consequences (i.e., results) that such efforts are expected to achieve. To structure the systematic literature review, using a method that would allow us to understand how issue-selling theory was treated across different research areas, contexts, and samples was necessary. Thus, we chose the TCCM (theory, context, characteristics, and context) method (Paul & Rosado-Serrano, 2019). The TCCM is a literature review framework created to extract common insights from the literature review in a structured manner (Paul & Criado, 2020). This methodology was developed by the author precisely as it “ensured a multidisciplinary perspective to our understanding and used in internationalization reviews, it proved as a most effective tool” (Srivastava, Singh, & Dhir, 2020, p. 1). Therefore, this methodology generated a necessary alignment for consolidating understanding of the evolution of issue-selling theory.

The issue-selling literature was reviewed in their seminal article, wherein the authors had already articulated which theories supported the issue-selling model well (Dutton & Ashford, 1993). It is based on the social problem (J. W. Schneider, 1985), upward influence, (Schilit & Locke, 1982) and impression management theory (B. R. Schlenker, 1980). This

provides theoretical trustworthiness when evaluating these elements in the review of other articles (Whetten, 1989).

At the end of the literature review, the lines of development of the theory, context, characteristics, and methodology in issue selling can be clarified. Some insights emerged from this review highlighting the possible gaps that could be studied with other research. First, working on the theoretical foundation and observing the current methodological articulation of the theory, we proposed using the attention-based view as one of the building blocks of the theory (Dutton & Ashford, 1993; Dutton et al., 2001; Ling, Floyd, & Baldrige, 2005; Sonenshein, 2006; Wang, Hua, Wu, Zhao, & Wang, 2019). The second gap emerging from this review was that most articles dealt with the relationship of mid-level managers in organizations (Crane, 2000) including governmental organizations (DiBenigno, 2020), observed motivations for issue selling (Randel, Jaussi, & Wu, 2019), and examined even the difference in issue selling by gender (Ashford et al., 1998). However, only three articles from the analyzed sample were operationalized in the international business area (Gorgijevski, Holmström Lind, & Lagerström, 2019; Luo, Wang, Lu, & Liang, 2015; Wang et al., 2019). Although both articles work with survey and regression methods, not all aspects of selling questions were articulated and adapted to the specific context of international business. The issue-selling framework needs to be articulated to the specificity of the context. Essentially, the issue-selling theory has already been developed in the general scope to increase each research area's contribution. Additionally, little adaptation to the context of the headquarters-subsidary relationship was found. This did not allow for an understanding more adjusted to the context of international business, in addition to qualitative studies (Dörrenbächer & Gammelgaard, 2011, 2016; Ling et al., 2005).

Essentially, the headquarters-subsidary relationship is a good context for analyzing the issue-selling framework, as it is particularly complex (Henisz & Williamson, 1999). The multinational company is located in a country with other subsidiaries in several other locations, making the management of this organization quite complex (Ghoshal & Bartlett, 1988). To avoid losing management control, despite its complexity, the headquarters controls the limit for each subsidiary (B. Ambos, Asakawa, & Ambos, 2011). The dilemma arises when the subsidiaries serve their local market and need to convince the headquarters to accept suggestions so that it is authorized to implement proposals (Ambos, Andersson, & Birkinshaw, 2010).

In some cases, the headquarters must manage dozens of subsidiaries in a different location, necessitating strict control to prevent agency behavior (Hoenen & Kostova, 2015). This often inspires managers of other subsidiaries to take independent actions when seeing the headquarters concede to another subsidiary.

This headquarters must control the subsidiary's actions, which have limitations. Naturally, the headquarters' ability to control varies (Rabbiosi & Santangelo, 2019), and some subsidiaries will have increased strength, more voice, and will be able to exert pressure on the headquarters (Haq, 2017). Others had a very high billing weight, so they were considered more visible. However, differences among subsidiaries lead to difficulties in maintaining control of headquarters (Gammelgaard, 2009).

In this complex context, the issue-selling theory fits as a mechanism that explains how the subsidiary manager draws the headquarters' attention, despite centralized control being exercised. This is the motivation for our second article: **Does the degree of centralization of decision-making in the headquarters-subsidiary relationship moderate the effects of the packaging and process of strategic issue selling on headquarters' attention to the issue?**

Article 2 delves into the literature on the relationship between the headquarters of multinational companies and their foreign subsidiaries and focuses on how the impacts of the packaging and process of strategic issue selling are moderated by the degree of centralization the headquarters exerts over their subsidiaries. We conducted this study using a structural equation model wherein we collected responses from 342 managers of international subsidiaries around the world using the Lexis Nexis database. In this study, we tested the issue-selling aspects of framing in the presentation of *corporate benefits* and *consistency* and included two aspects that have not been adapted to the international business context currently. In the first aspect, *Go with Others*, we analyzed how many more geographically dispersed subsidiaries were joined together in the presentation of the idea. In the second, *Work/Social Involvement*, the aspect of getting closer to the headquarters managers was examined. We modeled these issue-selling aspects affecting the level of attention dedicated to the headquarters. To fill the gap presented in an earlier study, we tested the moderating effect of the degree of centralization exerted by the headquarters in the subsidiary.

The results showed that none of the issue-selling aspects had a significant effect on moderation by centralization. The effect was not expected to be significant. However, this directed us to the initial literature that states that issue selling refers exactly to the persuasion

strategy (Ocasio, 1997). Knowing the target is necessary for persuasion, (Dutton & Ashford, 1993). Therefore, the subsidiary manager already knows the organization and considers the management style to be more rigid when presenting the idea. In this way, the idea is accepted regardless of the level of centralization exercised. This is a contribution to the theory as it demonstrates that the centralization effect is limited when the subsidiary manager uses persuasion techniques in presenting their idea.

Investigating the reasons for the need for centralization and control, we realized that due to agency risk and not fully understanding the thinking and behavior of the subsidiaries' managers, controlling measures were needed (Ling et al., 2005). According to Ocasio (1997, p. 194) "Cultural and Institutional processes, at varying levels of the environment, provide decision-making with a repertoire or 'tool kit' of issues and answers from which to construct actions." The managers' analytic repertoires are founded in your cultural and institutional background (Beugelsdijk, Kostova, Kunst, Spadafora, & van Essen, 2018; Ling et al., 2012). Thus, an MNC is an organization in several different cultures simultaneously, with managers from both headquarters and subsidiaries from different cultures (Earley & Erez, 1997; Triandis & Suh, 2002). Hofstede (1980) demonstrated how relevant cultural aspects could be involved in organizational decision-making.

Ling's research (2005), analyzed in the literature review, also highlighted possible ways of interfering with these cultural differences in strategic issue selling by subsidiary managers, as MNCs are not like local companies. They manage different cultures within the same organization (Barkema & Vermeulen, 1997). Extensive communication, information exchange, and conversations for developing a company strategy in the case of an MNC (Bartlett & Ghoshal, 1998) can become a barrier that can hinder both the interpretation and the correct presentation of the subsidiary headquarters expects (Reus & Lamont, 2009). In this context, we find a gap in our third article: **Do the cultural differences between the subsidiary and the headquarters moderate the effect of the packaging and the process of strategic issue selling?**

Article 3 examines whether national culture modifies the effects of issue selling on headquarters' attention to the issue. This study was divided into two parts. Part A focuses on foreign subsidiaries and analyzes the moderating impact of cultural distance. It concludes that cultural distance exerts a moderating effect. This decreases headquarters' attention to the *Corporate Benefits* and *Go with Others* aspects and increases the attention given to the

Corporate Consistency and *Work/Social Involvement* aspects. However, when analyzing the effects of the slope of the moderation lines, this relationship can be noted to be quite complex in terms of its effects on high and low degrees of cultural distance.

Part B employs a larger sample of both foreign and domestic subsidiaries and investigates the moderating effects of specific cultural dimensions (*uncertainty avoidance, performance orientation, power distance, institutional collectivism, and in-group collectivism*) on the impact of specific components of issue-selling efforts. Interestingly, the cultural dimensions guiding the headquarters manager did not reveal a significant effect on moderation. This means that the headquarters managers' view *per se* is no more important than the difference in mutual understanding between subsidiary and head office managers because of cultural distance.

Theorizing the connection between articles

Therefore, this thesis aims to contribute to the advancement of the issue-selling theory application through these three articles. Although the two empirical studies were conducted using the same methodological approach, we sought to add new aspects to address the previously mentioned theoretical gaps. We intend to achieve this goal in three steps. First, we structure a literature review explaining how development occurred in the most diverse contexts already applied. Second, we test the issue-selling framework in the headquarters-subsidiary relationship context so that it exposes its function as a mechanism for explaining the subsidiary managers' actions in an attempt at strategic influence. Third, we test two great interventions from international business literature in this relationship: the centralization and cultural effects. Table 1 shows the synthesis of the three articles in this thesis and summarizes their aggregate contributions.

Table 1 – Brief Presentations of the Studies in this Dissertation

What are the main characteristics of issue selling by MNC subsidiaries, considering the obstacles in the relationship with the headquarters?			
MAIN GAP	Call for research that determines the interveners in subsidiary managers' attempts to influence the organization's strategy (Dörrenbächer & Gammelgaard, 2016; Ling et al., 2005)		
ARTICLES	Article 1 – Strategic Issue Selling Conceptualization and Measurement: Literature review and future agenda	Article 2 – Subsidiary Initiative and Strategic Issue Selling: Does decision-making centralization modify the impact?	Article 3 – The Complex Exercise of Selling Issues: The Impact of National Culture on Headquarters' Attention to Subsidiaries' Proposals

RESEARCH GAPS	As issue selling is a theory in the strategic research area, its development occurred in a dispersed way between different contexts and methodologies. Therefore, to advance theoretically, structuring the evolution of the literature and outlining a future agenda was necessary.	The literature review showed the context of the headquarters-subsidiary relationship lacking a better specification in the operationalization of the concepts. In this adaptation to this context, a crucial aspect is a centralization exercised by the headquarters to prevent agency behavior (Hoenen & Kostova, 2015). In this sense, the theory of issue selling could serve as the mechanism that explains how subsidiaries interfere in corporate strategy.	As the literature review highlighted, interventions that hinder the effectiveness of the issue-selling strategy exist. For example, in the headquarters-subsidiary relationship, cultural orientation is dominant and makes mutual understanding difficult (Ling et al., 2005) either by distance or by individual effect.
RESEARCH QUESTION/ OBJECTIVE	Understand how issue-selling theory evolved since publishing the seminal article in 1993.	Does the degree of decision-making centralization in the headquarters-subsidiary relationship moderate the effects of the packaging and the process of strategic issue selling on headquarters' attention to the issue?	Does the cultural difference between the subsidiary and the headquarters negatively moderate the effect of the packaging and the process of strategic issue selling?
RESEARCH METHOD	Systematic literature review using the TCCM framework, which highlights the contribution within the scopes of theory, context, characteristics, and methodology.	This research uses the structural equation method using Smart PLS 3.0 (Hair Jr, Hult, Ringle, & Sarstedt, 2016). We used a sample of 342 international subsidiaries whose contacts we obtained from the Lexis Nexis database. The moderation effects were operationalized with the two-stage technique.	This research is divided into two studies using the structural equation method using Smart PLS 3.0 (Hair Jr, Hult, Ringle, & Sarstedt, 2016). Study A used the same sample of 342 international subsidiaries. However, we test the moderating effect of cultural distance, following the study by Kogut & Singh (1988). Study B used a broad sample of 533 subsidiary managers, 191 from local subsidiaries and 342 from international subsidiaries. In both studies, we modeled the moderating effects with two stages and orthogonal approaches.
FINDINGS	Regarding the issue-selling theory, we highlight the attention-based view as a possible connection between issue selling and the success of the action. And hardly studied fields emerged, such as the context of the headquarters-subsidiary relationship, adapting the operationalization, and factors that interfere in the success of issue selling entertainment, such as mutual understanding.	The moderation of centralization exercised by the headquarters was not significant in any relationships with the four issue-selling aspects. A theoretical implication is that issue selling can serve as an explanatory mechanism for the subsidiary's action when influencing the organizational strategy. It also demonstrates that the subsidiary's manager can consider the management style and control of the headquarters to prepare the persuasion strategy, mitigating the control effect.	Study A showed that cultural distance increases the attention given to <i>Corporate Consistency</i> and <i>Work/Social Involvement</i> and decreases the effect of <i>Corporate Benefits</i> and <i>Go with Others</i> . In contrast, Study B showed that none of the headquarters' cultural syndromes affected the headquarters' cued attention. Therefore, we can conclude that while the cultural background of the headquarters manager does not necessarily matter, the difference in mutual understanding due to cultural distance does.

**OVERALL
CONCLUSIONS**

We present the theoretical foundation and test of attention to close the issue-selling framework. Concerning headquarters-subsidiary, we show that the aspects of control and centralization exercised by the headquarters are ineffective in the face of the proper articulation of issue selling. In contrast, for the subsidiary manager, we demonstrate how much cultural distance can hinder the attempt at strategic influence. However, the cultural orientation of the headquarters manager does not interfere in their analysis, suggesting that their analysis is technical. With this, we can conclude that cultural distance is much more influential than the cultural orientation of the headquarters manager only. We derive two main managerial implications, for the subsidiary manager, to observe how cultural distance influences the presentation of the idea, and, for the headquarters manager, to warn of the mitigating effect of the issue-selling strategy on centralization control.

CHAPTER TWO: ARTICLE ONE

Strategic Issue Selling Conceptualization and Measurement: Literature Review and Future Agenda

Renato de Souza Santos

INTRODUCTION

Research on strategy making has long implicitly assumed that the top managers decide the strategic course and control the strategic process of an organization (Schendel & Hofer, 1979). Wooldridge and Floyd (1990), however, highlighted a new perspective, such that other people within the organization, such as middle managers, can also influence strategic decisions. In practice, there is a distance between the middle managers and top management team of an organization; however, proximity to lower-level workers helps middle managers ensure the execution of their actions (Ahearne, Lam, & Kraus, 2014). Even when middle managers have ideas about the strategic direction of the organization, they only comment after the results from fear of retaliation (Wooldridge & Floyd, 1990).

Drawing on previous work that sought to understand the effectiveness of the strategic influence of middle managers in organizations (Dutton & Ottensmeyer, 1987; Jackson & Dutton, 1988), Dutton and Ashford (1993) developed a theory of strategic issue selling to clarify what people at lower levels of organizations (can) do to influence strategic decision-making by convincing their superiors that a given issue raised bottom-up is important and ought to be taken into account by the organization.

As the strategy-as-practice literature (e. g. Jarzabkowski, Balogun, & Seidl, 2007) and the behavioral theory of the firm (Cyert & March, 1963) have emphasized, the processes of strategic planning and strategy execution are not in fact solely analytical, rational, and fully informed, but rather result from the interplay of several actions by actors who are emotion-laden and engaged in often biased (although not always purposefully acknowledged) procedures and practices, among which issue selling (Rouleau & Balogun, 2011) plays an important role.

Several aspects of the issue selling phenomenon have been addressed in scientific research, such as the role of middle managers in influencing the formulation of strategy by their superiors (Crant, 2000), the effects of language on the effectiveness of the presentation of issues (Sonenshein, 2006), the different types of people (e.g., entrepreneurs) proposing an action

(Aguinis, Ansari, Jayasingam, & Aafaqi, 2008), or which aspects of an operational tactic a middle manager uses to sell an issue to decision-makers in the organization (Piderit & Ashford, 2003).

There is also research that aims to identify what motivates people to sell issues, some of which relate to the organizational environment (e.g., perceptions of favorability or otherwise) and some to the characteristics of the issue itself or of the issue seller, as well as the history of past attempts to sell strategic issues and the expectations of success in the selling effort (Ashford et al., 1998; Dörrenbächer & Gammelgaard, 2016).

We examine the seminal article in this approach (Dutton & Ashford, 1993), which has been cited by most of the studies on strategic issue selling and stimulated research on the phenomenon, to examine the development of the literature since then and to appraise the extent to which the original conceptual framework has driven research efforts so far. Following standard procedures for conducting a systematic literature review (Rialp, Rialp, & Knight, 2005), we analyzed 35 articles published in leading journals in order to understand how the theory has developed and to suggest a future agenda. Our review is structured in five sections after these introduction. In the next section, we present the research methodology and summarize the literature on strategic issue selling and its evolution. In Section Three, we present our findings and advance a research agenda for each aspect of the TCCM framework. In Section Four, we present the discussion and establish some theoretical baselines, and conclude this article in Section Five.

METHODS AND DATA

While research on strategic issue selling gained momentum in the literature on management in general (particularly after Dutton and Ashford's publication in the *Academy of Management Journal* in 1993), the topic has been addressed in several areas of research. The consequent multiplicity of theories and methods to analyze the phenomena have greatly expanded, which justifies a domain review to make sense of and consolidate the field (Paul & Criado, 2020).

In the current integrative literature review, we used the TCCM review method (Paul & Rosado-Serrano, 2019), where T stands for *theory*, C for *context*, the second C for *characteristic*, and M for *methodology*. The TCCM review technique allows us to overcome divisions between research fields to establish a consolidated future agenda (Paul & Rosado-Serrano, 2019; Srivastava et al., 2020).

To provide a broad article coverage in our sample, we searched for the keywords “issue

sell*” on two databases of scientific journals, Web of Science and Scopus over the 28 years from 1993 (the year of publication of Dutton and Ashford’s seminal article) to 2021 (March). We found 41 articles in the Web of Science database and 62 non-overlapping articles in Scopus, totaling 103 articles for our sample.

In the first stage of data cleaning, we checked how many articles were repeated in both databases (Scopus and Web of Science) and would generate overlap, identifying 40 repeated articles, leaving 63 articles in the database. To guarantee the highest quality of the results, we eliminated articles without peer review (P M Podsakoff, Mackenzie, Bachrach, & Podsakoff, 2005), as a result removing 7 books, 8 articles published in conference proceedings, 1 article published only in Chinese, and 3 articles whose access was unavailable, which left 44 articles.

The second cleaning step involved reading the abstracts of the articles to check whether they dealt with the issue selling theme. As a result, 9 articles were removed, as they only mentioned the theme in passing but did not in fact address the topic. Our final sample consisted of 35 articles. Table 1 presents the journals (total = 22) in which the 35 articles were published.

Table 1. Bibliographic sources of issue selling in our study

Bibliographic Source	Articles in Review	Total %
Academy of Management Journal	4	11
Administrative Science Quarterly	2	6
British Accounting Review	1	3
Competition & Change	1	3
Critical Perspectives on International Business	2	6
International Journal of Innovation and Learning	1	3
International Journal of Managing Projects in Business	1	3
Journal of Applied Behavioral Science	1	3
Journal of Applied Psychology	1	3
Journal of Business Research	1	3
Journal of Family Business Strategy	1	3
Journal of International Business Studies	1	3
Journal of International Management	1	3

Journal of Management	4	11
Journal of Management Development	1	3
Journal of Management Studies	2	6
Journal of Organizational Change Management	1	3
Journal of World Business	1	3
Management Research	1	3
Organization Science	5	14
Personnel Psychology	1	3
Strategic Management Journal	1	3
Total	35	100

Our sample covers a broad range of research areas and can map the issue selling development in a broad way.

Table 2 presents the research method employed across the 35 studies, and Table 3 indicates the respective main research fields. The research methods used are balanced between quantitative (34) and qualitative study methods (26). The research fields, despite a greater concentration in “General Management, Ethics, Gender and Social Responsibility” (43), Organization Studies (20). and International Business (17), include nine research areas where issue selling has already been addressed.

Table 2. Methods used in the research on issue selling

Qualitative study	Mixed method	Quantitative study	Theoretical
Crane (2000)	Dutton, Ashford, O'Neill, Hayes, and Wierba, (1997)	Ashford, Rothbard, Piderit, and Dutton (1998)	Dutton and Ashford, (1993)
Dutton, Ashford, O'Neill, and Lawrence (2001)	Dutton, Ashford, Lawrence, and Miner-Rubino (2002)	Sonenshein (2006)	Crant (2000)
Howard-Grenville (2007)	Piderit and Ashford (2003)	Lin, Chen, and Chang (2008)	Ling, Floyd, and Baldrige (2005)
Gammelgaard (2009)	Webber, Bishop, and O'Neill (2012)	Aguinis, Ansari, Jayasingam, and Aafaqi (2008)	Ocasio (2011)

Dörrenbächer and Gammelgaard (2011)	Henderson, Stackman, and Koh (2013)	Grant, Parker, and Collins (2009)	Narayanan, Zane, and Kemmerer (2011)
Dörrenbächer and Gammelgaard (2016)		Parker and Collins (2010)	Ling, Baldrige, and Craig (2012)
Conroy and Collings (2016)		Luo, Wang, Lu, and Liang (2015)	Vadera, Pratt, and Mishra (2013)
Meidell and Kaarbøe (2017)		Gorgijevski, Holmström Lind, and Lagerström (2019)	Alt and Craig (2016)
DiBenigno (2020)		Randel, Jaussi, and Wu (2019)	Haq (2017)
		Lu, Venkataramani, Bartol, Zheng, and Liu (2019)	
		Wang, Hua, Wu, Zhao, and Wang (2019)	
		Mayer, Ong, Sonenshein, and Ashford (2019)	

Table 3. Contextual articulation

Publication Distribution	
Method	Total %
Qualitative study	26
Mixed method	14
Quantitative	34
Theoretical	26
Research Field*	Total %
Accounting	3
Entrepreneurship	3
Innovation**	3
International Business	17
General Management	43
Management Education	3
Organization Studies	20

Psychology	6
Strategy	3

Note: * Research field attribution based on ABS 2018 list; **
Article not in the ABS list, but its classification was made by the
authors based on the journal's orientation

When synthesizing the findings of the articles, we distinguished the operationalization of the issue selling construct. In Table 4, we identify which articles addressed one or more of each of three components of issue selling: initiation, configuration, and outcome. Initiation refers to variables that affect the (chances of) starting issue selling efforts or the willingness to start selling an issue within the organization. Configuration entails the conceptualization of the focal construct (strategic issue selling). Outcome refers to the result of the issue selling effort.

Next, in Table 5, we identified how the aspects related to the configuration of strategic issue selling were operationalized in each study and mapped them onto the conceptual model of issue selling advanced by Dutton and Ashford (1993) to assess the consistency of research with the seminal model proposed earlier.

Table 4 - Articles that covered initiation, configuration or outcomes of issue selling

Study	Research Objective / Question	Initiation	Configuration	Outcome
(Ashford et al., 1998)	What personal and contextual factors make managers more or less willing to initiate issue selling in an organization?	X		
(Dutton et al., 2002)	(1) What cues signal favorability for selling gender-equity issues? and (2) by what process do these cues motivate the selling of gender-equity issues?	X		
(Sonenshein, 2006)	Understand how and when individuals use language to shape the meaning of issues in public, and when these public meaning differ from private understandings.	X	X	
(Lin et al., 2008)	This study is motivated to focus on the beginning of the organizational innovation process and examines the factors that affect the agenda placement of the KMSs (Knowledge Management Systems) issue.	X	X	X
(Grant et al., 2009)	Our objective in this paper is to answer this call by assessing moderators of supervisors' reactions to proactivity. By explaining when supervisors value proactivity, we can better understand how to design workplaces that support its expression.	X	X	X
(Webber et al., 2012)	Issue-selling is a key process in a bottom-up change, which has not received enough attention in previous studies of organizational change.			X
(Luo et al., 2015)	Issue-selling is a key process in a bottom-up change, which has not received enough attention in previous studies of organizational change.		X	X
(Lu et al., 2019)	In considering employee options, we adopt and extend Dutton and Ashford's (1993) dual-process issue-selling model as a framework to elucidate how employees' proactive actions with supervisors can help those employees gain supervisory recognition for their novel ideas.		X	X

(Mayer et al., 2019)	In this article, we develop and test a theory that examines when and how moral language can be an effective means to sell social issues in four studies from a variety of organizations, using multisource data. We also explore potential mechanisms to explain the findings.	X	X	X
Total		6	6	6

Table 5 - Mapping of issue selling configuration components onto Dutton and Ashford's (1993) model

Authors	Variables	Issue Selling Packaging			Issue Selling Process			
		Framing	Presentation	Appeals	Bundling	Involvement	Channel	Formal X Informal
(Sonenshein, 2006)	Meaning of Social Issues		X					
	Economic embellishing	X						
	Economic subtracting	X						
	Normative subtracting	X						
	Normative consistency	X						
	Magnitude	X						
	Scope			X				
(Lin et al., 2008)	Complexity		X					
	Immediacy		X					
	Assertiveness	X						
	Integration					X		
	Rationality			X				
	Exchange			X				

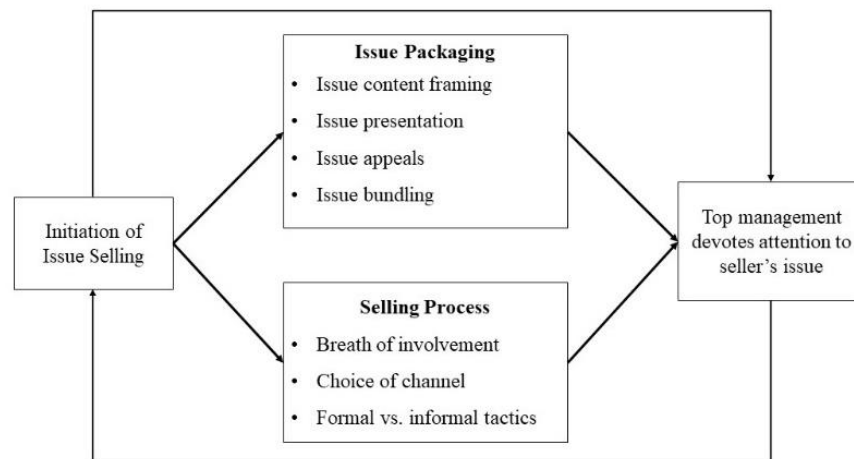
	Upward appeal				X			
	Coalition					X		
(Grant et al., 2009)	Prosocial values	X						
	Rational issue selling	X						
	Organizational benefits	X						
(Luo et al., 2015)	Legitimacy		X					
	Novelty		X					
	Employee's idea enactment						X	
(Lu et al., 2019)	Employee's influence tactics		X					
	Idea novelty		X					
	Creativity	X						
(Mayer et al., 2019)	Moral language	X						
	Economic language	X						
	Fit (with organiz. values)		X					
	Preparation	X						
	Presentation		X					
(Gorgijevski et al., 2019)	Bundling				X			
	Involvement					X		
	Formalization							X
	Timing			X				
Total		13	9	4	2	3	1	1

THE DEVELOPMENT OF ISSUE SELLING THEORY

Dutton and Ashford (1993) developed the model of strategic issue selling, which concerns the cognitive aspects of middle managers who try to influence strategic decision making in organizations. Suggestions from middle managers in organizations often meet with resistance from superiors and thus fail to influence the strategic process (Guth & Macmillan, 1986; Wooldridge & Floyd, 1990). Dutton and Ashford (1993) sought to understand what increases the chances of successfully “selling” strategic issues to higher levels in organizations.

The framework developed by Dutton and Ashford (1993) details two main aspects of the issue selling phenomenon, shown in Figure 1: issue packaging, which concerns how the seller frames the issue by highlighting some points and shadowing others, emphasizing certain aspects such as novelty or emotion, and making an additional appeal on the issue or coupling it with other issues; and the selling process, which addresses the involvement of other players in the sale effort, choice of channel (e.g., private or public meetings) for communicating about the issue, or preference for formal vs. informal means to convey the issue to the organization.

Figure 1. The issue selling framework



Source: Adapted from Dutton & Ashford (1993)

Ling et al. (2005) defined issue selling as “the discretionary behavior used to direct top management’s attention toward, or increase their understanding of, strategic issues” (p. 638). Interestingly, this as well as other definitions of strategic issue selling (e.g., “issue selling is an upward influencing technique where subsidiaries act as ‘sellers’ in an internal market system”, cf. Conroy & Collings, 2016, p. 618; and “Issue-selling involves actively convincing higher-

level supervisors to pay attention to issues”, cf. Grant, Parker, & Collins, 2009, p. 33) only considers the upward direction (e.g., from middle managers to TMT or from subsidiaries to headquarters), but inadvertently ignores that issue selling can also be undertaken downwards and horizontally (Rouleau & Balogun, 2011).

In **Erro! Fonte de referência não encontrada.** we show the main points of the issue selling framework, which encompasses issue initiation, strategy and tactics selection, and attention.

The first stage of the model presented in Figure 1 is the initiation of issue selling, which concerns the motivations that would lead a middle manager to undertake an attempt at strategic influence. In this respect, the middle manager plays a key role, as s/he is at an intermediate level in the firm’s hierarchy, dealing with tensions between operational issues and the higher level of strategic thinking (Dutton & Ashford, 1993).

The beginning of the issue selling process may be motivated by the expectations of success by the middle manager and his/her preparedness to bear the potential negative effects of (starting) the issue selling process (Conroy & Collings, 2016). At the center of these motivations is the definition of the strategic issue.

Strategic issues are common in business strategy theory. Ansoff (Ansoff, 1980, p. 133) defines strategic issues as “trends and events both inside and outside an enterprise”; what makes them strategic is the fact that they affect the company’s objectives (Nickerson et al., 2012), giving them a profound effect on organizational performance. A strategic issue can relate to either a “threat” or an “opportunity” (Miller & Lin, 2015).

Managers categorize objects through a cognitive process by their characteristics and structure, as this reduces the complexity of the world and simplifies the analysis of the choices for the organization (Dutton & Jackson, 1987); given the limitations on their time, managers’ attention becomes a valuable resource (Ocasio, 1997). The issue selling framework proposed by Dutton and Ashford (1993) has the objective of mapping how one may act to influence the perception of top managers”?

One of the more important aspects of a functional theory is its underlying functional logic or “building blocks” (Whetten, 1989, p. 490). The theoretical foundation of the issue selling framework is based on three basic previous theories, the social problem theory (J. W. Schneider, 1985) to explain the issue selling motivation; impression management (B. R.

Schlenker, 1980) to explain the choice and development of the packaging and process strategies used by the seller; and upward influence (Smith, 1982) to explain the need for a packaging and process to influence the top management team in the organization. With these bases, the theory of issue selling developed for application in other research fields and to broader phenomena.

Initial research sought to understand the motivations for issue selling in organizations that would lead a middle manager to challenge the status quo and undertake the initiative to sell an issue to the top management team. Dutton, Ashford, O'Neill, Hayes, and Wierba (1997) found that the willingness to propose an issue is cognitive and that the seller is influenced by both internal and external factors of the organization. A preliminary result was found by Dutton et al. (2002), who studied the favorable contexts for the sale of gender issues in companies and those not relevant to motivating the sale. In both cases, however, the perception of risk seems relevant, and therefore these are not motivators but barriers that inhibit the motivation to sell the issue in companies.

The configuration of issue selling strategies was also studied by context, such as the difficulty of selling environmental issues in companies (Crane, 2000), whether the presentation of the sale is public or private (Sonenshein, 2006), and on the use of more economical/financial or more social language to convince the top management team (Mayer, Ong, Sonenshein, & Ashford, 2019). The studies at this stage demonstrated that the configuration of issue selling would depend on the perception of the seller. If the seller believes that the top management expects issue selling (Dutton et al., 2001), then he will use the issue selling mechanism as a resource to conquer normative space in the organization (Howard-Grenville, 2007), always considering the corporate risks of action taken (Dutton et al., 1997).

The risks involved in the issue selling strategy influence the image of the seller of the action; therefore, it is seen as constituting a limiting barrier to managers' undertaking new actions. In this sense, Conroy and Collings (2016) studied negative attention in particular. Classified by the authors as the "dark side" (2016, p. 613) in the context of the headquarters-subsidary relationship of multinational companies, the authors recognized that the work of the headquarters is essential to preserve the organization while maintaining legitimacy among the subsidiaries. The impact of negative attention is not limited to the proponent but extends to the top manager, whose innovation capacity is affected and who consequently must devote major efforts to reversing a bad image (Webber et al., 2012).

Whether in parent-subsidary relationships or other power relationships, studies of issue

selling strategies have afforded scholars an understanding of the paths to success in undertaking new actions, demonstrated, despite the small number of studies, by a certain spread of development across several fields of research (see Table 3).

RESEARCH AGENDA

In this study we used the TCCM framework to structure knowledge about issue selling based on its similarities across the differences between the nine diverse research fields where the theory was tested (Paul & Rosado-Serrano, 2019). Based on the systematic review, we were able to consolidate the body of knowledge on issue selling, from which we propose a research agenda for the four aspects of development.

Theory development (T)

Issue selling theory has developed from solid foundations and theoretical building blocks: social problem theory (J. W. Schneider, 1985), impression management (B. R. Schlenker, 1980), and upward influence (Smith, 1982). In addition, the leading authors had already studied strategic issues, affording them a broad knowledge of the decision-making process (Dutton & Duncan, 1987; Dutton & Jackson, 1987; Dutton & Ottensmeyer, 1987; Jackson & Dutton, 1988).

According to Whetten (1989), it is only possible to test a theory when there is a solid foundation of underlying theory supporting the models tested, which is the case for the issue selling model, for which this solid initial theoretical foundation allowed the initial studies to be examined with quantitative (Ashford et al., 1998) or mixed tests (Dutton et al., 1997) from the very beginning.

This solid foundation also allowed issue selling theory to be applied in several research fields. From the standpoint of theory, the pre-issue selling mechanisms (willingness to sell) are well-founded; the importance of the seller's cognitive perception in the willingness to sell (Dutton et al., 1997) and the fact that the context must be prepared by the top management team (Ashford et al., 1998) are well known. Regarding the issue selling configuration (e.g., issue packaging and process), it was already known that the use of moral language can be effective by constraining the target for social causes (Mayer et al., 2019); that when the sellers present the issue through public channels, they use more economic language to convince their managers (Sonenshein, 2006); and that the way in which an idea is presented is more relevant than how innovative it is (S. Lu, Bartol, Venkataramani, Zheng, & Liu, 2019a).

Despite issue selling theory being applicable through so many different methods from the start, some gaps can be noticed. In Table 4 we list the articles that examined attempts at strategic influence quantitatively, regardless of whether they were aligned with the issue selling framework (12); of these, only 6 concerned the outcome of the issue selling. Within the framework developed by Dutton and Ashford (1993) (see Figure 1), there is an articulation between the beginning, middle, and end of the issue selling strategy, but the theoretical support for investigating the closure of this cycle is still being developed. Some authors have adopted an attention-based approach (Ocasio, 1997) to understand the success or failure of issue selling (see Conroy & Collings, 2016; Gorgijevski et al., 2019), but a single consolidated direction remains lacking. As a future research agenda, we suggest that authors seek to relate the fundamental theories of issue selling in order to close the cycle and allow the completion of this theory.

Context (C)

Issue selling theory has been applied in several different contexts, which are listed in Table 6 for the respective empirical studies, along with which types of issues were sold and which specific objectives were observed. We note that most of the empirical studies have studied issue selling in local companies (18), and have addressed several types of issues, such as selling environmental issues (Crane, 2000). It is also important to highlight the number of studies of the sale of gender issues in organizations (see Dutton et al., 2002, 1997).

Table 6. Contextual articulation

	Contextual articulation	Organizations in general		Multinational companies	
		<i>N</i>	Total %	<i>N</i>	Total %
Seller	Female manager	3	17%		
	Middle manager	12	67%		
	Top manager	2	11%		
	Subsidiary manager			7	100%
	Army doctor	1	6%		
Issue Selling stage	Pre-selling	4	22%		

	During	9	50%	7	100%
	Post-selling	3	17%		
	Full process	2	11%		
Theory baseline mentioned	One of them	8	44%	1	14%
(Upward	Two of them	1	6%	1	14%
Influence, Social	Three of them			1	14%
Problem,	All of them	1	6%		
Impression	None	8	44%	4	57%
Management,					
Attention-based					
view)					
Total		18		7	

Note: This table covers only the 25 empirical studies, including the qualitative, quantitative, and mixed studies.

Another context studied is that of multinational companies, which have a distinct management due to their absorption of culture from several different countries (Henisz & Williamson, 1999). These studies have basically focused on the parent-subsidary relationship and its search for legitimacy (Conroy & Collings, 2016; Dörrenbächer & Geppert, 2009), and on measures to narrow the power gap (Dörrenbächer & Gammelgaard, 2016). Therefore, we propose as a future direction of research that the focus of studies of headquarters-subsidary relations be broadened, considering fundamental aspects of this type of business such as the degree of centralization decision-making, which can exert a strong countervailing influence against proposals coming from subsidiaries within the MNC (Cavanagh, Freeman, Kalfadellis, & Cavusgil, 2017).

We also suggest that the issue selling theory be investigated beyond the organizational context. Insights from the persuasion literature indicate that persuasion strategies (e.g., issue selling) are not restricted to companies, but permeate different contexts of life in society (Cialdini, 2001). We urge scholars to expand the application of the theory to contexts such as society and politics, as by examining how communities convince their elected politicians to propose laws or how legislators persuade other legislators to support their bills. Such research, varying across national contexts, can lead to a great consolidation of our knowledge regarding the limits of issue selling theory.

Characteristics (C)

A characteristic that we can observe in the issue selling framework is its procedural approach, as shown in Figure 1. Considering empirical studies of organizations in general, we note that these limits have been explored in research that addressed the willingness for sale (see Dutton & Duncan, 1987), but that there was only one study that analyzed the entire issue selling process from start to finish (see Howard-Grenville, 2007).

However, while there have been many studies of organizations in general, in the MNC context, the focus has been restricted to the headquarters-subsidary relationship. It is natural to find studies of the headquarters-subsidary relationship because issue selling is a theory for investigating bottom-up proposals and upward influence, and the headquarters-subsidary relationship is a power relationship (Dörrenbächer & Gammelgaard, 2016), but we see an opportunity here for research dedicated to understanding the characteristics of the headquarters, as there are middle managers inside the headquarters as well, and the decisions made at headquarters might have been made throughout the company.

Therefore, we suggest that future research study the characteristics of issue selling within the headquarters of MNCs. How do middle managers use issue selling to influence headquarters' decisions regarding internationalization (location, commitment, pace)? What is the influence of the issue selling of managers of other nationalities on the top management team regarding internationalization decisions? Changing the focus to the headquarters can help to investigate the issue selling of top managers of other types of organizations.

Returning to the subsidiaries of MNCs, research has also shown that only the configuration of issue selling has been studied, as shown in Table 3. Therefore, we suggest investigating the motivations of the subsidiary to undertake issue selling to headquarters, which poses a risk to its image vis-à-vis the headquarters and other subsidiaries (Conroy & Collings, 2016). We also suggest investigating what happens to subsidiaries after issue selling strategy execution. What happens to subsidiaries that fail in the issue selling process? What are the additional gains (besides attention) of the subsidiaries that are successful in issue selling? What are the penalties imposed and consequences for subsidiaries that fail in issue selling? These investigations can contribute to both practical and theoretical knowledge of MNC management, and more specifically to subsidiaries, in addition to expanding the range of tests of issue selling theory.

Another characteristic of MNCs is a culturally diverse structure, due to their relationships with different nationalities (Henisz & Williamson, 1999), a characteristic widely

studied in the literature on international business (see Srivastava et al., 2020). A subsidiary that proposes to sell an idea is faced with a complex situation, as it must often deal with a headquarters whose national culture is completely different from theirs, which can thus hinder communication and decrease the chances of success. This argument was raised by Lin et al. (2005), but we reiterate it here, since after its publication we found only a few studies dealing with the importance of setting up issue selling in the dedicated attention of the headquarters, and these cultural aspects were still neglected (Conroy & Collings, 2016; Gorgijevski et al., 2019).

Methodology (M)

As we can see in Table 2, issue selling studies have been quite diverse since the beginning, with the use of mixed methods (see Dutton et al., 2002), case studies (see Crane, 2000), experiments (see S. Lu et al., 2019a), and ethnography (see Howard-Grenville, 2007). All studies classified as regression used surveys, which can be explained by the psychological and cognitive aspects of the issue selling framework (Dutton et al., 1997).

When we examine how practical studies have examined the outcomes of issue selling strategies, we can see this operationalized at two levels: attention and execution (see Lin, Chen, & Chang, 2008). Luo, Wang, Lu, and Liang (2015) assessed the effect of using issue selling strategies by measuring the variable of headquarters' attention, addressing the last aspect of the issue selling process pointed out by Dutton and Ashford (1993). Similarly, Webber, Bishop, and O'Neill (2012) assessed the effect of issue selling on the "Issue Selling Success" rate, but other authors have gone beyond this issue, such as Lu, Bartol, Venkataramani, Zheng, and Liu (2019a), who assessed the "Implementation" of the issue selling strategy; Grant et al. (2009), who assessed "Performance Evaluations"; and Mayer et al. (2019), who assessed the impact of issue selling on "Issue Selling Effectiveness." The most daring article was Lin et al. (2008), which assessed the impact of issue selling on both attention and the "Organizational Adoptions" of Knowledge Management Systems, which consists of the adoption of the issue sold.

These articles show us how much the evaluation of the dependent variables in these studies has varied, not only by type, such as chance of success or attention, but at different levels, even passing beyond the factor of attention to indicate the existence of a theoretical gap on this point. Based on these findings, we feel that researchers should seek to consolidate how to assess the results of issue selling strategies, in addition to attention to particular contexts (organizations, NGOs, MNCs or social relations) and scopes.

Another uncommon methodological approach in this field is longitudinal research, which can capture the issue selling process from the beginning to the end (Langley, 1999); only Howard-Grenville (2007) undertook this task, explicating issue selling as a strategic practice. We suggest that more longitudinal studies be conducted in different contexts to capture the nuances of the issue selling process (Langley, 1999).

Among qualitative studies, those that investigate configuration can make a rich contribution regarding the necessary and sufficient paths to succeed in issue selling in different contexts.

DISCUSSION AND LITERATURE DEBATE

In this literature review on issue selling, we using the TCCM method to attain an integrated view of the literature independent of the research field (Paul & Rosado-Serrano, 2019). In this section, we consolidate this unique discussion of the issue selling literature and advance several propositions.

First, some aspects of the model advanced by Dutton and Ashford (1993) have received much more attention than the others in empirical studies, specifically framing and presentation as aspects of the “issue packaging” dimension. On the other hand, the distinction between formal and informal tactics has been employed in only one study reviewed here, and the other aspects have received little attention (Gorgijevski et al., 2019).

Second, there has been great variety in how those aspects (particularly framing and presentation, which make up the largest part of studies) have been represented or operationalized. On top of the divergence of expressions for aspects that are in fact very similar in content (e.g., “organizational benefits” and “fit with organizational benefits”; “economic language” and “economic embellishing” or “economic subtracting”), there have in fact been quite varied forms presented by which the domain map of those aspects can be characterized. This finding suggests that strategic issue selling is indeed a complex phenomenon that might be better conceived of as multidimensional and multi-layered.

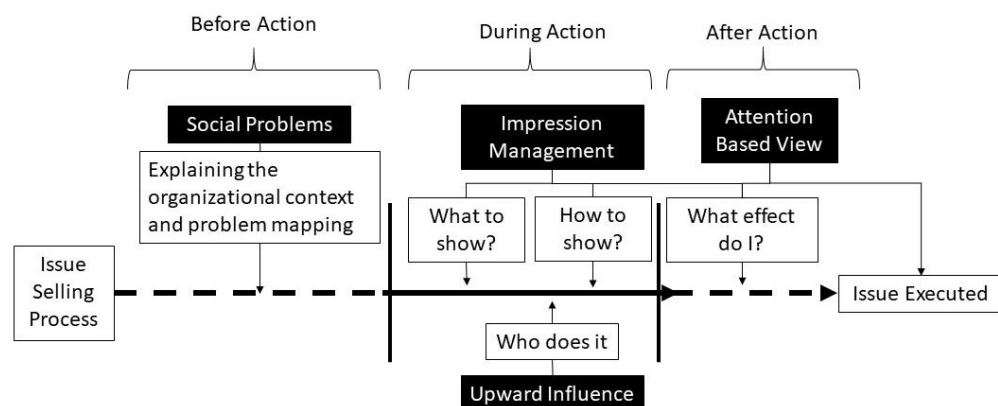
For the advancement of theory, it is important that studies build from a common basis (both conceptually and operationally) to allow for comparisons and to contrast potentially contradictory findings. An all-encompassing model, however, may be too large to fit for any empirical study, but researchers should at least frame their study according to a commonly agreed-upon generic framework.

Third, we analyzed the building blocks of the theory, seeking to understand the contribution of the reviewed articles to the advancement of theory. As suggested by Whetten (1989), a theory needs clear building blocks so that its contributions can have implications for real practice. These building blocks are the What that takes into account the logic of the factors of the theory, the How that takes into account how these factors are presented visually, as by frameworks, and the Why that takes into account the underlying logic of the theoretical model.

To make this dynamic between issue selling factors explicit, the conceptual framework proposed in this article is presented in Figure 2. The aim of this framework is to locate the contributions of the theories underlying the theory of Issue Selling in the form of a simplified process, with which it will be possible to make clear the contributions of research that has already been carried out and were part of this review, and to contribute to the advancement of the theory by closing the cycle initiated by the authors in their seminal article (Dutton & Ashford, 1993).

The full issue selling process is placed in a synthetic way in three stages, with the initiation of issue selling at the beginning and dedicated attention at the end, marked with a dashed line that differentiates it from the central part of the issue packaging in process, which concerns the choices of strategy and tactics. The fundamental theories introduced by Dutton and Ashford (1993) are placed in the schema based on their contributions to explaining the logical aspects of the issue selling model that we propose in this literature review (Whetten, 1989).

Figure 2. Articulation of the building block theories



Issue selling theory intends to explain issue selling based on three main theories, social problem theory, impression management, and upward influence (Dutton & Ashford, 1993). Stated procedurally, social problem theory plays a fundamental role in the beginning of the issue selling process, as it is through the perception of the organizational environment that people decide which issues are important to raise and which are not.

To substantiate this, we can go back to articles that studied how this process of choosing issues took place, such as Dutton et al. (1997) on how female managers chose the types of questions to be highlighted in organizations; according to the research findings, middle managers interpret the social context and use a cognitive frame to fit their interpretation of the context to assess whether it is or not favorable to start the issue selling process: “their selling-initiation decision appear to be based on general cognitive appraisals rather than more specific, effortful, cognitive appraisals of context” (Dutton et al., 1997, p. 419). Even when studying proactive behavior in organizations, the assessment of the organizational context that completes the diagnosis of the environment that generates the problems can be subject to the same logic (Crant, 2000; Dutton et al., 2002), similar to the diagnostic assessment suggested by Schneider (1985) corroborating the proposed model.

In the idea proposed in this review, impression management theory underlies Stages Two and Three of issue selling, explaining basically two elements, the “what to show?” and “what effect do I want?,” which are unconscious self-questions asked by the seller after the problem has been identified (S. Lu et al., 2019a). The reason for the two-stage effect of the issue selling process occurs because, as Schlenker (1980) points out, when someone proposes to draw another person’s attention to organizational change, he has already thought about what effects he wants to achieve through this action, and choosing the right tactics for action is essential in this process.

We can see this process through certain studies such as Dörrenbächer and Gammelgaard (2016), who applied the theory of issue selling to study what managers of subsidiaries of multinational companies do to gain the attention of headquarter managers. In this study carried out within an organizational model, the communication channels used to sell issues proved to be essential, as the study revealed that depending on the expected result, the manager of the subsidiary examines its position in the organization and chooses the tactics and the right way

to sell the issue; therefore, impression management theory applies to both issue framing and issue packaging (Dörrenbächer & Gammelgaard, 2016, p. 1262).

Bansal (2003) studied why some issues led to organizational actions and others did not even after gaining the attention of the high levels of the organization. In her model, she shows that some conditions are necessary to impel an organization into action: “individual concern for the issue and congruence between the issue and the organization’s values” (2003, p. 523). Another important factor when considering the research results is changes in the organizational environment as proposed by Schneider (1985), which coheres with the model proposed in this review.

We can understand that problem mapping has a reflexive logic, as the middle manager observes a problem and tries to persuade top management that it needs to be dealt with urgently (Dörrenbächer & Gammelgaard, 2016); regardless of whether the presentation is successful or not, the simple fact that he gained attention generates an impression (Conroy & Collings, 2016). Whether positive or negative, this impression alters the salesperson’s perceptions of future sales, generating learning and better future mapping (Howard-Grenville, 2007). This perception can only be perceived when we observe the contributions of all previous studies in a unified way through this literature review. It also reveals that the initial ideas proposed by the Dutton and Ashford (1993) were correct regarding the recursion of issue selling (see Figure 1).

Another article applying impression management theory is by Sonenshein (2006), who studied the effect of the presentation of issues sold on the search for organizational attention. Among the study’s findings, the author demonstrated how people use different languages with more or less public acceptance to affect the target and get attention; “by showing how and when individuals linguistically weave issues into legitimate public logics, I find concrete examples of individuals using language to establish ‘facts’ [...]” (2006, p. 1168). Therefore, shaping language has the effect of shaping management’s impression of an issue, thereby altering the chances of successful selling.

Turning to the third essential theory of issue selling proposed by Dutton and Ashford (1993), upward influence (Smith, 1982), we show its underlying explanatory function in the model proposed in Figure 2 as providing the theoretical outlines that help explain why people seek to sell an action even at lower levels of the organization. One study that applied upward influence theory is that of Ashford et al. (1998), who studied how people at lower levels work

to sell gender equality issues in organizations. Gender issues are not in the overall strategic focus of the organization, they are often not directly linked to the organizations' results, and given their social complexity, they tend to be avoided in companies; however, people are encouraged to sell these issues in certain situations that make them more likely to succeed in gaining attention.

Dörrenbächer and Gammelgaard (2016) focused on a type of issue that sells directly linked to an upward influence, a power relationship that exists in multinational companies between subsidiaries and headquarters (Mudambi, Pedersen, & Andersson, 2014). One of the results regarding this effect concerns the level of personal proximity between the manager of the subsidiary and the manager of the head office, such that the manager of the subsidiary might turn to shady methods to sell their issues, such as a "lobby" (Dörrenbächer & Gammelgaard, 2016, p. 1262)

Some articles analyzed in this review have added to issue selling theory the fundamental theories of an attention-based view (Ocasio, 1997) as a mechanism for assessing the effectiveness of the issue selling after the sale. An attention-based view theory was elaborated by Ocasio (1997) that assesses how attention is distributed within the organization, and how the selection is made as to what is relevant and what is not. We suggest that the use of the attention-based view can add theoretical logic to the final point of the issue selling model between configuration and issue execution.

According to Ocasio (1997, p. 188), attention is distributed across the organization through three stages: focus attention, situated attention, and distributed structural attention. The link between the theories is located in the focus of attention, and is reflected in how people seek, when proposing the sale of an issue, to focus attention on exactly the issues that are being sold: "the available repertoire of categories for making sense of the environment: problems, opportunities, and threats" (Ocasio, 1997, p. 189). The attention-based view also helps elaborate the theoretical logical link of issue selling regarding the actions of people at lower levels in the organization trying to influence the higher level and impose their vision of what they recognize as important to the company's strategy: "players often become committed to prevailing organizational structures and strategies, and their personal interests, values, and organizations may come into conflict with the organization's purpose" (Ocasio, 1997, p. 197).

Subsequently, Ocasio, Laamen, and Vaara (2018) revisited the bases of the attention-based view and pointed out paths for theoretical refinements in their proposals, especially the suggestion to investigate the application of rhetorical tactics to influence attention and thereby demonstrate the effectiveness of the attention-based view: “while there are a wide variety of rhetorical strategies that can be used to influence attentional engagement, research on strategic issue selling has been particularly enlightening in this respect” (Ocasio et al., 2018, p. 161). For this reason, we suggest that the attention-based view should be seen as an additional, fourth fundamental theory of issue selling theory that serves to generate the link between issue configuration and the top management commitment.

In this study we propose the attention-based view, not only for the measurement of issue selling success, but also as one of the theoretical building blocks of the issue selling theory and as a means to evaluate the effect of the issue sold through additional kinds of measurements. Through the four elements that organizational attention, “noticing, encoding, interpreting, and focusing of time and effort” (Ocasio, 1997, p. 189), it is possible to measure organizational attention and test its effect, as Rhee and Leonardi (2018) did when investigating the attention allocation and generation of good ideas in an organization, and demonstrate a positive relationship between the allocation of attention and its measured effects, in this case the generation of good ideas for innovation (Rhee & Leonardi, 2018, p. 1210).

Attention is not only an important fundamental theory to secure the measurement of the issue selling framework, but also serves to link claims regarding causality with the possibility of measuring the result of the issue selling (Dutton et al., 2001). For this reason, this literature review is focused on the theory domain, supporting theoretical advances by strengthening its theoretical building blocks.

CONCLUSION

After almost 30 years since Dutton and Ashford (1993) published their seminal article, it is due time for a literature review on the topic of strategic issue selling. This review of the domain was conducted using the TCCM method (Paul & Rosado-Serrano, 2019), which made it possible to evaluate the findings comprehensively and propose future agenda paths under the general aspects of Theory, Context, Characteristic and Method. That seminal work paved the way to the fundamental theory by means of the building blocks that provided the theoretical “why” and “what” (as suggested by Whetten, 1989).

Although empirical efforts have been quite fragmented, this situation may be the natural consequence of the conceptual complexity of the phenomenon, which is multidimensional and multi-layered. Our main contribution lies in organizing past works within a broad conceptual framework that brings order to this fragmentation, and which should serve as an explicit basis for future research connecting the theoretical building blocks of issue selling theory with their operational aspects.

We strongly advise that future studies on issue selling explicitly frame their models in terms of the broadly encompassing framework proposed by Dutton and Ashford (1993). Since the conceptual aspects of this model have been operationalized in several studies, it is recommended that some consistency be maintained in how similar variables are operationalized in different studies. Tests of several different variables have been performed, but we suggest that when testing the variable, its effect be verified again following the seminal article model.

Our review exposed nuances of the phenomenon that have been under-researched, as well as specific contexts that merit greater attention in future research. Therefore, potential avenues for future research could include selling upwards (strategy formulation) vs. downwards (strategy execution) vs. horizontally (cf. Rouleau & Balogun, 2011). Interesting contexts would encompass, for example, issue selling by international subsidiaries to their headquarters (given that legitimacy is more critical in the international business context because of higher agency risk); cross-country differences in issue selling approaches and results; and governance structures (e.g., family firms, privately- vs. publicly-held companies, state-owned-enterprises).

CHAPTER THREE: ARTICLE TWO

Subsidiary Initiative and Strategic Issue Selling: Does Decision-Making Centralization Modify the Impact?

Renato de Souza Santos

Jorge Carneiro

INTRODUCTION

A relevant component of strategy formulation and execution is inherent in the analysis and interpretation of strategic issues, given their connection to decision-making and organizational action (Dutton et al., 1990; Julian, Ofori-Dankwa, & Justis, 2008; Miller & Lin, 2015). It is considerably significant how managers present strategic issues and convince those in the higher levels within the organization to devote attention and then resources to the proposals thus presented. Essentially, the degree of success of strategic issue-selling efforts is significant (Dutton & Ashford, 1993; Hambrick & Finkelstein, 1987; Luo et al., 2015; Sonenshein, 2006). In the context of this study, a strategic issue is a matter (whether internal or external to the organization) that could bear a relevant impact on organizational outcomes. It may entail either problems or else opportunities (Dutton & Jackson, 1987; Miller & Lin, 2015) that would need attention (and the decision and resources, for that matter) from higher-level managers.

While the relationship between headquarters and subsidiaries (especially foreign subsidiaries) has been extensively researched, one relevant element of this phenomenon has received limited attention: how does a subsidiary increase its chances of securing attention from the headquarters toward a strategic issue the subsidiary has raised? Much by the same token, while conditions affecting the degree of success of selling strategic issues upward have been widely examined, this study investigates a specific contingency that may modify the impact of the configuration and process of issue selling: the degree of centralization of the headquarters–subsidiary relationship, particularly in an international context.

The degree of success of selling a strategic issue depends on how the issue is “packaged” and how selling is structured (Dutton & Ashford, 1993). However, this phenomenon is more complex in the context of subsidiaries “selling” issues to headquarters, particularly in the context

of multinational companies (MNCs) and their foreign subsidiaries (Ambos & Birkinshaw, 2010; Wang et al., 2019). Such context is subject to complications imposed by geographic and psychic distances and also entails tensions between local responsiveness and global integration and potentially results in misalignment of interests and priorities between subsidiary and headquarters (T. C. Ambos, Fuchs, & Zimmermann, 2020) and obstacles to communication (T. C. Ambos & Ambos, 2009; Haq, Drogendijk, & Blankenburg Holm, 2017) and monitoring. This context is particularly relevant as the relationship between foreign subsidiaries and headquarters contains agency risks. However, issue-selling literature has overlooked the MNEs context (Conroy & Collings, 2016; Ocasio, 2011). Plourde, Parker, and Schaan (2014) have argued that “the attention paid by headquarters to [international] subsidiaries is a topic that has been largely ignored by the literature on expatriation” (p. 939).

In this distinctive context, issue selling acquires particular nuances provided that subsidiaries compete with one another — for resources, status, attention (Andersson, 2020) —and their managers engage in “strategifying” (i.e., “how actors make things strategic” (Gond, Cabantous, & Krikorian, 2018)). This may raise agency risks, especially because of the obstacles to proper monitoring and communication.

We argue that the impact of some issue-selling tactics on how much attention the subsidiary manages to gain from the headquarters will depend on the degree of centralization of decision-making of the headquarters–subsidiary relationship. In this study, centralization (of decision power) refers to the extent to which decision-making authority is concentrated in the headquarters rather than granted to the subsidiary. If centralization is high, the subsidiary will need to engage greater efforts to be heeded by the headquarters.

Under this backdrop, this study addresses the following research question in the context of the relationships between (foreign) subsidiaries and their headquarters: *Does the degree of centralization of decision-making in the headquarters–subsidiary relationship moderate the effects of the packaging and the process of strategic issue selling on headquarters’ attention to the issue?*

Literature on strategic issue selling has examined determinants of the intention to initiate strategic issue selling (Ashford et al., 1998; Dutton et al., 2002; Ling et al., 2005), aspects of issue configuration (Dutton & Ashford, 1993; Ling et al., 2005), and several outcomes of the phenomenon (S. Lu, Bartol, Venkataramani, Zheng, & Liu, 2019b; Mayer et al., 2019). Currently,

we examine only the configuration (specifically, packaging and process) and one of the outcomes of issue-selling efforts (specifically, the attention devoted by the headquarters to issues presented by a subsidiary) of the framework developed by Dutton and Ashford (1993). However, we do not tackle the determinants of initiation of issue selling or those of configuration of issue selling.

THEORETICAL BACKGROUND AND HYPOTHESES

Subsidiary Action in Multinational Companies

In your work, Birkinshaw and Hood (1998) highlighted that the subsidiary's role in the MNC depends on the combination of three fundamental mechanisms: the headquarters assignment (the attribution determined by the headquarters), subsidiary choice (the strategic execution conducted by the subsidiary's manager), and local environment determinism (the natural consequences of the host market). More recently, Meyer, Li and Schotter (Meyer, Li, & Schotter, 2020) reviewed literature on the management of MNC subsidiaries and suggested improvements in the Birkinshaw and Hood (1998) model by adding strategic practice elements to the model. According to the authors, studies on subsidiary managers have a fundamental role in international business literature, as they deal simultaneously with several stakeholders and should deal within limits offered, both by the head office and host market. The authors also emphasize the lack of studies on how these managers manage to expand the limits of the subsidiary within MNCs.

This research will adhere to the definition of the multinational corporation subsidiary proposed by Birkinshaw and Pedersen (2009, p. 368): "the subsidiary as a discrete value-adding activity outside the home country, in other words at a level below the national subsidiary." Thus, we believe subsidiary action influences MNC strategy.

The Subsidiary Action in Multinational Companies and Issue-selling Strategy

The attention-based view (Ocasio, 1997) adopts a cognitive lens for analyzing how issues raised by lower levels of the organization can receive attention from top management. Ocasio (Ocasio, 1997) contends that firms are "systems of structurally distributed attention in which the cognition and action of individuals are not predictable from the knowledge of individual

characteristics but are derived from the specific organizational context” (1997, p. 189). In the headquarters–subsidiary literature, the attention-based view was employed to examine the subsidiary’s negative attention and search for legitimacy (Conroy & Collings, 2016), the success of initiatives forwarded by a subsidiary (Ambos et al., 2010), and the effect of attention on performance (Ambos & Birkinshaw, 2010).

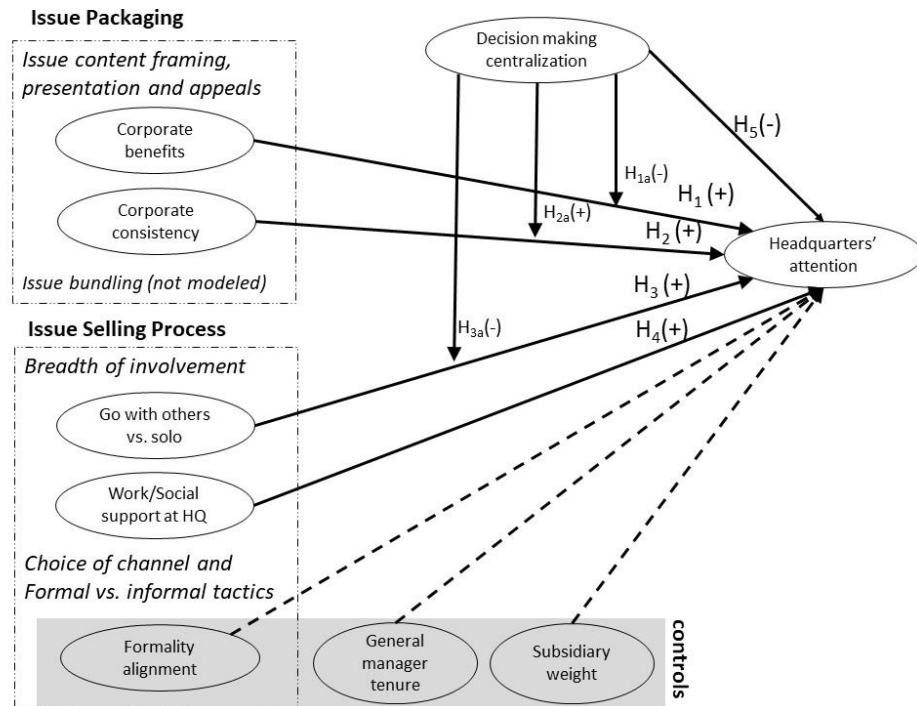
In a complementary vein, impression management theory investigates how control of information can be used to promote the desired impression on target persons (Barry R. Schlenker & Pontari, 2000). Moreover, upward influence theory (Schilit & Locke, 1982) relates social persuasion with issues for analyzing how packaging and the process of issue selling can influence top management (Dutton & Ashford, 1993).

This study’s contributions lie in examining the moderating impacts of centralization of decision-making by the headquarters. However, we first need to ascertain that the direct effects of issue-selling tactics (as baseline hypotheses, cf. Andersson, Cuervo-Cazurra, & Nielsen, 2014) are established on the impact of the configuration of issue selling on the attention devoted by headquarters to strategic issues raised by (foreign) subsidiaries.

Direct Effects

Figure 1 presents our conceptual model. For ease of comparison with Dutton and Ashford’s (1993) model, we also present the names they used to designate the issue packaging and issue-selling concepts.

Figure 1 – Conceptual model of foreign subsidiary’s strategic issue selling and headquarters’ attention



We frame our arguments while adhering to the elements of the model proposed by Dutton and Ashford (1993), as it has become a reference in the strategic issue-selling literature. On issue packaging, we will use (i) the issue's purported corporate benefits and (ii) their consistency with the organization's norms as ways of representing three elements of Dutton and Ashford's (1993) issue packaging dimension—issue content framing, presentation, and appeals.

Issue content framing, issue presentation, and issue appeals. Dutton and Ashford (1993) argue that “issue sellers can strategize about how to frame an issue and can try to influence the frame placed around an issue,” for example, by portraying it “as a human resource issue, a cost issue, [or] a technical issue” “to emphasize some issue attributes over others” (p. 411). Moreover, issue sellers can frame an issue as strategic—the “issue's relevance for longer term organizational performance” (p. 414). Subsidiaries may be able to secure greater attention from the headquarters by highlighting aspects that have a company-wide appeal and de-emphasizing or even concealing altogether aspects of local advantages to the subsidiary, which may reflect its real interest (Sonenshein, 2006). Thus, when the issue is framed in a way underscoring that the benefits will accrue to the organization as a whole and not merely to the presenting subsidiary, headquarters are more likely to concentrate on the issue (Dörrenbächer & Gammelgaard, 2016; Dutton & Ashford,

1993; Ocasio et al., 2018). Such corporate benefits can include, among others, the company's profitability or image in the market (de Clercq, Castañer, & Belausteguigoitia, 2011; Dutton et al., 2002). Therefore, we propose the following:

H₁: The greater the issue's corporate benefits portrayed, the greater the attention paid by headquarters' top management.

The relationship between the headquarters and subsidiaries can be characterized as a principal (the headquarters) attempting to compel an agent (the subsidiary) to conform to and behave according to the principal's goals (O'Donnell, 2000) while also considering that the performance of the subsidiary may depend on its degree of embeddedness in local networks (Andersson, Björkman, & Forsgren, 2005). However, the local success of a subsidiary may intervene with the goals of the corporation or some of the other subsidiaries. Given such agency risk on the part of the subsidiaries, at least in the perception of headquarters' management, the latter may seek cues to help assess the "legitimacy" of the subsidiary's claims. Therefore, subsidiary managers should increase their credibility to convince the headquarters that they act in adherence to the company's norms and values (Sonenshein, 2006) and are using "their specific local knowledge and resources to pursue the interests of the MNC as a whole and not just their own partisan interests (Chakravarthy & Lorange, 1989)" (Nohria & Ghoshal, 1994, p. 494).

On issue selling, some legitimization cues include how much the focal issue is consistent and aligned with corporate values, norms, and objectives (Gammelgaard, 2009; Kostova & Zaheer, 1999; J. W. Lu & Xu, 2006; Suchman, 1995). This is because "messages are most influential when they are framed to fit best within the [...] organizational environment (i.e., the organization's values and/or mission)" (Mayer et al., 2019, p. 1059). Such consistency may facilitate the acceptance of the subsidiary's proposal as it allows decision-makers to apply analogical reasoning—drawing upon past experiences and decisions to make inferences about the present situation (Miller & Lin, 2015). This reduces their cognitive effort and time (Watson & Wooldridge, 2005). Moreover, "alignment with organizational routines will also produce lower costs and risks in change processes which will increase the succeed [success] probability for an issue to be approved and implemented" (Luo et al., 2015, p. 974). This is because such a fit makes integrating the issue into the organization (Luo et al., 2015) and attaining mutual reinforcement between the focal issue and the organization's ongoing efforts easier (Watson & Wooldridge, 2005). Overall,

consistency increases legitimacy at the higher level and among peers, reducing headquarters' perception of the possible selfish behavior of the subsidiary (Hoenen & Kostova, 2015). This potentially increases support for the issue at the headquarters (Conroy & Collings, 2016; Luo et al., 2015). Moreover, issues consistent with organizational values are perceived as strategic. Therefore, these may capture more of top management's attention (Bansal, 2003). Therefore, we postulate the following:

H₂: The greater the corporate consistency of the issue (alignment with the organization's business practices, values, and strategic objectives), the greater the attention paid by headquarters' top management.

Issue bundling. In this study, we did not examine issue bundling (whether the issue is sold related to other ones, sold currently or previously) as bundling may have both positive (increasing the number of issue sellers and thus escalating pressure on top management) and negative (hampering issue succinctness) effects. Thus, the effectiveness of issue selling can be affected in various ways. Hence, investigating the effect of bundling would demand a more complex model, which would include the mediating mechanisms.

Breadth of involvement. This aspect of the process of issue selling encompasses multiple aspects regarding the reach of the issue and that of the issue seller. We considered two major dimensions of the breadth of involvement: an organizational dimension (e.g., having other geographically dispersed subsidiaries join the issue-selling effort)—“going with others vs. going solo”—and a work-/social-/personal-related dimension (associated with the level of support from someone at the headquarters previously summoned by the issue seller and also the level of relationship quality of the issue seller with executives at the headquarters involved in the decision about the focal issue)—work/social involvement.

One of the procedural characteristics for achieving success in the issue-selling strategy begins by involving other subsidiaries in proposing the action. This process occurs because the headquarters–subsidiary is in a different position of power, and the headquarters can influence the subsidiary's mandate (Nohria & Ghoshal, 1994) and even has financial power in controlling it (Dörrenbächer & Gammelgaard, 2016). To reduce this power difference, the subsidiary must obtain a better position in the organizational network, seeking access to resources and markets (Ambos & Birkinshaw, 2010).

According to Dutton and Ashford (1993), involving other people generates political consequences for those acting in this way “to exert collective influence that may encourage middle managers to build a coalition to promote an issue as opposed to promoting it alone” (1993, p. 417). The headquarters–subsidiary relationship is no different; the composition of managers of more than one subsidiary simultaneously addressing the same issue can also affect the chances of receiving attention as the solo initiative could be perceived by the headquarters as individualistic behavior (O’Brien, Sharkey Scott, Andersson, Ambos, & Fu, 2019).

Presenting the issue in a group does not necessarily diminish the power relationship directly. Moreover, it demonstrates legitimacy among other players. Therefore, the issue seems better legitimated by the headquarters’ view (Alt & Craig, 2016) and diminishes personal character on the part of the subsidiary avoiding the perception of agency behavior to the headquarters as it improves the perception of a possible organizational benefit (Kostova et al., 2018; Roth & Morrison, 1992).

This behavior of teaming up with other subsidiary managers to propose issues has already been highlighted by Vahlne, Schweizer, and Johanson (2012). They emphasize that when subsidiary managers perceive a possibility of rejection, they work on this issue in pairs before moving forward with a proposal for the headquarters.

When a subsidiary join another when proposing an initiative, its political position is altered, showing that the support in the company demonstrates access to resources, markets, and previous legitimation (Geppert, Becker-Ritterspach, & Mudambi, 2016). The subsidiary that undertakes an issue then finds ways to achieve that objective. One way to mitigate the natural aversion toward new ideas by headquarters is to ally with others to articulate the significance of the idea. However, this is negated by the other subsidiary manager’s efforts in convincing and offering security to the headquarters (Ferner, Edwards, & Tempel, 2012). When proposing a strategic issue together with geographically dispersed subsidiaries, they establish that the idea has already received support from other managers. This rejects the views that a subsidiary exhibits individualistic behavior and that the farther the subsidiary is from the proponent subsidiary, the more effective will be the action undertaken by the positive image displayed to headquarters by the previous legitimacy of the issue. Therefore, we claim the following:

H3: The greater the influence of “go with others” (in terms of the geographically dispersed subsidiaries), the greater the attention paid by headquarters’ top management.

Regarding the relationships established by the subsidiary’s manager with executives at the headquarters, we draw from Conroy and Collins’ (2016) contention that “key individuals at the subsidiary with high levels of personal legitimacy can be used to sell critical issues” (p. 615). Moreover, we agree with Dörrenbächer and Gammelgaard (2016) that subsidiary managers may lobby and seek previous support from key executives at headquarters’ as part of the issue-selling efforts. If the issue under focus has already assembled preliminary support from someone at the headquarters (“persuasive sponsors who can make the case,” cf. Burgelman & Sayles, 1986, p. 89), then top executives at the headquarters (particularly those engaged with decisions about the issue) are more likely to dedicate more attention to the issue.

A multidimensional view of power suggests that issue sellers may have several potential assets to draw on, and prior work identifies at least four: formal authority (ability to mobilize personnel or money), relationships (existence/quality of formal and informal relationships), expertise (on the content of issues, such as technical knowledge), and normative knowledge (practical knowledge of prevailing organizational norms) (Dutton et al., 2001). Thus, we contend that closer relationships with some decision-maker(s) at the headquarters will help secure at least the attention to (though not necessarily the approval of) the current strategic issue. Such effect will tend to be stronger the higher the hierarchy of the headquarters’ executives related to the issue seller and if the relationship entails social facets rather than merely protocolary professional aspects. Therefore, we claim the following:

H4: The greater the work/social involvement of the subsidiary’s manager with top executives at the headquarters, the greater will be the attention paid by headquarters’ top management.

Moderating Impact of Headquarters’ Decision-Making Centralization

Foreign subsidiaries should be responsive to local demands (by governments, customers and society at large, and the specific characteristics of local competition) and also ought to leverage on the global reach of their parent organization (Ling et al., 2005) and contribute to the achievement of company-wide objectives. The pressures for local responsiveness vs. global integration may

vary across industries, some being more multidomestic while others benefit more from global coordination to reach efficiency gains and standardization (Bartlett & Ghoshal, 2002).

The complex balance of local vs. global logics sometimes leads headquarters to impose more hierarchical governance to reduce agency risks and contractual hazards (Kostova et al., 2018). However, limited rationality prevents full control (Ambos et al., 2010; Bouquet & Birkinshaw, 2008a; Kostova & Zaheer, 1999). Headquarters can counteract potential agency risk by utilizing direct (behavior) control of their subsidiaries, wherein centralized decision-making is one of several approaches, or by employing output (performance) control (Andersson et al., 2005).

The evaluation process of new information is laden with subjectivity rather than being fully based on objective or normative criteria (Zhou, Wang, Song, & Wu, 2017). Therefore, the inherent information asymmetry between subsidiaries and headquarters (Dörrenbächer & Gammelgaard, 2016) and potential agency by subsidiary managers (Kostova et al., 2018) may lead headquarters' top management to distrust, downgrade, disregard, or altogether dismiss the relevance of the issues the subsidiary manager brings forth to the headquarters. Headquarters may "discount" claims raised by the subsidiary for fear that subsidiary managers are serving their selfish interest in what can be interpreted as predatory behavior (Hoenen & Kostova, 2015).

When the headquarters centralizes strategic analysis and decision-making and "takes responsibility for decisions affecting the activities undertaken in the subsidiary," relegating the subsidiary to operational matters, strategic information tends to flow one way; therefore, the subsidiary will find it harder to convince the headquarters about its arguments and gain its attention (Birkinshaw, 1999, p. 16). Dörrenbächer and Gammelgaard (Dörrenbächer & Gammelgaard, 2016) argue that "[i]n cases where power relationships are highly asymmetrical [i.e., too much headquarters' centralization], issue selling is a necessity, but it is hardly a sufficient condition for obtaining headquarters' approval" (p. 1249). In fact, issue-selling efforts tend to be more successful in less asymmetrical headquarters–subsidiary power relationships.

Parallel reasoning can be established between subsidiary initiative-taking and employee initiative-taking. Personnel psychology literature presents indications that proactive behavior by individuals can produce beneficial organizational outcomes and would be favorably recognized by their organization. Conversely, sometimes such behaviors are understood as a threat to organizational equilibrium or as undue insinuation (Grant et al., 2009). Particularly, these behaviors

include initiatives conveying a high degree of novelty (Luo et al., 2015) those not consistent with current company's practices. We argue that a similarly ambiguous state of affairs can be present in subsidiary-headquarters relationships, both at the organizational (subsidiary and headquarters) or the subsidiary manager and headquarters' executives level. Initiative-taking by subsidiaries (of which issue selling is an instance) may be ill-interpreted and receive negative connotation, especially when headquarters' degree of centralization is higher.

Thus, we assert that decision centralization has a negative direct effect on headquarters' attention. Therefore, we advance the following direct hypothesis:

H5: The greater the degree of centralization of decision-making by the headquarters, the less the attention paid by headquarters' top management to issues raised by a subsidiary.

In addition to its direct negative effect on headquarters' attention to an issue raised by the subsidiary, decision-making centralization may also moderate the impact of issue-selling tactics.

Further, "players often become committed to prevailing organizational structures and strategies, and their personal interests, values, and orientations may come into conflict with the organizations' purpose" (Ocasio, 1997, p. 197). Therefore, higher centralization may lead headquarters to the downgrade claims (i.e., alleged issue benefits) made by the subsidiary for fear that the subsidiary may be tacitly acting in its self-interest. Interestingly, higher centralization may lead headquarters to better value the subsidiary's alignment with corporate purposes (i.e., issue consistency). Dörrenbächer and Gammelgaard (2016) addressed the impact of centralization on issue-selling configuration and argued that the closer the relationship between the headquarters and the subsidiary, the more the subsidiary may attempt to mold the issue to fit the headquarters' preferences to gain more attention.

However, some headquarters may rather not establish a close relationship with their subsidiaries but purposefully provide them with autonomy for initiative-taking (Cavanagh et al., 2017). In these cases (i.e., low levels of centralization), subsidiaries' issues would not be regarded, *prima facie*, as "questionable." Therefore, the benefits portrayed would not be so much "discounted" (if at all), nor would high explicit consistency with headquarters' norms be strongly demanded.

Remarkably, endeavors to coordinate with other subsidiaries (i.e., “go with others”) would suggest less selfish behavior and would tend to be welcome by the headquarters. However, a coalition with other geographically dispersed subsidiaries may be interpreted as a sign of opportunistic behavior (Birkinshaw, Hood, & Jonsson, 1998). Moreover, this may generate undue pressure and may lead the headquarters to suspect that the subsidiaries are attempting to subvert your authority, which may lead the headquarters to deallocate attention to the issue. Therefore, at low centralization levels, going with others (instead of going solo) is expected to have a positive effect on headquarters’ attention. However, at high levels of centralization, the impact may turn out to be negative.

Overall, centralization of decision-making is expected to weaken the positive effect of the issue’s corporate benefits on headquarters’ attention and strengthen the positive impact of the issue’s corporate consistency. Moreover, changing the direction of the impact of going with others is expected. However, we did not find reasons to expect that the impact of work/social involvement (which takes place at the personal level) would be affected by the degree of centralization of decision-making (which is a phenomenon at the organizational level).

Thus, we advance the following hypotheses, which are the primary interests of this study:

H_{1a}: Headquarters’ decision-making centralization negatively moderates the positive effect of the issue’s corporate benefits on the attention paid by headquarters’ top management.

H_{2a}: Headquarters’ decision-making centralization positively moderates the positive effect of the issue’s corporate consistency on the attention paid by headquarters’ top management.

H_{3a}: Headquarters’ decision-making centralization moderates the impact of the issue’s breadth of involvement (regarding going with others vs. going solo) on the attention paid by headquarters’ top management so that the impact of going with others will be positive and negative at low and high levels of centralization, respectively.

In Gardner et al.’s (2017) taxonomy, H_5 and H_{1a} together correspond to a mitigating effect (i.e., the moderator has a direct negative impact on the criterion and also weakens the positive impact of the predictor), and H_5 and H_{2M} represent a violating effect (i.e., the moderator has a direct negative impact on the criterion but strengthens the positive impact of the predictor). H_{3a}

corresponds to a reversing effect (i.e., the relationship between the predictor and the criterion changes sign [in this case, from positive to negative] through the range of the moderator).

Controls

To avoid overestimating the impact of some variables of Dutton and Ashford's (1993) model that are the focus of this study, we have added additional determinants of top management's attention as controls. Specifically, we included *formality alignment* as a variable relating to a combination between choice of channel and formal vs. informal tactics. Ascertaining whether a public vs. a private channel or whether more formal or informal tactics will yield more desirable outcomes is difficult because each entail positive and negative impacts, which vary across different contexts. In fact, a public channel may sometimes be informal, and a private channel may be formal in some occasions. Moreover, issue selling is not a one-off initiative and usually evolves over time (Howard-Grenville, 2007) and demands repeated interactions (Bouquet & Birkinshaw, 2008a). Hence, rather than the specifics of any given move, the degree of how the selling tactics and organizational culture match may be more important—whether the choice of channel (public or private) is compatible with the formality (or informality thereof) of the headquarters' culture. As argued by Dutton and Ashford (1993), the more the “selling attempt [matches] prevailing organizational norms, the greater the level of top management's attention invested in an issue.” Therefore, we have included as a control variable the alignment of the level of formality of presentation of the issue with the degree of formality of the headquarters' organizational culture.

Moreover, we included as controls the subsidiary manager's tenure and subsidiary weight. The tenure of the subsidiary's general manager may affect the level of attention gained, as longer tenure signals legitimacy, status, and credibility and implies more capacity to analyze how the headquarters operates (van Essen, Otten, & Carberry, 2015). Furthermore, the relative power of the subsidiary in the parent company's network is also relevant and has been found to be associated with the success initiative-taking by the subsidiary (Dörrenbächer & Gammelgaard, 2016) and securing top management's attention (Bouquet & Birkinshaw, 2008a). Such power may originate from the size, performance, record, and strategic importance of the subsidiary for the company's business. When the subsidiary is relatively small, a positive association is expected between subsidiary size and autonomy, which tends to become negative after the subsidiary becomes sufficiently large to be particularly relevant to the parent company (Johnston & Menguc, 2007).

Plourde et al. (2014) and Dörrenbächer and Gammelgaard (Dörrenbächer & Gammelgaard, 2016) indicated that headquarters' attention and support for initiatives tended to be positively associated with the subsidiary's performance.

METHODS AND DATA

Sampling and Data Collection Procedures

We collected primary data from foreign subsidiaries of multinational companies through an online survey (the online questionnaire is presented in the Appendix A). To ensure content validity, we drew from the literature to select the proper measures of our constructs. Moreover, face validity and improvement in the wording and clarity of the questionnaire were achieved through pre-tests, via one-on-one Zoom calls with seven top managers (of four different nationalities, only one a native speaker of English) of subsidiaries of multinational companies (operating in three different countries and from six different headquarters' countries).

Among the improvements in wording clarity, we replaced the original expression “strategic issue” by “strategic idea.” The respondents clearly thought that the word “issue” referred to a problem. Among several alternatives discussed (e.g., “project,” “proposal,” “idea”), most of the respondents preferred the word “idea.” Therefore, we asked about “strategic ideas” and also presented—in the revised questionnaire—examples of types of strategic ideas, specifically the following: launch a new product/service, serve a new market segment, expand production capacity, change the marketing program, expand geographically, merge with or acquire another company, or other. Only 26 respondents filled in the “other” field of strategic ideas (e.g., “move part of supply chain to [country],” “implementation of new systems/ processes,” “compliance risk assessment,” “sales process restructure”). This suggests that our list of strategic ideas provided a good coverage for the respondents to analyze what we meant. We acknowledge that the meaning ascribed to strategic “ideas” resembles strategic “proposals”, that is, they refer to opportunities, rather than threats, put forward by the subsidiary for the headquarters' consideration. Therefore, strategic ideas are a subset of strategic issues – all strategic ideas are strategic issues, but not all strategic issues are strategic ideas or proposals.

The refined online survey was e-mailed via SurveyMonkey to a sampling frame of 3,421,982 company managers from the Nexis Uni (formerly Lexis-Nexis) database between mid-April and

end-November 2020 and between mid-January and mid-February 2021. One of the authors of this study also contacted several professionals (who were either their students or personal acquaintances) who work for multinational companies to forward the survey to subsidiary general managers of their companies. Of 1,583 responses received, there were several unusable because of ineligibility (403 cases of the respondent not selling strategic issues to headquarters and 191 because the subsidiary was located in the same country as the headquarters), 420 cases with all answers blank, and 226 cases with numerous (more than 15%) missing values. The final usable sample of international subsidiaries contained 342 cases. The valid sample of 191 cases of domestic subsidiaries for *post-hoc* tests were also kept. The sample of international subsidiaries comprised a broad coverage of 47 different subsidiaries' countries and 29 different headquarters' countries.

The number of responses received (1,583, including all those blank) is a tiny percentage (0.046%) of the total e-mails sent (3,421,982). Not only does the database contain many incorrect e-mails and outdated contact persons, but also, most recipients did not even open the e-mails. This implies that they were not motivated by the subject or preferred not to dedicate their time to respond to one more survey. Out of the responses received, the usable response rate was 21.6% ($342/1,583$), which can be considered a reasonable response rate, given that the average response rate from regular surveys conducted with top executives has been reported to be 35.7% (Baruch & Holtom, 2008)—and declining over time—and the response rates of web surveys tend to be around 11% lower than those obtained from other survey modes (Manfreda, Bosnjak, Berzelak, Haas, & Vehovar, 2008; Petchenik & Watermolen, 2011), and rates as low as 2% have been reported (Petchenik & Watermolen, 2011). This low response rate could indicate nonindependence of observations, however, there was good variance in the dependent variable as well as in the independent, which points out that there is no non-responder bias problem. In addition, we built the email with the title “Strategic Idea Selling” to not only induce positive or negative responses. therefore we have no evidence pointing to this bias. In the final sample of 342 cases of international subsidiaries (of 47 different subsidiaries' countries and 29 different headquarters' countries), all variables had less than 3% missing values and were kept. Missing values were estimated via a regression procedure (which tends to artificially increase correlations) (Hair, Black, Babin, Anderson, & Tatham, 2009).

On average, respondents who completed the survey took only 10 minutes (median = 7 minutes) to do so. Table 1 presents statistics about subsidiary managers' tenure and the relative weight of the subsidiary. Most of the respondents were considerably experienced as they had been in the company and the respective subsidiary for more than five years. Only about one-third of the subsidiaries represented more than 10% of the parent organization's size. Therefore, their power (if at all) derived from reasons other than size.

The analyses presented hereinunder were run with the sample of 342 international subsidiaries. Some *post-hoc* analyses were run with the full sample of 533 subsidiaries (342 international and 191 domestic).

Table 1 – Breakdown of the number of cases across subsidiary manager's tenure and subsidiary weight

Manager Tenure	In Organization	In Subsidiary	Subsidiary Weight	Revenue	Employees
between 0 and 2 years	14	45	between 0% and 5%	140	185
between 3 and 5 years	46	84	between 5% and 10%	61	48
between 6 and 10 years	88	86	between 10% and 15%	31	41
between 11 and 15 years	57	45	between 15% and 20%	33	21
More than 15 years	137	82	more than 20%	77	47

Common Method Bias and Ways Around It

We followed Podsakoff, MacKenzie, Lee, and Podsakoff's (2003) recommendations on reducing the threat of common method variance (CMV). First, to prevent the respondents from deconstructing our conceptual model and adapting their responses accordingly, we avoided placing in sequence questions about the same construct. Moreover, we mixed the questions about the dependent variable (headquarters' attention) with those about the other variables and randomized

the order of presentation of the questions across the respondents. While similar response scales (specifically, 5-point semantic-differential scales) might have inflated correlations, *post-hoc* tests of CMV indicate that this does not seem to have been a problem in this study. Second, questions did not implicate social desirability bias, as shown in the pre-tests.

As *post-hoc* verification of CMV, we ran Harman's single-factor test. The first extracted factor accounted for only 22.6% of the variance (i.e., way below 50%, as desired). Second, the questionnaire included two marker variables (Williams, Hartman, & Cavazotte, 2010), specifically "How satisfied you are with ... (i) the quality of food served in most restaurants in your neighborhood, and (ii) the way people drive in your city" (1 = very dissatisfied, ..., 5 = very satisfied). As required, the correlations of these marker variables with the study's variables were considerably low (absolute maximum = 0.180). Overall, the *ex-ante* research design precautions together with the *post-hoc* tests indicate that CMV does not seem to be a threat to the validity of this study.

Although successfully sold issues may tend to be more easily recalled by respondents (Bansal, 2003), our sample presents a reasonable variation in the indicators related to headquarters' attention (respectively, mean = 3.45; average standard deviation = 1.15). Moreover, we also asked about the overall degree of success in selling the strategic idea to the headquarters. While most respondents (64%) reported on a strategic idea that they considered successfully sold, there were 14% that considered the degree of success low or extremely low and another 22% that considered its middle.

Measures

All measures were based on the literature to warrant content validity but were adapted to the specifics of this study. The final version of the questions and the response scales were defined after the pre-test with real executives, thus assuring face validity. Unless otherwise noted, all indicators were marked in 5-point semantic-differential scales (1 = not at all, ..., 5 = very much).

Headquarters' attention. We used three indicators to represent this construct in a reflective perspective. Two of them were slightly adapted from the study of Luo et al. (2015), who had built from the research of Bouquet and Birkinshaw (2008a): AT-1 - Top management at headquarters engaged in frequent conversations about that idea; AT-2 - Top management at headquarters

analyzed information about that idea. Finally, one indicator was adapted from the study of Ambos et al. (2010): AT-3 - Top management at headquarters allocated their time to that idea.

Corporate benefits were measured reflectively by three indicators adapted from the research of De Clercq, Castañer, and Belausteguigoitia (2011) and Luo et al. (2015): BN-1 – In the opinion at top management at headquarters, that idea addressed an important topic in your organization; BN-2 - That idea could have an important impact on the organization's profitability; BN-3 – That idea could improve the organization's image in the market. The latter indicator (BN-3) was removed later as it did not present good psychometric properties regarding convergence.

Corporate consistency was also adapted from the study of Luo et al. (2015): CO-1 - That idea was perceived as aligned with headquarters' values; CO-2 - That idea was perceived as aligned with headquarters' business practices; CO-3 - That idea was perceived as aligned with headquarters' strategic objectives.

Breadth of involvement. We disaggregated this construct in two major components. The first relates to *Going with others vs. solo* and was measured as a single-item: BI-1 – The idea was presented... (1 = by your subsidiary alone, ..., 5 = with two or more subsidiaries from another continent) (based on the study of Dutton & Ashford (1993)). The second relates to the *work/social involvement* that the issue seller has managed to establish with executives at the headquarters and was represented by three items, formatively related to the construct: *previous support at headquarters*, SP-1 – That idea counted on the explicit support by an executive of the headquarters from the very beginning (1 = not at all, ..., 5 = very much); *hierarchical support from the headquarters*: PS-1 – That idea was presented to the headquarters with the support of an executive... (1 = no support, 2 = lower hierarchical level than mine, 3 = similar hierarchical level, 4 = higher hierarchical level) (based on the research of Burgelman & Sayles, 1986), and *quality of relationship with the headquarters*: RQ-1 – What best describes your relationship with the person with the highest hierarchical position at the headquarters to whom you presented that strategic idea for the first time? (1 = you did not know them in person, ..., 5 = you frequently engaged in social activities with them outside work) (adapted from the study of Ashford et al., 1998).

Centralization of decision-making. This construct was measured reflectively by three indicators adapted from Cardinal (2001): SC-1 - The headquarters tend to consult you before making decisions about your country/region; SC-2 - The headquarters tend to ask for your opinions

about your country/region; SC-3 - The headquarters delegate important tasks to you. All these indicators were measured by 5-point response scales (1 = not at all, ..., 5 = very much). Subsequently, we reversed the scale so that 5 would indicate the highest centralization.

Formality alignment. We drew from Dutton and Ashford's (1993) conceptual arguments. We asked about the channel that the issue seller employed with most emphasis (in order of less to more formal: 1 = one-on-one talk with a top manager; 2 = discussion at a private meeting with a few relevant top managers; and 3 = presentation at a strategy meeting). We also asked about the organizational culture of the headquarters (1 = very informal; 5 = very formal). To construct the indicator of formality alignment, we aggregated the first two levels of responses (1 and 2) about the headquarters' organizational culture as 1, transformed the middle level from 3 to 2, and aggregated levels 4 and 5 as 3. Subsequently, we subtracted the answer about the (level of formality of the) channel from the level of organizational culture and took the module. Afterward, we inverted the scale, meaning that formality alignment was measured as 0 = no alignment at all and 2 = very close alignment.

General manager tenure. We employed two indications: TC-1 - For how many years have you worked at this company?; TC-2 - For how many years have you worked at this international subsidiary? For both questions the respondent selected from the following: between 0 and 2, between 3 and 5, between 6 and 10, between 11 and 15, or more than 15 years.

Subsidiary weight. We adapted two indicators from the research of uh Haq et al. (2017): SW-1 - What percentage of the company's revenues come from this subsidiary? and SW-2 - What percentage of the company's employees work in this subsidiary? For both questions, the respondent could select from the following: between 0% and 5%, between 5% and 10%, between 10% and 15%, between 15% and 20%, or more than 20%.

Analytical Procedures

To purify the measurement model and estimate the structural relationships, we employed PLS-SEM (partial least squares structural equation modeling), specifically SmartPLS 3.0. PLS is a variance-based analytical technique, which has received good acceptance as an alternative to CB-SEM (covariance-based structural equation modeling) (Hair, Hult, Ringle, Sarstedt, & Thiele, 2017), especially when the sample size is small (Hair, Sarstedt, & Ringle, 2019), constructs are

formatively specified (Aguirre-Urreta & Marakas, 2014; Rigdon, 2014), variables have a non-normal distribution (Cassel, Hackl, & Westlund, 1999), or the model includes complex relationships such as moderating effects (Chin, Marcolin, & Newsted, 2003).

To avoid overestimating the moderating effects, the empirical model also included the direct effect of decision-making centralization. We employed two tests to assess moderation. First, we constructed moderator variables combining the predictor with the moderator variable using a two-stage approach to reveal the significance of the moderating effect and mitigate multicollinearity (Hair Jr, Hult, Ringle, & Sarstedt, 2016). Second, we employed sub-group analysis by splitting the sample into cases of low centralization and those of high centralization. For better discrimination between the sub-groups, we left out cases of mid-range centralization (averaged summated scale between 2.8 and 3.2; 47 cases) and ran the analyses with a group of low centralization (between 1.0 and 2.7; 235 cases) and a group of high centralization (between 3.3 and 5.0; 60 cases).

ANALYSES AND RESULTS

Table 2 presents the correlations among the constructs and will be used for the assessment of discriminant validity.

Assessment of the Measurement Model

The assessment of psychometric properties of the reflectively specified constructs included checks of convergent validity, composite reliability, and discriminant validity. Convergent validity was assessed through the magnitude and statistical significance of the outer loadings of the indicators and the average variance extracted (AVE) for each construct (see Table 2). Standardized loadings (Table 3) were all statistically significant, except for one indicator of Corporate Benefits (BN-3 (organization's image), standardized loading = 0.478). All loadings were above 0.707 (indicating that the construct explains more than 50% ($= 0.707^2$) of the variance of the respective indicator). We excluded BN-3 from further analyses (Henseler, Ringle, & Sarstedt, 2016). The constructs' AVEs ranged between 0.678 (Corporate Benefits, after dropping indicator BN-3)—adequately higher than 0.50. The model also passed the test of discriminant validity (see Table 2)

as the square root of the AVE of each construct is higher than the absolute value of its correlation with any of the other constructs (Fornell & Larcker, 1981).

The composite reliabilities (see Table 2) of the focal constructs are between 0.806 (Corporate Benefits), which is adequately higher than 0.70. These checks indicate that the reflectively specified part of the measurement model was satisfactory.

Table 2 – Discriminant validity

	1	2	3	4	5	6	7	8	9	10	11	12
1-Benefits	0.823											
2-Centralization	-0.295	0.858										
3-Centralization*Benefits	0.130	-0.096	1.000									
4-Centralization*Consistency	0.142	-0.077	0.585	1.000								
5-Centralization*Go with Others	-0.058	0.087	0.041	0.037	1.000							
6-Consistency	0.622	-0.305	0.145	0.191	-0.082	0.871						
7-Go_with_Others	0.076	0.044	-0.056	-0.078	-0.061	0.053	n.a.					
8-HQ_Attention	0.651	-0.452	0.112	0.133	-0.084	0.605	0.094	0.849				
9-Manager_Tenure	0.035	0.031	0.033	0.093	-0.011	-0.026	0.021	0.025	0.835			
10-Org Culture Alignment	-0.016	-0.026	-0.039	0.005	-0.078	0.001	-0.120	-0.002	-0.000	1.000		
11-Subsidiary_Weight	0.153	0.034	-0.050	-0.047	-0.019	0.055	-0.011	0.104	-0.034	-0.003	0.918	
12-Work/Social_Involvement	0.473	-0.216	0.087	0.037	-0.018	0.440	0.113	0.497	0.084	-0.051	0.105	n.a.
Composite Reliability	0.806	0.893	1.000	1.000	1.000	0.904	n.a.	0.886	0.814	1.000	0.914	n.a.
Average Variance Extracted (AVE)	0.678	0.736	1.000	1.000	1.000	0.758	n.a.	0.722	0.697	1.000	0.842	n.a.

Notes: The diagonal (in bold) shows the square roots of the AVE; the off-diagonal cells show the correlations; n.a. = not applicable (because the construct is formatively-measured or represented by one single item)

Table 3 – Assessment of reflectively-measured constructs

		Standardized Loadings	P Values
HQ Attention			
	AT-1 <- HQ_Attention	0.817	<0.001
	AT-2 <- HQ_Attention	0.860	<0.001
	AT-3 <- HQ_Attention	0.870	<0.001
Corporate Benefits			
	BN-1 <- Benefits	0.909	<0.001
	BN-2 <- Benefits	0.727	<0.001
Corporate Consistency			
	CO-1 <- Consistency	0.878	<0.001
	CO-2 <- Consistency	0.867	<0.001
	CO-3 <- Consistency	0.868	<0.001
Go with Others			
	BI-1 -> Go_with_Others	1.000	
Centralization			
	SC-1 <- Centralization	0.852	<0.001
	SC-2 <- Centralization	0.862	<0.001
	SC-3 <- Centralization	0.859	<0.001
Formality Alignment			
	FA-1 <- Org Culture Alignment	1.000	
Manager Tenure			
	TC-1 <- Manager _Tenure	0.997	<0.001

	TC-2 <- Manager _Tenure	0.626	0.004
Subsidiary Weight			
	SW-1 <- Subsidiary _Weight	0.986	<0.001
	SW-2 <- Subsidiary _Weight	0.843	<0.001
Moderators			
	Benefits * Centralization <- Centralization*Benefits	1.071	<0.001
	Consistency * Centralization <- Centralization*Consistency	1.098	<0.001
	Go_with_Others * Centralization <- Centralization*Go with Others	1.046	<0.001

Regarding the only construct that was formatively measured—work/social involvement—we employed the following tests of adequacy: VIF (variance inflation factor) among the indicators and the statistical significance of the outer weights of the indicators. The VIFs were small (1.075 or less)—adequately below 3.0, which means that multicollinearity was not a problem and that the outer weights were all statistically significant at the 5% level or less (see Table 4).

Table 4 - Assessment of formatively-measured constructs

	Standardized Weight	VIF	P Values
Work/Social Involvement			
PS-1 -> Work/Social_Involvement	0.363	1.072	0.001
RQ-1 -> Work/Social_Involvement	0.232	1.004	0.008
SP-1 -> Work/Social_Involvement	0.804	1.075	<0.001

For the single-item constructs, no tests of adequacy exist. Although measuring each construct with multiple indicators is desirable, there was the trade-off of not making the questionnaire overly lengthy (to avoid the risk of fatigue bias). Moreover, we wanted to collect

information on the several constructs of Dutton and Ashford's (1993) model, which implied the need for numerous constructs.

All moderation constructs in this research were formed with the two-stage approach generating a single indicator that all are significant (see Table 3). For the dependent variable—headquarters' attention—we applied an additional test of convergent validity. We asked an overall question about “How much success did you obtain when selling that strategic idea to the headquarters?” (1 = not at all, ..., 5 = very much). A simple linear regression of that aggregate indicator of success on the indicators of the headquarters' attention construct presented an adjusted $R^2 = 0.35$. This suggests only reasonable convergence as the indicators explained only 50% of the aggregated measure. However, the correlations between the aggregate indicator of success and each of the indicators of headquarters' attention were somewhat low (respectively, 0.467, 0.486, and 0.516), which casts doubt on whether the three indicators adequately capture the concept of headquarters' attention. Nevertheless, as all the other tests of model adequacy were satisfactory, we are confident that the measurement model is adequate.

Model Quality (“Fit”)

As PLS lacks measures of goodness of fit, the structural model was evaluated in terms of its predictive capabilities, based on the coefficient of determination (R^2) and the effect sizes (f^2).

Predictive accuracy was satisfactory as the R^2 adjusted of the endogenous construct headquarters' attention was 0.555—higher than 0.50—which means that more than half of the variance in the endogenous construct was explained by the set of constructs exogenously linked to it. As for the effect size, it measures “the change in the R^2 value when a specified exogenous construct is omitted from the model and can be used to evaluate whether the omitted construct has a substantial impact on the [respective] endogenous constructs [linked to it]” (Hair, Hult, Ringle, & Sarstedt, 2014, p. 177). There is little agreement in the literature as to what constitutes small, medium, or large effect sizes. Cohen (1992) proposes 0.02, 0.15, and 0.35 as respective cut-offs, while Baron and Kenny (1986) argues that, particularly for moderating effects, which typically present smaller effect sizes, the appropriate cut-offs would be 0.005, 0.01, and 0.025. In this study, effect sizes were generally lesser than desired, meaning that most exogenous constructs did not contribute much to explaining the variance of the endogenous construct. Regarding the predictors, corporate benefits had a (marginally) medium effect size ($f^2 = 0.147$), while the effect sizes of

corporate consistency ($f^2 = 0.070$) and work/social involvement ($f^2 = 0.047$) were small, and the effect size of go with others was negligible ($f^2 = 0.005$). Moreover, the effect size of centralization, as a predictor, was also small ($f^2 = 0.123$); however, it was close to that of corporate benefits. The effect sizes of the moderated relationships of centralization were 0.006 (small), less than 0.001 (negligible), and 0.001 (negligible), respectively, on corporate benefits, corporate consistency, and going with others.

Estimation of the Structural Relationships

We employed the G*Power package to calculate the statistical power of our analyses (Faul, Erdfelder, Buchner, & Lang, 2009). Our study has more than a 99.9% chance of detecting a medium effect ($f^2 = 0.15$), at the 5% confidence level, if the effect indeed exists in the population, and a power of only 39.8% to detect a small effect ($f^2 = 0.02$). Thus, any nonsignificant effects may be the consequence of low power to detect small effects, particularly regarding moderations, as the power to detect moderation effects tends to be smaller than that to detect main effects (McClelland & Judd, 1993).

Table 5 presents the estimated effects (the path coefficients). In the presence of moderating effects, the coefficients of direct effects have to be interpreted with care, as they represent the *simple* effect of the respective variable when the moderator (which has been mean-centered for parameter estimation) is at its mean value (Henseler et al., 2016). As shown in Table 5, the simple effects are in the hypothesized direction (at least around the mean level of the centralization construct) and are statistically significant. Thus, we found support for hypotheses H₁, H₂, H₃, H₄, and H₅.

Table 5 – Path coefficient and hypothesis test

Variables	Hypothesis	Model 1	Model 2	Model 3
Corporate Benefits	H1 (+)		0.343 (<0.001)	0.342 (<0.001)
Corporate Consistency	H2 (+)		0.238 (<0.001)	0.234 (<0.001)

Go with Others	H3 (+)	0.048 (0.089)	0.048 (0.094)	
Work/Social Involvement	H4 (+)	0.166 (0.001)	0.168 (0.001)	
Centralization	H5 (+)	-0.248 (<0.001)	-0.247 (<0.001)	
Centralization*Benefits	H1a(-)		-0.012 (0.720)	
Centralization*Consistency	H2a(+)		0.023 (0.508)	
Centralization*Go with Others	H3a(-)		-0.016 (0.525)	
Formality Alignment	Control	-0.002 (0.961)	0.011 (0.612)	0.009 (0.671)
Manager Tenure	Control	0.026 (0.473)	0.011 (0.659)	0.009 (0.728)
Subsidiary Weight	Control	0.102 (0.023)	0.028 (0.326)	0.029 (0.336)

Note: p-values in parenthesis

Before we tested the moderating effects, we considered Sharma, Durand, and Gur-Arie's (1981) advice that "[i]f the hypothesized moderator variable turns out to be related to the criterion [dependent] variable, the moderator effect is not clear because each of the independent variables can, in turn, be interpreted as a moderator" (p. 294). Similarly, Andersson et al. (2014) recommend that the researcher should "theoretically rule out the existence of a reverse interaction effect in which the independent variable is actually affecting the relationship between the moderator and dependent variable" (p. 1064). In the theoretical background section, we provided arguments for expecting centralization to act as a moderator, besides being a predictor. However, there is no theoretical reason to conjecture that the variables of issue-selling configuration (benefits,

consistency, and going with others) would modify the effect of centralization on headquarters' attention in any manner.

Regarding the estimation of the moderating effects of centralization on the impact of corporate benefits and corporate consistency, we employed the multiplicative approach, which is a full-information standard (see Table 5). These moderating effects were not statistically significant, and the sign of three of them was like we expected. Therefore, H_{1a}, H_{2a}, and H_{3a} were not supported.

If the regression coefficient of the moderator construct is not statistically significant, one should then test for potential homologizer effects (1981). This test is run by splitting the sample in high vs. low sub-groups of the alleged moderator. Silva, Styles, and Lages (2017) indicate that if a statistically significant difference in the regression (path) coefficients of the moderator variable across the two sub-groups, then the variable (in our case, centralization) is classified as a homologizer (1981). If not, it is not a moderator of the relationship. Therefore, we ran sub-group analyses with groups of low centralization and high centralization. The signs of the coefficients of main effects and the sign of the difference between them across the two sub-groups are as expected regarding the moderation of centralization on corporate benefits and go with others (i.e., a high level of centralization reduces the effect of corporate benefits and reverts the effect of go with others). However, the difference of the coefficients across the sub-groups was statistically significant only concerning go with others (see Table 6). Regarding the moderation of centralization on corporate consistency, the difference of the coefficients across the two sub-groups was in the opposite direction of our hypothesis, but it was not statistically significant either. Therefore, these results corroborate only the moderation hypothesis about go with others (H_{3a}) and centralization is thus considered a homologizer regarding go with others.

However, the dichotomization of continuous variables discards information, with the consequence of reducing statistical power and, thus, the capacity to detect moderating effects (Aguinis, Edwards, & Bradley, 2017). Therefore, we rely on the results of the multiplicative approach (Table 6) as it is a full-information approach.

Table 6 – Test of moderating effects (sub-group analysis)

Hypothesis	Path		Predicted direction of the difference	Actual direction of the difference	Difference	Supported?
	Low Centralz.	High Centralz.				
Benefits -> HQ_Attention	0.322 (<0.001)	0.182 (0.200)	(-)	(-)	0.140 (0.199)	No
Consistency -> HQ_Attention	0.304 (<0.001)	0.299 (0.014)	(+)	(-)	0.005 (0.483)	No
Go_with_Others -> HQ_Attention	0.070 (<0.001)	-0.057 (0.461)	(-)	(-)	0.127 (0.036)	Yes

Note: p-values in square parenthesis

To exemplify better the relationships between the constructs, particularly on how the form and the strength of the relationship between the configuration/process of issue selling and the headquarters' attention change at differing degrees of centralization, we present illustrative interaction plots (Figures 2, 3 and 4). Figure 3a contradicts our expectation as the (positive) impact of corporate benefits (i.e., the slope of the straight line) becomes larger as centralization increases. Figure 3b presents almost parallel lines, suggesting that centralization would not modify the (positive) impact of corporate consistency. Figure 3c indicates that the effect of go with others indeed seems to become smaller as centralization increases. However, contrary to our expectations, the sign does not reverse at high levels (at least one standard deviation higher) of centralization.

Figure 2 – Simple slope analysis: Moderation of centralization on the relationship between issue's corporate benefits and headquarters' attention

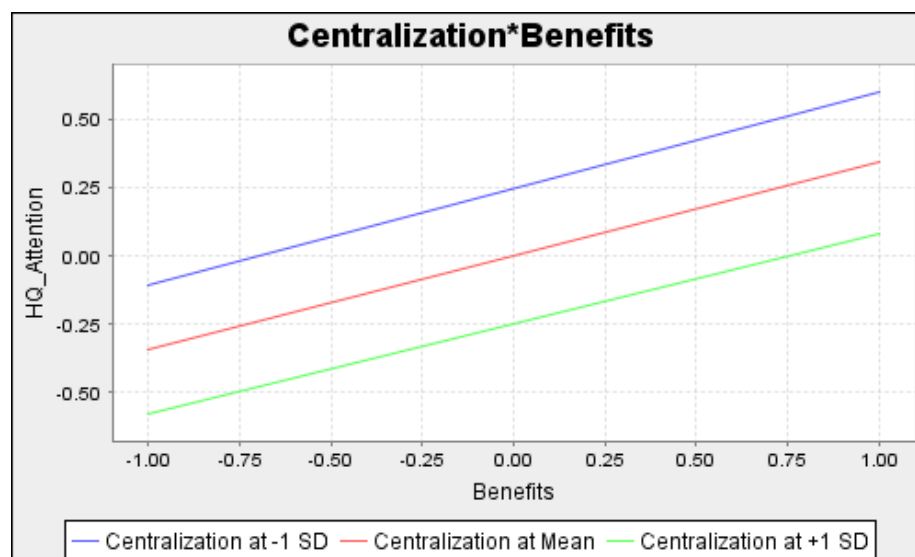


Figure 3 – Simple slope analysis: Moderation of centralization on the relationship between issue's corporate consistency and headquarters' attention

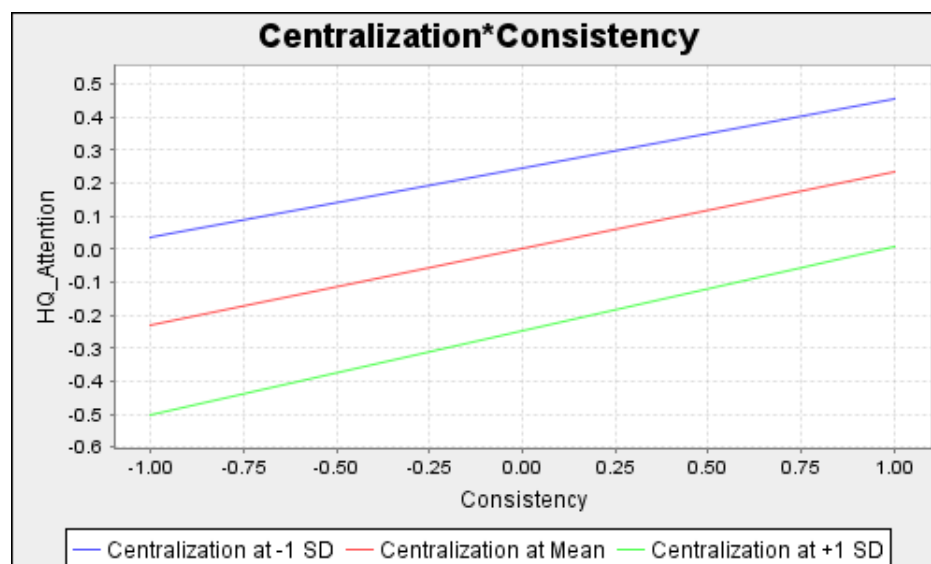
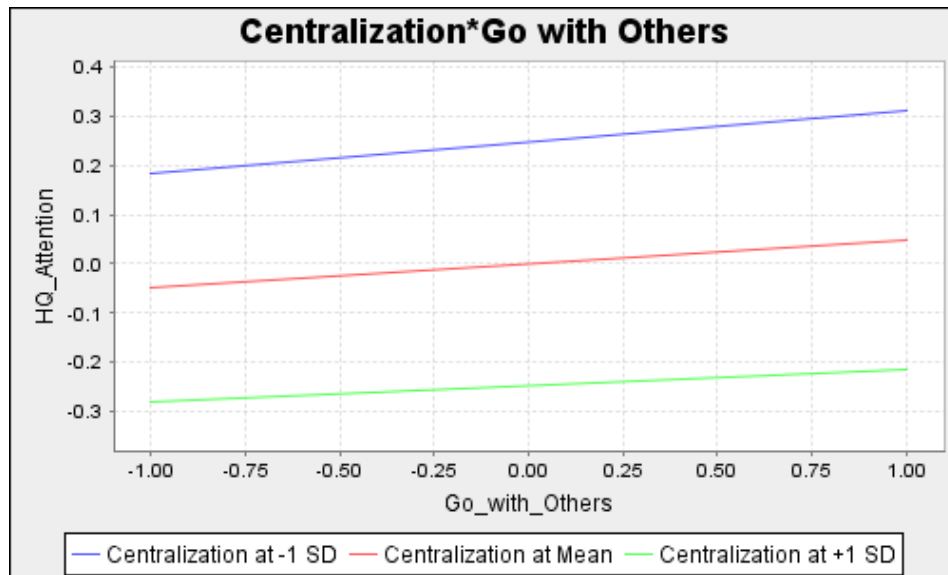


Figure 4 – Simple slope analysis: Moderation of centralization on the relationship between issue's breadth of involvement (going with others) and headquarters' attention



Post-Hoc Analyses

As *post-hoc* tests, we checked whether the impact of each component of work/social involvement (specifically, previous support at headquarters, level of hierarchical support at headquarters, and relationship quality with decision-maker(s) at the headquarters) and the impact of the *formality alignment* would be moderated by the degree of decision-making centralization. We found that none of the moderated relationships was statistically significant.

Additionally, we checked whether the (perceived) degree of centralization would itself influence how the subsidiaries configure their tactics of issue selling, particularly the emphasis on corporate benefits and corporate consistency. Contrary to what one might expect (although we did not discuss this matter in this paper), these effects were negative (and statistically significant). We leave any conjectures for future studies.

We also examined whether the hypothesized relationships would hold in a sample of domestic subsidiaries. Such a test was possible as a considerable number ($N = 191$) of the valid questionnaires related to cases where the subsidiary was from the same country as the headquarters. The simple effects of corporate benefits, corporate consistency, work/social involvement, and centralization also held (i.e., were in the same directions as in the sample of internationalized subsidiaries and were statistically significant) for domestic subsidiaries. The simple effect of going with others was positive but not

statistically significant. The moderating effects of centralization were not statistically significant, similar to the sample of internationalized subsidiaries.

Fortunately, we had also run preliminary analyses with the sample that had been collected in the first collection effort in 2020. By then, we had 294 international subsidiaries. All the direct effects also held. However, in that sample, the moderating effects were in the hypothesized direction, but only the moderation of corporate benefits was statistically significant. This provides support to hypothesis H_{1a} (moderation of corporate benefits) but not to hypothesis H_{2a}, (moderation of corporate consistency). These conflicting results between the partial sample of 294 cases and the full sample of 342 cases seem to indicate that the moderating effects (if any) in the population are indeed small (around zero) and might only be detectable with extremely large samples.

DISCUSSION AND CONCLUSION

Even when a subsidiary manager is not authorized to make impactful decisions, they can still engage in proactive efforts to present strategic ideas and persuade top management to consider and eventually approve them and commit the necessary resources (Pandza, 2011). In fact, Young and Tavares (2004) highlighted an important distinction “between power and authority, where power relates to the ability to influence a situation, in contrast with the formal and legitimate authority to make decisions” (p. 216). Given that issue selling “is mainly a bottom-up process” (Alt & Craig, 2016, p. 811), analyzing what affects the chance of granting attention to strategic ideas submitted to top management is important to enhance a subsidiary’s position within the organization and contribute to overall results.

Theoretical Implications

Our results indicate that emphasis on benefits for the corporation and consistency with corporate values and norms, as well as nurturing relationships with headquarters’ managers, tend to favor gaining headquarters’ attention. These results are consistent with previous studies that found support for the impacts of issue-selling tactics. The positive impact of corporate benefits parallels the findings of Bouquet and Birkinshaw (2008a) that a subsidiary “needs to reaffirm its commitment to the parent’s objectives” (p. 594) to establish a trustworthy image.

Regarding the breadth of involvement of the issue, it is a rather broad concept, and the several facets that compose it might have distinct effects on gaining the attention of top managers. In our study, evidence regarding the effect of go with others is somewhat conflicting. However, the overall results do not seem to corroborate our contention that the effect would be positive at low levels of centralization and negative at high levels.

Interestingly, while emphasizing organizational benefits as well as highlighting consistency with organizational values, both present a positive association with granting attention from the headquarters. Issue sellers may need to carefully choose what type of emphasis they will apply to the issue. This is because Mayer et al. (2019) have shown that economic arguments may be ineffective, and moral arguments may be effective when the issue is framed as consistent with the company's values and/or mission.

However, this study did not find support for the moderating impacts of centralization of decision-making. These results, together with the preliminary results of our *post-hoc* analysis, contrast with Dörrenbächer and Gammelgaard's (2016) arguments that the subsidiary may need to employ greater efforts to capture headquarters' attention when the relationship is closer and the subsidiary is relatively less powerful. Therefore, more research is recommended to analyze the role that headquarters' decision-making centralization (as well as other control mechanisms) play in subsidiary's initiative-taking and the consequent actions by headquarters.

This study combined two levels of analysis: the organizational level (e.g., benefits and consistency of the issue regarding the headquarters; and association among subsidiaries to support the issue) and the micro-level (e.g., the personal relationships that the subsidiary manager has developed at the headquarters), as also did Dörrenbächer and Geppert (2009) and O'Brien, Scott, Andersson, Ambos, and Fu (2019). Direct effects were substantiated at both levels of analysis.

Therefore, our conceptual model provided a comprehensive coverage of the variables that have been argued to affect attention to issue-selling efforts, which reduces the potential impact of omitted variable bias.

Managerial Implications

Headquarters should consider that, although efficiency advantages from tight coordination exist, over-centralization of the relationship may curb subsidiary initiative

and inadvertently lead the headquarters to not pay sufficient attention (and hence, not approve and commit resources) to projects that might improve the overall performance of the corporation. Moreover, if headquarters expects too much consistency and overvalues it, subsidiaries may feel discouraged to present strategic initiatives entailing novelty, and that might bring extraordinary opportunities to be exploited (albeit possibly at higher risk). In fact, high levels of centralization can hamper an organization's capacity to innovate (Ghoshal & Bartlett, 1988). As centralization of decision-making may make considerable sense when global integration is an economic imperative of the industry, top management teams should not let it prevent the company from listening to suggestions from the subsidiaries. Therefore, channels for strategic issue selling should be explicitly cultivated. From a practical standpoint, our results suggest that higher centralization by the headquarters does not seem to hamper, in any relevant terms, the capacity of the subsidiaries to draw attention for the strategic issues that they bring forth. This finding is good news as it suggests that issues will draw attention (or not) based on their own merits.

According to the literature, some subsidiaries have different roles before the company, we suggest as future studies that the effect of different roles on the attention given by the head office be tested.

Conversely, subsidiaries should not engage in eager and naïve issue selling that would be interpreted as (or would indeed be) waste of time by the headquarters. A common set of shared values between headquarters and subsidiaries can be an alternative governance form that would align interests and can overcome the need for so much centralization or control (Nohria & Ghoshal, 1994). Given that the degree of centralization tends to vary across natures of strategic issues (e.g., financial, marketing, R&D) (Young & Tavares, 2004), headquarters should at least be more open to the subsidiaries' input in matters for which the subsidiary potentially has more (local) knowledge, such as domestic marketing and human resource management.

Many subsidiary managers may complain that the headquarters does not give them the attention (and the resources thereof) that they need. Securing attention is key to shaping headquarters' priorities and changing the significance of the subsidiary in the corporate network, and maybe even in ensuring the subsidiary's long-term survival. However, in their eagerness to earn attention, subsidiary managers may sometimes push extremely hard toward having their strategic issues debated and eventually approved.

However, more intense endeavors toward issue selling (or championing initiatives, in O'Brien et al.'s (2019) words) may not always be the best way to promote a subsidiary's ideas, as headquarters' executives are busy and may be overwhelmed with excessive information (Bouquet & Birkinshaw, 2008a). Sometimes, subsidiaries may be better off by carrying on initiatives initially on their own and with their own funds (Vahlne et al., 2012) to circumvent slow bureaucratic approvals (Cavanagh et al., 2017) and "to be protected from scrutiny [by the headquarters] until [initial] success can be demonstrated" (2019). The subsidiary can then sell the project under a more favorable lens. Borini, Fleury, Fleury, and Oliveira Jr. (2009) found such cases that they called "'rebellious subsidiaries', which take initiatives based on their [local] business environment and connections, regardless of their HQs' directions or delegation of autonomy" (p. 253). Such subsidiaries may conduct their own strategic initiatives without first (or at all) attempting to sell them to headquarters.

Although Bartlett and Ghoshal (1988) have drawn attention to the "headquarters hierarchy syndrome," the international business literature has long regarded subsidiaries not only as mere implementors of strategies devised at the headquarters but also as essential to the overall competitiveness of the MNC (Andersson & Holm, 2010; Vahlne et al., 2012). Hence, headquarters must strike a good balance between subsidiaries' initiatives—and the related issue-selling efforts—and the appropriate coordination mechanisms.

Given the delicate context of strategic issue selling (in which potential organizational benefits may sometimes be overlooked and subsidiary's initiatives may be interpreted as an attempt of ingratiation), subsidiary managers may need to carefully employ political maneuvering in crafting the presentation of strategic issues to headquarters (Ambos et al., 2010).

Limitations and Directions for Further Research

Some limitations to this study must be acknowledged. The conceptual model may suffer from omitted variable bias. Although we provided a good coverage of Dutton and Ashford's (1993) model, the literature suggests that several other characteristics of an issue can affect the level of attention captured from top managers. This includes issues involving higher stakes, and those framed as threats and those more urgent or uncertain may attract more attention (1993).

Second, a larger sample would be more than welcome, and follow-up inquiries with nonrespondents might shed some light on why the response rate was low. Third, this study elicited information only from the subsidiary's general manager and took their perception about the headquarters' top management but did not inquire on the latter about their actual perception. Future studies would be welcome that capture the perception of headquarters' executives as to the level of attention that they have dedicated to strategic issues raised by their subsidiaries. After all, it is the headquarters' effective level of attention (and not the perceptions that subsidiary managers have about it) that counts. The investigation of downward issue selling—from the headquarters to the subsidiaries—would be significant.

There may be reciprocal causation—subsidiaries that manage to capture more attention may also increase their initiatives of issue selling because they gain confidence. Additionally, managers may adjust issue-selling efforts based on their previous experiences at issue selling (Howard-Grenville, 2007). Longitudinal research may enlighten the nature of the causal relationships.

Moreover, subsidiaries may adapt to the pattern of issue evaluation observed in the headquarters. For example, when the subsidiary has little autonomy, it may simply choose to mold to headquarters' patterns and merely present (or at least, frame) issues that seem rather coherent to the history of projects or current corporate practices (Dörrenbächer & Gammelgaard, 2016). Therefore, centralization may not only moderate the impact of issue-selling tactics but may also affect the level of emphasis on such tactics (e.g., corporate benefits, corporate consistency and breadth of involvement), in case the subsidiary wants to “play the game” of pleasing the headquarters. Our preliminary post-hoc analyses suggested that these effects of centralization on issue-selling tactics may be present. Thus, the tactics might function as mediators of the effect of centralization on headquarters' attention, which rather complicates conceptual modeling.

An interesting avenue for exploring other potential moderators that might affect the impact of issue-selling tactics on capturing attention from top management. Among such moderators, one can conjecture personality traits and psychological profile of the decision-makers, the cultural difference between the headquarters and the subsidiary, or type of multinational industry (e.g., multidomestic vs. global). Thus, examining the relevance of “personal relationships with personnel located at headquarters and in other

MNC units” (Dörrenbächer & Gammelgaard, 2016) is still an open avenue for more research. This relates to our considerations about seeking personal support and relating to people of higher hierarchical level and potentially developing social relationships.

As the tactics of issue selling tend to involve multiple complementary efforts, both related to packaging the content of the issue and crafting the process of conveying the message to decision-makers, researchers should carefully reflect upon the conceptual map of the phenomenon and operationalize it accordingly (Suddaby, 2010).

APPENDIX – ONLINE QUESTIONNAIRE

Dear top manager,

Thank you for participating in this survey on the **presentation of strategic ideas to the headquarters**.

All responses will be kept **confidential** and only aggregate results will be used.

FGV deeply appreciates your fundamental collaboration.

1. If you respond this survey until the end (less than 10 minutes), you can receive an **executive summary** of the consolidated results. To receive it, please inform your e-mail:

2. As part of your executive activities, have you presented strategic ideas to your company headquarters?

☐ yes

☐ no



Next

FGV adheres to high **standards of ethics** in research.

Therefore, let us inform that your participation in this survey is not mandatory and that, at any time, you can drop out, without any damage to you or your company.

We do not foresee any risks to you or your company.

By **clicking on the <Next> button below**, you acknowledge that you understand the objectives, risks and benefits of your participation in this research, and that you agree to participate.

You may contact FGV's Ethics Compliance Committee of Research Involving Human Beings at

Address: Praia de Botafogo, 190, sala 536, Botafogo, Rio de Janeiro, RJ, Brazil, 22250-900.

Telephone: +55 21 3799 6216

E-mail: etica.pesquisa@fgv.br



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3. Please provide some information about yourself and the international subsidiary that you manage:

What is the country where the <u>subsidiary</u> that you manage is located?	
What is the country where the operations of your <u>company headquarters</u> are located? (do not inform a tax heaven)	
In which country were you <u>born</u> ?	
In which country have you <u>lived most of your life</u> ?	
In which country did you <u>live most of your childhood</u> (0-12 year old)?	

4. For how many years have you worked at this company?

5. For how many years have you worked at this international subsidiary?



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6. What percentage of the company's revenues come from this subsidiary?

- ☐ between 0% and 5%
- ☐ between 5% and 10%
- ☐ between 10% and 15%
- ☐ between 15% and 20%
- ☐ more than 20%

7. What percentage of the company's employees work in this subsidiary?

- ☐ between 0% and 5%
- ☐ between 5% and 10%
- ☐ between 10% and 15%
- ☐ between 15% and 20%
- ☐ more than 20%



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Talking about a strategic idea presented to the headquarters

8. A **strategic idea** is a relevant matter related to an organization's products, processes, resources or customers.

Please, consider just one **strategic idea** that you **presented to the company headquarters** in **2019**. Indicate what this idea was about:

- ☐ launch a new product/service
- ☐ serve a new market segment
- ☐ expand production capacity
- ☐ change the marketing program
- ☐ expand geographically
- ☐ merge with or acquire another company
- ☐ Other (please specify)

9. Think about the person with the highest hierarchical position at the headquarters to whom you presented that strategic idea for the first time.

What best describes your relationship with that person at the headquarters?

- ☐ you did not know her/him in person
- ☐ you knew her/him in person, but did not have frequent interactions
- ☐ you knew her/him in person, and used to have frequent professional interactions
- ☐ you had a personal/social relationship with her/him
- ☐ you frequently engaged in social activities with her/him outside work

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There is no right or wrong answer. Respond with the **first impression** that comes to your mind.

10. **Regarding that strategic idea**, mark the option that best represents your answer to each question, where 1 means "not at all", 5 means "very much" and 2, 3, and 4 are intermediate degrees.

	not at all 1	2	3	4	very much 5
Top management at headquarters engaged in frequent conversations about that idea	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Top management at headquarters analyzed information about that idea	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
That idea could improve the organization's image in the market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
That idea was perceived as aligned with headquarters' values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
That idea counted on the explicit support by an executive of the headquarters from the very beginning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Top management at headquarters allocated their time to that idea	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Top management at headquarters approved a budget for that idea	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
That idea was perceived as aligned with headquarters' business practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
That idea could have an important impact on the organization's profitability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<u>In the opinion of top management at headquarters</u> , that idea addressed an important topic of your organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
That idea was perceived as aligned with headquarters' strategic objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Top management at headquarters authorized the creation of roles or task forces devoted to that idea ☐ ☐ ☐ ☐ ☐



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11. Of the several possible ways to present that specific idea to the headquarters, which did you employ with greater emphasis?

- ☐ presentation at a strategy meeting
- ☐ discussion at a private meeting with a few relevant top managers
- ☐ one-on-one talk with a top manager
- ☐ Other (please specify)

12. That strategic idea was presented to the headquarters...

- ☐ by your subsidiary alone
- ☐ with another subsidiary in the same continent as yours
- ☐ with two or more other subsidiaries in the same continent as yours
- ☐ with another subsidiary from another continent
- ☐ with two or more subsidiaries from another continent

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Please, mark the option that best represents the way you presented that idea

13. Regarding that strategic idea, mark the option that best represents your answer:

	not at all 1	2	3	4	very much 5
How much success did you obtain in selling that strategic idea to the headquarters?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. That idea was presented to the headquarters...

- ☐ With the support of an executive at the headquarters of a **higher** hierarchical level than mine
- ☐ With the support of an executive at the headquarters of a **similar** hierarchical level as mine
- ☐ With the support of an executive at the headquarters of a **lower** hierarchical level than mine
- ☐ Without the previous support from anyone at the headquarters



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15. Headquarters' organizational culture

	very informal 1	2	3	4	very formal 5
In your opinion, the organizational culture of your headquarters is...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16. Talking about the relationship between the headquarters and the subsidiary

	not at all 1	2	3	4	very much 5
The headquarters tend to consult you before making decisions about your country / region	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The headquarters tend to ask for your opinions about your country / region	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The headquarters delegate important tasks to you	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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17. For statistical validity checks, we would like to know your opinion about your overall degree of satisfaction or dissatisfaction with:

	very dissatisfied 1	2	3	4	very satisfied 5
The quality of food served in most restaurants in your neighborhood	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The way people drive in your city	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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CHAPTER FOUR: ARTICLE THREE

The complex exercise of selling issues: The impact of national culture on headquarters' attention to proposals of subsidiaries

Renato de Souza Santos

INTRODUCTION

Multinational company (MNC) subsidiaries have a quite complex relationship with their respective headquarters, whether for reasons of control exercised by headquarters (Bartlett & Ghoshal, 2002; Birkinshaw & Pedersen, 2009) or because of each subsidiary's relevance to the organization (Bouquet & Birkinshaw, 2008a). This relationship is accentuated because the multinational company (MNC) is headquartered in one country and maintains control of subsidiaries in several different countries, thereby generating cultural diversity within the organization (Henisz & Williamson, 1999).

Despite this relationship complexity, subsidiary managers submit their demands to headquarters to better serve their local market, and, in some cases, the subsidiary has a specific mandate from headquarters that enables it to present innovations more easily (Roth & Morrison, 1992; Vahlne et al., 2012). In other cases, subsidiary managers act autonomously, according to Cavanagh, Freeman, Kalfadellis, and Cavirusgil “while the subsidiaries are bound to organizational rules, restrictions, and resources, these structural ties do not necessarily prevent subsidiaries from pursuing their own goals and strategies” (2017, p. 176). Nowadays, subsidiaries are not only parts of an organization that serves a higher command, but they also work for the generation of their own competences by exploring the market with them (Vahlne et al., 2012).

However, to have its idea accepted by headquarters, the subsidiary must demonstrate that this idea has strategic appeal for the organization in general and not only for its local market (Nohria & Ghoshal, 1994). The complex management of an MNC leads to a multiplicity of cultures, local languages, various ways of thinking and acting, and different values between headquarters and subsidiaries. Some subsidiaries are quite distant culturally from the headquarters company and, consequently, have more difficulties in understanding the headquarters objectives and have difficulties in being understood by it. According to Vahlne et al., “there remains uncertainty about how HQ

will interpret the subsidiary activities to judge them as being consistent with or inconsistent with the overall strategy of the global firm” (2012, p. 224). In other words, despite the attempt to present their ideas, subsidiaries encounter interferences that hinder mutual understanding between the latter and headquarters.

According to Beugelsdijk, Kostova, Kunst, Spadafora, and van Essen (2018), cultural distance is one of the main topics of research in international business, whether at the time of choosing the allocation of resources, mode of entry, mode of integration and operation, or even in relation to the headquarters–subsidiary performance. This cultural aspect is formed by symbols that are solid and passed across generations, creating some forms of common thought within a society in a stable manner over time (Triandis & Suh, 2002). When attempting to serve their local market, subsidiary managers aim to influence the strategy of the headquarters company (Vahlne et al., 2012). However, understanding this attempt to influence may be hampered by the difficulty in mutual understanding between the headquarters company and subsidiaries due to cultural differences (Ling et al., 2005; Triandis & Suh, 2002). In this study, we specifically address how cultural aspects might interfere in the subsidiary manager’s attempt to attract the headquarters’ attention to some proposed ideas.

Some authors point to some individual cultural dimensions that interfere in this relationship. Cavanagh et al. (2017) suggest an interference due to the cultural trait egalitarianism that “there may be some situations where cultural differences result in the head office expecting egalitarian relations with its subsidiaries, while the subsidiaries are more comfortable with less responsibility, greater centralization” (2017, p. 190). Ling et al. (2005) point out other cultural traits that interfere in the headquarters–subsidiary relationship, such as collectivism: “we expect that local subsidiary managers in collectivistic nations would prefer to involve others in issue selling to protect themselves against possible loss of image” (2005, p. 645). Other authors point out the interference of cultural distance and the aggregate effect of all the different cultural traits between the headquarters and subsidiary “Implicit here is the idea that cultural distance creates difficulties and challenges for firms due to lack of knowledge and understanding of how the host country works” (Beugelsdijk et al., 2018, p. 93).

The literature provides indications that there are problems of communication and mutual understanding in the headquarters-subsidary relationship arising from cultural

aspects (Cuypers, Ertug, Heugens, Kogut, & Zou, 2018; Kogut & Kulatilaka, 1994; Malik & Zhao, 2013; Maseland, Dow, & Steel, 2018). Thus, we propose to answer the following research question: *Do cultural differences between the subsidiary and the headquarters moderate the effect of the packaging and the strategic item selling process?*

Following Ling et al. (2005), we tested the effect of the issue selling strategy on the headquarters–subsidiary relationship. We divided this research into two studies: Studies A and B. In Study A, we tested the moderating influence of cultural distance on the issue selling strategy in a sample of 342 international subsidiaries. In Study B, we tested the moderating effect of some specific cultural dimensions of the headquarters’ country of origin. In this study, we used a sample of 533 subsidiaries, 191 of which were domestic subsidiaries.

All the direct effects of the issue selling strategy, related to Dutton and Ashford’s (1993) classical framework, were confirmed in the previous study (Chapter 2), concerning Corporate Benefits, Corporate Consistency, “Go with others,” and “Work/Social Involvement.” Therefore, we did not immediately theorize about their direct effects on headquarters attention; we only provided a brief presentation to build the logical argument for the moderation effects, the focus of this research. This applies to the detailed explanation of the constructs’ evaluation indicators and their respective sources.

THEORETICAL BACKGROUND

Issue selling and the context of the headquarters–subsidiary relationship

The classic issue selling framework developed by Dutton and Ashford (1993) addressed the cognitive aspects of decision-making in strategic choice. They addressed how lower-level people in organizations can influence top management. The purpose of the questions asked by managers can vary, from the prevalence of their view of the organization culture (Ling et al., 2005), to legitimizing their position at the top level and among peers (Balogun, Fahy, & Vaara, 2019; Conroy & Collings, 2016). Others are to stimulate social entrepreneurship in the organization (Alt & Craig, 2016), vocalize the sentiment of a group within the organization (Grant et al., 2009), or aim to make an organizational change (Luo et al., 2015; Piderit & Ashford, 2003).

In Dutton and Ashford’s (1993) framework, the issue packaging aspects of *framing*, *presentation*, and *appeal* involve various issues, such as levels of engagement,

levels of novelty, and level of involvement from each side (e.g., subsidiary and headquarters company). In the present study, we chose two specific topics to represent these issues: the issue's level of *Corporate Benefits* (i.e., how well the issue's presentation highlights benefits to the organization in general, rather than to a particular subsidiary) and the issue's level of *Corporate Consistency* with organizational values and practices (i.e., how well the issue follows current corporate traditions, values, and norms). However, we chose not to examine the *issue bundling* when more than one idea is presented together, as the respondent might find it difficult to unlink one from the other when answering the questionnaire. Furthermore, the effects of ideas can be both positive and negative, and in both cases, they generate measurement problems.

Regarding the selling process, the *breadth of involvement* handles the number of players involved in the sale of strategic matters. We adapted to the context of the headquarters-subsidiary relationship as “*Go with others*,” assessing the number of subsidiaries involved and their geographical dispersion. Both the *choice of channels*, whether public or private, and *formal vs. informal tactics* are examined in the *Work/Social Involvement* construct, where we ask the level of personal proximity of the subsidiary manager to headquarters managers. To control for whether the organization style does not facilitate attention received, we control for *Formality Alignment*.

As issue selling is an upward influence mechanism that can also be used in international business, specifically in the headquarters–subsidiary relationship, some authors have already studied the strategic influence in this context. Dörrenbächer and Gammelgaard (2016) observed the headquarters–subsidiary relationship as a power relationship. The authors observed that some issues presented by subsidiary managers did not receive attention by formal means (e.g., board meetings or communications through memos), but by informal means, with much more personal relationship; this was classified by the authors as a type of lobbying “our cases reveal that attention attraction is not necessarily related to a specific personal relationship between the subsidiary manager and managers at headquarters, while lobbying relies on such a relationship” (2016, p. 1262). In addition, to have his demand accepted, the subsidiary manager had to demonstrate some aspects of legitimacy that provide him the confidence to present his ideas. This legitimacy came from a good performance, as well as from the development of new skills that exceeded the expectations of the headquarters. Meanwhile, Conroy and

Collings (2016) studied the positive and negative aspects of the use of issue selling and observed that not all attention received is positive, but it can often be negative; therefore, “subsidiary legitimacy can be used to balance the double-edged sword of positive and negative corporate headquarter attention” (2016, p. 623).

O'Brien, Sharkey Scott, Andersson, Ambos, and Fu (2019) used the micro-foundations lens to understand the role of the subsidiary middle manager in presenting the subsidiary's entrepreneurial values to the MNC. They brought an important insight that the middle manager plays a key role in understanding that “the actions of the individual subsidiary manager are relevant in terms of unlocking the benefits of a supportive MNC context” (O'Brien et al., 2019, p. 82). This result reinforces the importance of investigating how subsidiary managers are able to convince the headquarters company regarding their ideas.

The influence of culture on the results of issue selling strategy

Because the issue selling strategy is an attempt to influence, it depends on accurate communication and clear understanding between the parties involved. In other words, issue selling is risky behavior for the proposing manager as he attempts to generate a positive impression on the target, and if he fails, the result may be negative, generating reputational impact (Dutton & Ashford, 1993). In the context of the relationship headquarters–subsidiary, being misunderstood in the attempt of issue selling can result in destruction of value, drawing negative attention from the headquarters company and from other subsidiaries (Conroy & Collings, 2016).

Among the elements involved in the success of the issue selling strategy in the headquarters–subsidiary relationship are cultural aspects, which form the common background of the people of a given culture and influence the way they think (Triandis & Suh, 2002). As theorized by Ling et. al (2005), the subsidiary manager shapes the issue selling strategy, in parts, based on his beliefs and assumptions that can be traced to his cultural background. In the relationship headquarters subsidiary, this component gains more relevance because the subsidiary and the headquarters are based in different countries and thus immersed in different local cultures, generating a natural cultural distance between the headquarters and subsidiary.

The cultural distance can generate problems of interpretation and communication between managers of the headquarters and subsidiary due to the increase in the complexity of transaction, coordination, and control, owing to the differences between common practices (Kostova et al., 2016). According to Reus et al. (2009), these differences in practices and common understanding interfere in the headquarters–subsidiary relationship: “cultural distance makes it more difficult for workforces to come together, interact, and share ideas, and, as a result, impedes communication” (2009, p. 1302). Therefore, the subsidiary manager faces difficulty convincing the headquarters with the issue selling strategy as he formulates the strategy according to what he understands to be the headquarters’ thoughts, and, he has this understanding obstructed by the cultural distance that prevents him from understanding the target.

Meanwhile, the attention that the headquarters manager devotes to the idea presented is also influenced by this cultural background, according to Reus et al. (2009): “people of different cultures will encounter similar problems but view them from different angles. Consequently, people from different countries differ from each other based on the collective programming that occurs in each country” (p.1302). On the other hand, Ling et al. (2005) reports the effect of specific dimensions of culture on mutual understanding, for example the headquarters managers with high levels of power distance (a cultural aspect) tend to conduct the management unilaterally, giving few opportunities for the subsidiary manager to share their ideas. Similarly, Cavanagh et al. present the assumption of a headquarters–subsidiary relationship related to the aspects of cultural collectivism: “it follows that if a subsidiary is located in an individualist culture while the head office is based in a collectivist culture, they may be more likely to act unilaterally than if both subsidiary and headquarters shared the same cultural orientation” (2017, p. 190); that is, several cultural aspects are related to the attention that the headquarters company devotes to an idea.

Many situations are presented in the literature both of cultural distance and cultural dimensions of the headquarters that interferes in the communication between the headquarters and subsidiary. Therefore, we addressed both aspects by dividing the research into two studies. In Study A, we tested the moderating effect of the aggregate cultural distance in the issue selling strategy executed by the subsidiary manager. In Study

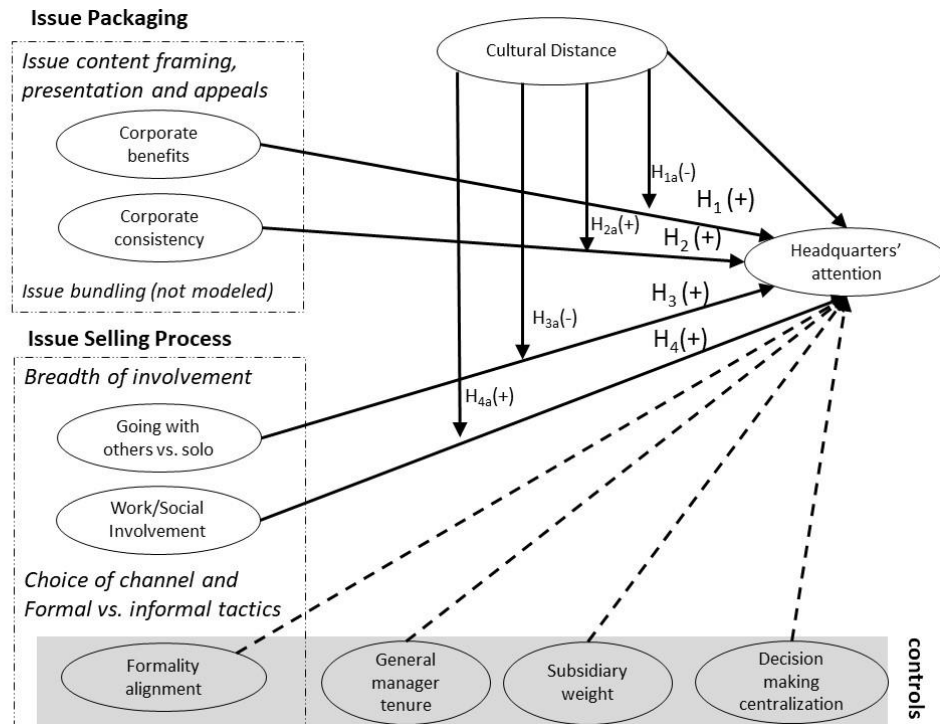
B, we tested the moderating effect of the cultural dimensions of the headquarters in the issue selling strategy.

We use different samples because in Study A we calculate the cultural distance by country of the subsidiary x country of the headquarters, so in Study A we have only 342 foreign subsidiaries, whose Cultural Distance value is greater than zero. However, in Study B we deal with the moderation of the cultural dimensions of the headquarters country that influence the attention of headquarters. In this case, we are interested in the country of headquarters for moderation, so we added 191 cases of domestic subsidiaries, totaling 533 cases in Study B. Originally our intention was to work only with foreign subsidiaries, however, several respondents stated that their subsidiary was the same headquarters, so we thought it was an opportunity to take advantage of these additional cases for Study B.

STUDY A – CULTURAL DISTANCE AS A MODERATOR OF THE ISSUE SELLING STRATEGY

Figure 1 presents our conceptual model for Study A, whereby we evaluated the moderating effect of cultural distance that influences the relationship between the issue selling strategy executed by the subsidiary's manager and the attention paid by the headquarters to the idea. To compare our model with Dutton and Ashford's model (1993), we present the names used for issue packaging and issue process.

Figure 1 – Conceptual Model of Study A



HYPOTHESIS DEVELOPMENT

Effect of corporate benefits on headquarters attention and the moderating impact of cultural distance

The headquarters–subsidiary relationship presents a management complexity characteristic of multinational companies; in these organizations, the headquarters must exercise control to prevent the autonomous behavior of subsidiaries, fearing an agency problem (Kostova et al., 2018). Therefore, when a subsidiary proposes to present an idea to the headquarters, it typically encounters resistance. The issue selling theory explains how the subsidiary shapes the idea to obtain greater attention from the headquarters and, consequently, greater commitment (Dutton & Ashford, 1993).

One of the important aspects according to the issue selling theory is framing (Dutton & Ashford, 1993), that is, the presentation of benefits shedding light on organizational aspects that draw the attention of the headquarters while leaving the benefits exclusive to the subsidiary in the shadows, even if this is its ultimate goal. Thus, the subsidiary manager attempts to avoid the appearance of agency behavior, even acting to propose an idea (Kostova et al., 2018). Therefore, we expect a positive relationship

between the corporate benefits highlighted in the idea presentation and the attention of the headquarters and develop the following hypothesis:

H1: The higher the corporate benefits presented in the strategic issue, the greater the attention of the executives of the headquarters.

To propose a framework that ensures clear organizational benefits, the subsidiary must have knowledge and understanding of the headquarters (Luo et al., 2015), as well as the organizational objectives that the headquarters demands. Unfortunately, these are not always fully understood as many subsidiaries are far from the headquarters (Andersson, Forsgren, & Holm, 2002) or have difficulty understanding them (Ling et al., 2005).

Among the aspects that can hinder this mutual understanding are the cultural traits that can be quite different between the headquarters and the subsidiary (Cuypers et al., 2018; Ling et al., 2005; Reus & Lamont, 2009). The more culturally distant the subsidiary from headquarters, the greater the differences in terms of language (e.g., of Latin, Saxon, Germanic, or Eastern origin) (Hofstede, 2001), how people relate to their superiors, and objectivity (Ling et al., 2005), among other aspects ranging from customs to religion (Hofstede, 1980). For instance, when a subsidiary presents an idea to the headquarters with a high degree of uncertainty avoidance, it has the possibility of not being accepted by the headquarters' perception, not necessarily because of the idea's consistency, but because of the headquarters' characteristic of avoiding uncertainties. This also applies to other cultural aspects, such as performance orientation. If they are culturally more distant, the subsidiary tends not to adequately align the idea's performance aspects with the headquarters' vision, thus receiving less attention from headquarters.

These aspects constitute one's cultural baggage (Triandis & Suh, 2002) and being culturally distant. Understanding the intent and the previous perception that helps shape the issue selling strategy becomes challenging. Thus, the subsidiary tends to frame organizational benefits that are less aligned with the headquarters' vision, garnering less attention and less capability to convince.

We expect that the subsidiary has difficulty in highlighting the organizational benefits expected by the headquarters because, owing to the substantial cultural distance between them, the subsidiary manager also has difficulty understanding the intentions

and strategic objectives of the headquarters to frame an idea correctly (Maseland et al., 2018). Therefore, we postulate that the following:

H1a: The positive effect of corporate benefits on headquarters attention is weakened as the cultural distance between headquarters and subsidiary increases.

Effect of corporate consistency on the attention of the headquarters and the moderating impact of cultural distance

The subsidiary is in an inferior power relationship to the headquarters. Hence, when proposing an idea, overcoming this barrier and aligning the idea to the expectations of the headquarters are necessary, thereby increasing compliance between both to obtain greater attention (Luo et al., 2015). Therefore, there is an organizational hierarchy to be fulfilled, and the subsidiary is not an autonomous in itself; in most cases, the control exercised is quite large and varies according to the structure and determination of the headquarters (Bouquet & Birkinshaw, 2008a). However, respecting this proposed hierarchy is important for headquarters.

When proposing an idea, the subsidiary aims to structure it to ensure that it is consistent with the organization's values and culture so that it meets less resistance and receives more attention from headquarters (de Clercq et al., 2011). In addition, by aligning the values of the proposed idea with the headquarters' vision, the subsidiary can reduce the perception of autonomous behavior (Luo et al., 2015), as the subsidiary is in a position of inferior power in relation to the headquarters. Thus, it demonstrates respect for the hierarchy, aligning itself to the organization's values and cultures.

In this sense, the greater the corporate consistency of values of the idea presented with the organization's vision, the greater the attention will be dedicated. Therefore, the following hypothesis was derived:

H2: The greater the corporate consistency presented with the values, practices, and objectives of the organization, the greater the attention of the executives of the headquarters.

Owing to the complex management of an MNC, it cannot be well aware of all subsidiaries (Hoenen & Kostova, 2015). However, the headquarters knows especially those subsidiaries better that are culturally closer to it due to their shared cultural

background, which is, in essence, a more aligned outlook in terms of assertiveness, objectivity, power distance, and gender egalitarianism, among other cultural traits (Reus & Lamont, 2009).

When the subsidiary's manager presents an idea to headquarters, they take advantage of the fact that the headquarters find ways to understand subsidiaries better, even those more culturally distant. This is because control mechanisms are not enough to obtain a more grounded notion of each local market. Thus, when a culturally more distant subsidiary presents an idea consistent with the organization's values, it demonstrates conformity with the organization, which serves as an anchor in the vision of the headquarters (Maseland et al., 2018); this increases the security in the acceptance of the proposed idea, despite the difference in cultural background between them (Reus & Lamont, 2009).

Furthermore, the headquarters perceive the effort of this culturally distant subsidiary to align and respect the hierarchy and devote more attention to the greater the cultural distance between them. Given the obstacles to common understanding due to cultural distance, we propose that the headquarters values corporate consistency (rather than novelty), even more with greater cultural distance.

Therefore, we derive the following hypothesis:

H2a: The positive effect of consistency on headquarters attention is strengthened as cultural distance increases.

Effect of “go with others” on headquarters attention and the moderating impact of cultural distance

To attract the headquarters' attention, the subsidiary's manager must demonstrate the legitimacy of the idea presented; several paths are possible for this purpose. One of the problems is overcoming the unfavorable position in the network (Kostova et al., 2016) and the position in relation to the headquarters in the power relationship (Roth & Morrison, 1992). This is an impediment to the attention devoted to any ideas presented by the subsidiaries of multinationals.

Each subsidiary has different functions to be performed within the organization; hence, some may be better positioned in the network than others (Andersson et al., 2002).

In this sense, some subsidiaries have a more relevant role than others; thus, each one would receive varying attention.

From the headquarters' standpoint, the implementation of ideas coming from other subsidiaries is not a simple process. First, one must organize this innovation within headquarters to be communicated to subsidiaries (Nohria & Ghoshal, 1994), and one must prepare the idea so that it might be assimilated by all subsidiaries, regardless of their local markets. For each implemented innovation, there is a cost to the company throughout the deployment and control process by headquarters (Guth & Macmillan, 1986).

When proposing an idea, we expect the subsidiary to join other subsidiaries that are geographically more distant from it to demonstrate the idea's legitimacy outside the local market. This strategy indicates that, by convincing subsidiaries that are more geographically dispersed, the subsidiary proposing the action demonstrates that other subsidiary managers are already convinced of the idea and will not resist, thereby facilitating correct implementation.

Furthermore, when obtaining support from other subsidiaries, the focal subsidiary signals to headquarters that it is not acting selfishly but rather serving the interests of the group, thus providing headquarters with a positive impression of effort. Moreover, through this process of summoning other more geographically spread subsidiaries, the subsidiary undertakes the difficulty of implementing the idea. Convincing other peers has already been previously conducted; hence, transaction costs are reduced, and dedicated attention is increased (Williamson, 2000).

Therefore, we derive the following hypothesis:

H3: The greater the number of subsidiaries involved in the issue's sale efforts and the greater their geographical dispersion, the greater the attention devoted by the headquarters executives.

When an MNC subsidiary proposes to submit an idea to headquarters and joins forces with other more geographically dispersed subsidiaries, it tends to increase the dedicated attention owing to a possible decrease in transaction costs to implement the idea. Thus, headquarters must know the subsidiary and understand how the context in which it is inserted works, so this cannot be viewed as negative. They must also perceive that this is a transaction cost reduction strategy.

To better understand its intentions with the local market and within the organization, the more culturally distant the subsidiary, the more difficult it is for headquarters to be aware of it beyond reports (Reus & Lamont, 2009), leading to the understanding of new ideas proposed with other subsidiaries as “insubordination” or a “conspiracy.” The consequence of the fear of loss of control would increase the greater cultural distance, as it would be even more difficult for headquarters to “read between the lines” and understand the real intentions of the subsidiary(ies) (Gammelgaard, 2009).

Therefore, the possible positive effect of the “go with others” strategy might be weakened by the cultural distance effect; owing to the headquarters’ lack of knowledge regarding the proposing subsidiary, it would tend to view this action as negative, a possible inability to manage the alliance, and even opportunistic behavior (or “conspiracy”), thus weakening the possible positive effect.

We expect that there is a possibility that the headquarters considers the behavior of “go with others” as something negative, an excessive pressure exerted to get attention. Therefore, we derive the following hypothesis:

H3a: The positive impact of “go with others” (when selling a strategic issue) on headquarters attention is weakened as cultural distance increases.

Effect of work/social involvement on headquarters attention and the moderating impact of cultural distance

One of the difficulties that MNC subsidiaries face to gain attention is the power relationship between the subsidiary and headquarters (Dörrenbächer & Gammelgaard, 2016). The headquarters has control over the subsidiary in financial and managerial aspects, which can be mandatory even over the subsidiary’s management (Roth & Morrison, 1992). Another point that hinders the achievement of attention is its positioning in the multinational relationship network (Vahlne et al., 2012). The management of several subsidiaries requires a distribution of attention by the headquarters; however, it is known that subsidiaries that are closer to the headquarters are better positioned in the network and receive more attention (Kim & Mauborgne, 1993).

Therefore, one of the strategies employed by the subsidiary to obtain success in the issue selling strategy is to improve its social and functional relationship with

headquarters so that it might be better noticed and be aware of headquarters' decision making, even if it is distant from the network.

We expect that the Work/Social Involvement approach at headquarters shall increase the attention devoted to the idea presented. The subsidiary's manager seeks to attend off-agenda meetings, often to the extent that they pay for headquarters representatives to visit the subsidiary (Gammelgaard, 2009). The strategy of increasing involvement makes the subsidiary present at headquarters, and the subsidiary manager becomes known and remembered when required (Dörrenbächer & Gammelgaard, 2011; Gammelgaard, 2009).

Decisions are not only made in a fully rational or analytical context but are also loaded with emotions (Kunisch, Menz, & Collis, 2020). Closer relationships, whether of a professional or personal nature, tend to increase positive emotions between people, favoring the proponent of new ideas under the view of the decision-maker (Yu, Liu, & Bai, 2019). Therefore, we expect a positive relationship between Work/Social Involvement in the attention devoted by the headquarters. We derive the following hypothesis:

H4: The higher the subsidiary's work/social involvement, the greater the attention paid by headquarter executives.

A reason that leads the headquarters to accept a more marked social/functional involvement proposed by the subsidiary is precisely related to information about the local market (Conroy & Collings, 2016; Gammelgaard, 2009). Natural control mechanisms are often not enough to pass all the necessary information about the market operated by the subsidiary (Vahlne et al., 2012). This problem is intensified by cultural distance (Reus & Lamont, 2009) as culturally more distant subsidiaries imply a considerably different cultural formation from the headquarters (Ling et al., 2005).

Culturally more distant subsidiaries differ from the headquarters' vision in terms of legal, institutional, moral aspects, and power relations, among others, making it difficult to analyze and understand the local market. Then, personal relationships can help overcome this communication and understanding barrier that affects attention (Gammelgaard, 2009).

In a small cultural distance between the headquarters and subsidiary, the subsidiary is already able to gain greater attention with its Work/Social Involvement; however, the greater this distance, the greater the positive effect of this involvement, given the greater the information asymmetry between them (Dörrenbächer & Gammelgaard, 2011, 2016; Gammelgaard, 2009). Thus, the distance between the two leads the headquarters to further evaluate the effort of the Work/Social Involvement carried out by the subsidiary. This is because it reduces information asymmetry and compensates for the lack of other clues that point to loyal behavior. Hence, the perceived control mechanisms of the headquarters improve over the subsidiary with in-depth knowledge.

Therefore, we expect that cultural distance increases the positive effect between Work/Social Involvement and devoted attention. Therefore, we derive the following hypothesis:

H4a: The positive impact of work/social involvement (when selling a strategic issue) on headquarters attention is strengthened as cultural distance increases.

METHODS AND DATA

Sample Selection

The data for this research were collected through an online questionnaire using the SurveyMonkey tool between April 2020 and February 2021. We asked about a certain moment, in this case, a presentation of a “strategic idea” made in 2019 (at the beginning of 2021, we changed the question to the sale of a strategic idea made in 2020). This was necessary to prevent the respondent from talking about an idea that was too old, could not be remembered, or was quite recent to have been evaluated by the headquarters. To refine construct measurement, seven pre-tests were conducted with managers of subsidiaries of different nationalities (e.g., Brazilian, French, Chilean, and Spanish) to capture the perception of the most diverse types of possible respondents (Hair, Black, Babin, & Anderson, 2006). After the pre-test, we exchange the word “issue selling” for “strategic idea” because the managers in your daily life do not use the words “issue selling” according to him. Below we give some examples of possible “strategic idea” and present an open box to “indicate other”. So, “strategic ideas” explicitly presented by some respondents themselves (e.g. “move part of supply chain to [country]”, “implementation

of new systems/ processes”, “compliance risk assessment”, “sales process restructure”), which suggests that our list of strategic ideas provided a good coverage for the respondents to understand). The final sample totalize 342 cases (22 cases of subsidiaries from developed countries and 24 from emerging countries; and 18 headquarters cases from developed countries and 8 from emerging countries). Table 1, I provided some examples of possible “strategic ideas” and presented an open box to “indicate another.” Therefore, despite the difference between the concept of strategic idea and issue selling, we followed what the subsidiary managers interviewed in the pre-test indicated.

I obtained the subsidiary managers’ e-mails from the LexisNexis database. All indicators used are taken from the previously tested literature, as shown in Table 1. Our sample comprises 342 cases (533 in Study B) from 3,421,982 e-mails sent, as I shown in Chapter 3. As for the low response rate really low. I have conducted ex ant cautions to avoid problems; I presented an estimated time to complete the survey of 6 minutes (SurveyMonkey) to incentive the respondents, I sent the e-mails to match with to local respondent time zone. One problem that I treat too is the possible repeated response, the email was sent to each email directly by Surveymonkey; if someone else tries to respond to the same email, the system blocks the response for that link has already been done. In the case of a few direct contacts, I send a different type of link, but I check the database who has responded and has no duplicates. Even if there were more than one respondent from the same company (who could have received the survey, as there may be more than one manager from the same subsidiary in the database), they would probably have talked about a different “strategical idea” than the other.

To measure cultural distance, the technique developed by Kogut and Singh (1988) (KS) was employed. Using the nine cultural dimension indicators of Project GLOBE (House, Hanges, Javidan, Dorfman, & Gupta, 2004), the average of the differences between two countries (i.e., headquarters x subsidiary location) in each cultural dimension was used, controlling for each dimension’s variance:

$$CD_j = \sum_{i=1}^9 \{(I_{ij} - I_{iu})^2 / V_i\} / 9,$$

where I_{ij} represents the index for the i th cultural dimension and j th country, V_i is the index variance of the i th-th dimension, u denotes the host country, and CD_j is the cultural difference of the j -th country of the subsidiary. In this study we followed more recent

studies, we used the nine cultural dimensions proposed by Project GLOBE (House et al., 2004): uncertainty avoidance, power distance, in-group collectivism, social collectivism, gender equality, assertiveness, performance orientation, future orientation, and human orientation. For post-hoc tests, the five cultural dimensions of Hofstede were used (2001): power distance, uncertainty avoidance, individualism x collectivism, masculinity x femininity, long-term orientation, and indulgence. The use of these variables generates some reservations about the measurement and validity.

Table 1 – Constructs and references of study A and B

Variable	Constructs	Indicators	Mode	References
Dependents	Headquarters' Attention	AT-1 – Top management at headquarters engaged in frequent conversations about a certain idea	Reflective, 5 points	Bouquet & Birkinshaw (2008b)
		AT-2 – Top management at headquarters analyzed information about a certain idea		
		AT-3 – Top management at headquarters allocated their time to a certain idea		
Independents	Corporate Benefits	CB-1 – In the opinion of top management at headquarters, this idea addressed an important topic in your organization	Reflective, 5 points	Luo, Wang, Lu, & Liang, (2015)
		CB-2 – This idea could have an important impact on the organization's profitability		
		CB-3 – This idea could improve the organization's image in the market		
	Corporate Consistency	CO-1 – This idea was perceived as aligned with headquarters' values	Reflective, 5 points	
		CO-2 – This idea was perceived as aligned with headquarters' business practices		
		CO-3 – This idea was perceived as aligned with headquarters' strategic objectives		
	Going with Others	BI-1 (going solo vs. with others) – This idea as presented ... (1 = by your subsidiary alone, ..., 5 = with two or more subsidiaries from another continent)	Single item	
		Work/Social Involvement	SP-1 – This idea counted on the explicit support by an executive of the headquarters from the very beginning (1 is “not at all” and 5 is “very much”)	
	PS-1 – This idea was presented to the headquarters with the support of an executive... (1 = no support, 2 = lower hierarchical level than mine, 3 = similar hierarchical level, 4 = higher hierarchical level)			

Dutton & Ashford (1993)

Burgelman & Sayles (1986)

		RQ-1 – What best describes your relationship with the person with the highest hierarchical position at the headquarters to whom you presented that strategic idea for the first time? (1 = you did not know her/him in person, ..., 5 = you frequently engaged in social activities with her/him outside work)		Ashford, Rothbard, Piderit, & Dutton Ashford (1998)
Moderator	Cultural Distance	We used the Cultural Distance index from Kogut and Singh (1998) using the nine cultural dimensions of the GLOBE Project	Single item	House, Hanges, Javidan, Dorfman, & Gupta, (2004)
Controls	Formality Alignment	IF-1 (choice of private over public setting (1 = one-on-one talk with top manager; 2 = discussion at a private meeting with a few relevant top managers; 3 = presentation at a strategy meeting; or other (please specify); IF-2 (headquarters' level of organizational culture formality): In your opinion, the organizational culture of your headquarters is... (1 = very informal, ..., 5 = very formal)	Calculation of the absolute difference between the indicators	Dutton & Ashford (1993),
	Subsidiary Weight	SW-1 – What percentage of the company's revenues come from this subsidiary?	Alternative between 0% and 5%, 5% and 10%, 10% and 15%, 15% and 20% and more than 20%	Haq (2017)
	General Manager Tenure	SW-2 – What percentage of the company's employees work in this subsidiary? TC-1 – For how many years have you worked at this company?	Alternative between 0 and 2 years, 3 and 5 years, 6 and 10 years, 11 and 15 years and more than 15 years	Plourde et al. (2014)
	Centralization	TC-2 – For how many years have you worked at this international subsidiary? SC-1 – The headquarters tend to consult you before making decisions about your country/region SC-2 – The headquarters tend to ask for your opinions about your country/region SC-3 – The headquarters delegate important tasks to you	Reflective, 5 points	Cardinal (2001)

First, although indicators built to assess cultural dimensions exist (Beugelsdijk et al., 2018), these were not included to avoid questionnaire from becoming too long and discouraging the respondent; hence, secondary data was used to measure the cultural dimensions.

The second is regarding the possibility of the cultural dimensions of both sources becoming dated, as society has changed since data collection; however, some studies show that changes, especially in Project GLOBE data, are small, and the gap between countries remains stable (Beugelsdijk et al., 2018).

The third is about the use of the Kogu and Singh (KS) technique with few different countries generating distortions in the cultural distance measure (Maseland et al., 2018). In this study, we avoid this problem because, in the sample of international subsidiaries we have (342), there are 46 subsidiaries from different countries and 26 headquarters in different locations.

Among the cultural dimensions collected by Hofstede (1980) and Project GLOBE (2004), we chose the latter as the main measure because, using Hofstede's (1980) measures of culture, we would have 79 different countries. However, only four variables with all available data: power distance, individualism, masculinity, and uncertainty avoidance. The measures of long-term orientation and indulgence would have data from 98 countries. However, the countries with available data did not always coincide with the countries of the four variables, and these shortages generate some distortions. Hence, the data from Hofstede (1980) were used only in post hoc tests. Project GLOBE has only 62 countries in the sample but presents data for all variables in all these countries.

For the number of countries, our sample was richer than Project GLOBE data, so we used the proxy to indicate similar countries. Table 2 shows the countries we proxied. Countries highlighted in boldface type were used as proxy for other countries geographically close (and which deemed to be culturally similar) for which there were no data available in the Globe database – these respective countries are show above the highlighted ones. Just for comparison purposes, we also present the data of other close-by countries for which there were data available. Whenever available we also present Hofstede data.

This research was using a structural equation model with Smart PLS 3 software (Hair Jr et al., 2016). We estimated the sample size a priori with G*Power software (Faul et al., 2009). To identify an effect size of 0.15 (average effect size) with a power of 0.95, we would need a sample size of 194 cases. As Ringle, Da Silva, and Bido (2014) suggest approximately twice that sample size (388), we have almost twice that of (342).

Table 2 – Proxy country assignment

	POWER DISTANCE		UNCERTAINT AVOIDANCE		COLLETIVISM		MASCULINITY	
	Hofstede	Globe	Hofstede	Globe	Hofstede	Globe	Hofstede	Globe
Mean	57	5,17	63	4,16	43	4,25	49	3,37
Dev	22	0,41	24	0,6	25	0,42	18	0,48
Norway	31		50		69		8	
Sweden	31	4,85	29	5,32	71	5,22	6	3,8
Finland	33	4,89	59	5,02	63	4,63	26	3,35
Denmark	18	3,89	23	5,22	74	4,8	16	3,93
Belgium	65		94		75		54	
France	68	5,28	86	4,43	71	3,93	43	3,64
Chile	63		86		23		28	
Argentina	49	5,64	86	3,65	46	3,66	56	3,49
Peru	64		87		16		42	
Colombia	67	5,56	80	3,57	13	3,67	13	3,67
Ecquador	78	5,56	67	3,68	8	3,9	63	3,07
Nicaragua								
Cuba								
Costa Rica	35	4,74	86	3,82	15	3,82	21	3,56
Guatemala	95	5,6	101	3,3	6	3,3	37	3,02
El Salvador	66	5,68	94	3,62	19	3,62	40	3,16
Liban								
Egypt		4,92		4,06		4,5		2,81
Kuwait		5,12		4,21		4,49		2,58
Qatar		4,73		3,99		4,5		3,63
Argelia								
Ghana								
Tanzania								
Nigeria		5,8		4,29		4,14		3,01
Marroco		5,8		3,65		3,87		2,84
West Africa	77		54		20		46	
Luxembourg								
Germany	35	5,25	65	5,22	67	3,79	66	3,1
France	68	5,28	86	4,43	71	3,93	43	3,64

Treatment of common method variation

To control for common method bias, we formulated some post-hoc procedures. First, we performed Harman's single factor test; the first factor extracted explained only 22.6% of the total variance, well below 50%. Second, we used two marker variables absolutely outside the research context, as suggested by Williams, Hartman, and Cavazotte (2010): "The quality of food served in most restaurants in your neighborhood" (CMV-1) and "The way people drive in your city" (CMV-2), both variables measured on a five-point Likert scale. The highest correlation of the marker variables was between CMV-1 and BN-3 and between CMV-2 and CO-2, respectively, 0.1632 and 0.1206 (i.e., quite small). These tests suggest that common method bias does not seem to be a threat to the validity of this study.

STUDY RESULTS A

In the first analysis of the measurement model, we had a problem of convergent validity of the construct *Corporate Benefits* in the direct effect and *Corporate Consistency* in the construction of the interaction term (moderator variable). Therefore, we had to remove the indicators BN-3 and CO-1 to obtain good convergence of the model (Gardner et al., 2017). With only two indicators, the construct is locally under-identified and would need more indicators to measure it. However, when inserted into the model with other constructs, it can be identified.

We created the interaction term (moderating variables) between *Cultural Distance*Benefits* and *Cultural Distance*Consistency* by the orthogonal form focused on the mean (Dawson, 2014); this approach offers the least multicollinearity between the moderation term and its original constructs (Hair Jr et al., 2016). To model *Cultural Distance*"Going with Others"* and *Cultural Distance*"Social/Functional Involvement"*, we used the two-stage technique focusing on the mean (Dawson, 2014) because *Social/Functional Involvement* is a formative construct (hence, the product indicator technique cannot be used) and because *"Going with Others"* is a single construct and shows better validity with this approach (Hair Jr et al., 2016). The final analysis of the measurement model is represented in Table 3, showing the analysis of the correlation matrix including all constructs, including the constructs of the moderate variable.

Table 3 - Study A correlation matrix and discriminant validity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1-Benefits	0.823													
2-Centralization	-0.295	0.858												
3-Consistency	0.601	-0.261	0.903											
4-Cultrual Distance*Benefits	-0.000	0.015	-0.042	0.838										
5-Cultural Distance	0.027	-0.054	-0.008	0.000	1.000									
6-Cultural Distance*Consistency	-0.034	0.034	0.000	0.349	0.000	0.823								
7-Cultural Distance*GwO	0.030	-0.058	-0.005	0.062	-0.053	0.073	1.000							
8-Cultural Distance*WS_Involv	-0.070	0.022	0.012	0.545	-0.068	0.473	0.181	1.000						
9-Go_with_Others	0.076	0.044	0.081	0.029	0.037	0.019	0.011	0.021	n.a.					
10-HQ_Attention	0.651	-0.452	0.572	-0.057	-0.012	-0.060	-0.049	0.022	0.094	0.849				
11-Manager_Tenure	0.035	0.031	-0.042	0.001	-0.033	-0.033	0.010	-0.041	0.021	0.025	0.835			
12-Org Culture Alignment	-0.016	-0.026	0.002	-0.023	0.026	0.029	0.009	-0.003	-0.120	-0.002	-0.000	1.000		
13-Subsidiary_Weight	0.153	0.034	0.072	-0.059	-0.066	0.037	0.023	-0.027	-0.011	0.104	-0.034	-0.003	0.918	
14-Work/Social_Involvement	0.473	-0.216	0.423	-0.052	-0.061	0.031	0.021	-0.011	0.113	0.497	0.084	-0.051	0.105	n.a.
Composite Reliability	0.806	0.893	0.899	0.823	1.000	0.799	1.000	1.000	n.a.	0.886	0.814	1.000	0.914	n.a.
Average Variance Extracted (AVE)	0.678	0.736	0.816	0.702	1.000	0.677	1.000	1.000	n.a.	0.722	0.697	1.000	0.842	n.a.

Notes: The diagonal (in bold) shows the square roots of the AVE; the off-diagonal cells show the correlations; n.a. = not applicable (because the construct is formatively-measured or represented by one single item)

All variables showed good convergent validity results, given that all average variance extracted (AVE) indicators are above 0.50 (Henseler, Ringle, & Sinkovics, 2009). The discriminant validity was also good in all constructs according to the method of Fornell and Larcker (1981). Values that appear with 1.0 diagonally are single-item variables or moderating variables modeled as Two Stages, their result is a single item, the process is as follows:

Stage 1: The main effects model (i.e., without the interaction term) is estimated to obtain the latent variable scores. They are saved for further analysis in the second stage.

Stage 2: The latent variable scores of the exogenous latent variable and the Stage 1 moderating variable are multiplied to create a single-item measure used to measure the interaction term. All other latent variables are represented through single items from their Stage 1 latent variable scores.

Further, composite reliability showed good results, greater than 0.70 (Hair et al., 2014), except for the *Cultural Distance*Consistency* moderator construct with AVE = 0.677, but can be marginally accepted. Composite Reliability is a measure used to assess the consistency and reliability of constructs. Composite Reliability ranges from 0 to 1 and values need to be above 0.60 (Hair Jr et al., 2016). Composite Reliability is better than Cronbach's alpha in that it does not assume equal indicator loadings; in addition, Cronbach's alpha overestimates the Reliability. The assessment of the psychometric properties of the reflective and formative constructs is presented in Table 4 and Table 5. Almost all indicators show high and statistically significant loadings, including the indicators of moderator variables, indicating fit of the measurement model of the moderation study (Dawson, 2014; Gardner et al., 2017).

Table 4 – Study A measurement model of the reflective constructs

Reflexive Constructs	Loadings	p-values	Composite Reliability	AVE
Headquarters' Attention			0.886	0.721
AT-1 <- HQ_Attention	0.818	< 0.001***		
AT-2 <- HQ_Attention	0.860	< 0.001***		
AT-3 <- HQ_Attention	0.869	< 0.001***		
Corporate Benefits			0.806	0.678
BN-1 <- Benefits	0.909	< 0.001***		
BN-2 <- Benefits	0.727	< 0.001***		
Cultural Distance			1.000	1.000

CD-4 <- Cultural Distance	1.000	n.a.		
Corporate Consistency			0.899	0.816
CO-2 <- Consistency	0.889	< 0.001***		
CO-3 <- Consistency	0.908	< 0.001***		
Organizational Culture Alignment			1.000	1.000
FA-1 <- Org Culture Alignment	1.000	n.a.		
Centralization			0.893	0.736
SC-1 <- Centralization	0.852	< 0.001***		
SC-2 <- Centralization	0.862	< 0.001***		
SC-3 <- Centralization	0.859	< 0.001***		
Subsidiary Weight			0.913	0.841
SW-1 <- Subsidiary _Weight	0.986	< 0.001***		
SW-2 <- Subsidiary _Weight	0.843	< 0.001***		
Manager Tenure			0.811	0.693
TC-1 <- Manager _Tenure	0.997	< 0.001***		
TC-2 <- Manager _Tenure	0.626	0.008**		
Moderator Cultural Distance*Benefits			0.822	0.702
e11 <- Cultural Distance*Benefits	0.726	< 0.001***		
e12 <- Cultural Distance*Benefits	0.559	0.001**		
Moderator Cultural Distance*Consistency			0.899	0.816
e11 <- Cultural Distance*Consistency	0.849	0.001**		
e12 <- Cultural Distance*Consistency	0.523	0.016*		

Note: † p < .10; * p < .05; ** p < .01; *** p < .001; n.a. = not applicable

Table 5 – Study A Formative measurement model

Formative Constructs	Weight	P Values
Go_with_Others		
BI-1 <- Go_with_Others	1.000	< 0.001***
Work/Social_Involvement		
SP-1 <- Work/Social_Involvement	0.804	< 0.001***
PS-1 <- Work/Social_Involvement	0.362	0.002**
RQ-1 <- Work/Social_Involvement	0.232	0.016*

Note: † p < .10; * p < .05; ** p < .01; *** p < .001; n.a. = not applicable

To evaluate the structural model, we checked the predictive validity power of the model through the R^2 , Q^2 , and effect size obtained with f^2 , both presented in Table 6. The complete model presents $R^2 = 0.587$ for headquarters attention, a large explained variance (Joshua Cohen, 1988). The Q^2 is the predictive validity value of the model, or Stone-Geisser model test (Hair Jr et al., 2016). With it, we assess how close the model is to what was expected of it; that is, it assesses the predictive quality of the measurement model. A

perfect model would have $Q^2 = 1$, indicating that the model reflects reality without errors. In this case, what is indicated is that this value is > 0 . In our studies, they present values around 0.3. The predictive validity of the model shows a strong result $Q^2 = 0.388$ for headquarters' attention (Hair et al., 2014). The f^2 indicates the size of the effect of each exogenous variable on the endogenous variable. This test is known as the Cohen test (Joshua Cohen, 1988; Ringle et al., 2014). The entire model effect is calculated, except the variable of interest, to find out the size of its influence on the model. "Also, f^2 is evaluated by the ratio between the part explained by the model and the unexplained part ($f^2 = R^2 / (1 - R^2)$)" Ringle et al. (2014, p. 70). So, the f^2 results show small effects in the moderation relationships. However, in the structural model with moderation analysis, the traditional effect "does not necessarily imply that the underlying moderator effect is negligible" (Vinzi, W, Henseler, & Wang, 2010, p. 732) (0.02 small, 0.15 medium, and 0.35 large, as presented by Cohen, 1988). Hence, the moderation effects in this study are low in all cases, and the largest effect was *Cultural Distance*Work/Social Involvement* with low effect (0.034) (Chin et al., 2003; Vinzi et al., 2010).

Table 6 – Study A model fit

	f^2	R^2	Q^2
Benefits	0.192		
Consistency	0.051		
Go_with_Others	0.005		
Work/Social_Involvement	0.050		
Centralization	0.145		
Manager_Tenure	0.001		
Org Culture Alignment	0.000		
Subsidiary_Weight	0.002		
Cultural Distance	0.001		
Cultural Distance*Benefits	0.012		
Cultural Distance*Consistency	0.012		
Cultural Distance*GwO	0.022		
Cultural Distance*WS_I	0.035		
HQ_Attention		0.587	0.388

Main Effects

In this step, to formulate the hypotheses of the study, we analyze the regression paths of the structural model and their degrees of significance. All effects are represented in Table

7, and model 3 highlights the complete picture with all variables. The results show that all four direct effects of issue selling were positive and significant. Therefore, this corroborates our hypotheses that only the “*Go with others*” affecting the *Headquarters Attention* provided in H4 is marginally significant (standardized $\beta = 0.046$, $p = 0.092$). The moderation hypotheses proposed in this study are observed in the effect *Cultural Distance* affecting *Corporate Benefits* (-H1a), *Corporate Consistency* (+H2a), “*Go with Others*” (-H3a), and *Work/Social Involvement* (+H4a) on *Headquarters Attention*. Only the moderation effect *Cultural Distance***Consistency* was not supported, as it showed an opposite sign, compared to the expected (standardized $\beta = -0.095$, $p = 0.041$).

Table 7 – Study A Hypothesis tests

Variables	Hypothesis	Model 1	Model 2	Model 3
Corporate Benefits	H1 (+)		0.362 (<0.001 ***)	0.383 (<0.001 ***)
Corporate Consistency	H2 (+)		0.209 (<0.001 ***)	0.190 (<0.001)
Go with Others	H3 (+)		0.043 (0.109)	0.046 (0.092) †
Work/Social Involvement	H4 (+)		0.172 (0.001)**	0.170 (0.001)**
Cultural Distance			-0.023 (0.339)	-0.018 (0.434)
Cultural Distance*Benefits	H1a(-)			-0.113 (0.065) †
Cultural Distance*Consistency	H2a(+)			-0.095 (0.041)*
Cultural Distance*Go with Others	H3a(-)			-0.115 (0.003)**
Cultural Distance*Work/Social Involvement	H4a(+)			0.179 (0.003)**
Centralization	Control	-0.466 (<0.001 ***)	-0.257 (<0.001 ***)	-0.261 (<0.001 ***)
Formality Alignment	Control	-0.015 (0.628)	0.011 (0.602)	0.013 (0.550)
Manager Tenure	Control	0.039 (0.291)	0.014 (0.578)	0.018 (0.472)
Subsidiary Weight	Control	0.114 (0.016)*	0.023 (0.407)	0.027 (0.353)

Note: † $p < .10$; * $p < .05$; ** $p < .01$; $p < .001$; p -values in headquartersheses

In this study, we tested the same controls, as in Article 2 in this dissertation, with the addition of *Centralization* in this function because we already have the explanation of

the direct effect on issue selling in the previous study. In this study, centralization was the only significant control effect.

Robustness Tests

As part of the literature suggests that some possible actors interfere in the effect between issue selling and headquarters' attention (Cheong, Sandhu, Edwards, & Poon, 2019; Dörrenbächer & Gammelgaard, 2016), we proceeded with some additional analyses. First, we measured the cultural distance from three different indicators: country of birth of the subsidiary manager, country where the manager lived until childhood (up to 12 years old), and country where the manager spent most of their life. The average only significant results occurred in between *Corporate Consistency* and *Headquarters Attention*. However, at lower values than those obtained in the main model (measuring the cultural distance of subsidiary and headquarter countries), all other relations were not significant.

Second, we tested all moderations using the cultural dimensions obtained from Hofstede (2001), and the result was not significant in any analysis. Third, we tested the moderation of cultural distance through a multi-group analysis. The low cultural distance group was divided: from 0.1 to 1.49 (205 cases), a center cut group ranging from 1.5 to 1.9 (68 cases), and a high cultural distance group ranging from 2.0 to 5.3 (65 cases). The results are represented in Table 8. Only moderation with *Corporate Benefits* showed a significant difference.

Table 8 – Study A Multigroup test

Hypothesis	Path		Predicted direction of the difference	Actual direction of the difference	Difference	Supported?
	Low Cult. Distance	High Cult. Distance				
Benefits -> HQ_Attention	0.476 (<0.001 ***)	0.166 (0.106)	(-)	(+)	0.310 (0.011)**	Yes
Consistency -> HQ_Attention	0.212 (<0.001 ***)	0.367 (0.001)**	(+)	(+)	0.155 (0.883)	No
Go_with_Others -> HQ_Attention	0.098 (0.010)*	-0.177 (0.014)**	(-)	(+)	0.275 null	No

Work/Social Involvement -> HQ_Attention	0.048 (0.324)	0.251 (0.003)**	(-)	(+)	0.203 (0.983)	No
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Note: † $p < .10$; * $p < .05$; ** $p < .01$; $p < .001$; p -values in headquartersheses

DISCUSSION OF THE RESULTS OF STUDY A

This study aimed to analyze the effectiveness of the issue selling strategy proposed by MNC subsidiary managers to gain the attention of the headquarters, considering the mediating influence of cultural distance (Dutton & Ashford, 1993).

Two of the direct effects we tested in this study were previously tested by Luo et al. (2015), which are the effects of *Corporate Benefits (H1)* and *Corporate Consistency (H2)* on *Headquarters Attention*. However, these authors tested on a sample with only Chinese MNC subsidiaries. Meanwhile, in our study, we expanded these results by evaluating the impact of issue selling strategy on subsidiaries from 46 different countries and headquarters from 26 different countries, including developing and developed countries for both of these samples. When supported in our model, *H1* indicates that benefit framing has a direct effect on the attention of the headquarters, as indicated by Narayan et al. (2011), as issue presentation sheds light on the aspects desired by the organization, leaving the aspects of the subsidiary's interest hide. Therefore, testing on subsidiaries of MNCs from various countries and their respective headquarters companies is also important to the international business literature (Cuypers et al., 2018; Maseland et al., 2018; Srivastava et al., 2020).

The same occurred in hypothesis *H2* that was supported, corroborating the results of Luo et al. (2015), obtained when testing the effect of *Corporate Consistency* in Chinese companies. *Corporate Consistency* is fundamental, as it demonstrates that the alignment of values is well regarded by the organization in receiving a strategic issue. de Clerq et al. (2011) warned about a lack of value consistency between the vendor and top management, which would hinder success due to less value reciprocity (Hoenen & Kostova, 2015). This is because the MNC headquarters tends to avoid agency behavior by subsidiaries, and corporate consistency decreases this resistance to the presented idea (Kostova et al., 2018). The value consistency relationship supported in our study reinforces this aspect in subsidiaries from different countries when they attempt to influence the headquarters's decision-making. Regarding issue selling, these results expand the understanding of the effect of this strategy in a multicultural context, such as

MNC (Haq, 2017). The reason is that, according to the issue selling literature, managers observe context signals to shape the strategy to convince the top management. The result of our study indicates that, even in this context of multiple different countries, the idea formatting procedure is a model that validates the issue selling framework.

The third direct effect on headquarters attention was “*Go with others*” (*H3*), which was also supported. Dutton and Ashford (1993) mention that proposing issue selling that involves many players may increase the chances of success in the presentation. In our study, with multinational subsidiaries presenting ideas together with other geographically distributed subsidiaries, this direct relationship was supported. This is an important result for the issue selling literature as the effects of issue selling processes, such as “*Go with others*”, present a different method of assessing subsidiaries’ influence on the headquarters. Despite the low effect, control over how many subsidiaries shall take part in which group presenting the idea is important to headquarters, as pointed out by Bouquet & Birkinshaw (2008b). These researchers also pointed out the importance of aligning interests with more influential subsidiaries and with headquarters itself.

The direct effect of *Work/Social Involvement*, tested in *H4*, was also supported. This was another different aspect of the issue selling process, particularly important in a relationship context between headquarters and subsidiary (Kostova, Roth, & Dacin, 2008). The headquarters is interested in approaching the subsidiary to understand where initiatives with potential for success might come from (Vahlne et al., 2012). Regarding the issue selling theory, we confirmed Conroy and Collings’ previous assumption: “we found that issues that draw on the personal legitimacy of key individuals at the subsidiary gain supportive attention from CHQ” (2016, p. 624).

Regarding moderations, in Study A, we tested the moderating effect of *Cultural Distance*. Although we are interested in the moderating effect of cultural distance, we retained the direct effect to ensure that the moderating effect is not overestimated as it was not significant. *Cultural Distance* would be an intervening factor that would hinder the success of a subsidiary manager in his issue selling attempt. This is because, owing to this distance of their cultures in terms such as language (Sonenshein, 2006), they would have thinking differences that would make it difficult for the subsidiary manager to follow the context cues to properly shape the presentation. This would generate a misalignment between the perception of *Corporate Benefits* and “*Go with others*.” However, this might

be beneficial for *Corporate Consistency* and *Work/Social Involvement* aspects that affect *Headquarters Attention*. The simple slope are depicted in Figure 2, 3, 4 and 5.

Figure 2 – Study A moderation Cultural Distance*Corporate Benefits

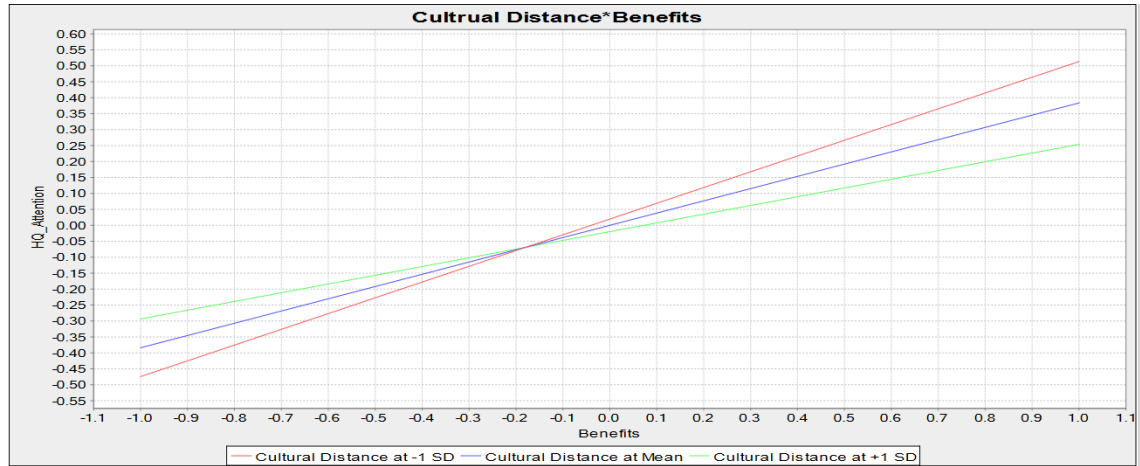


Figure 3 – Study A moderation Cultural Distance*Corporate Consistency

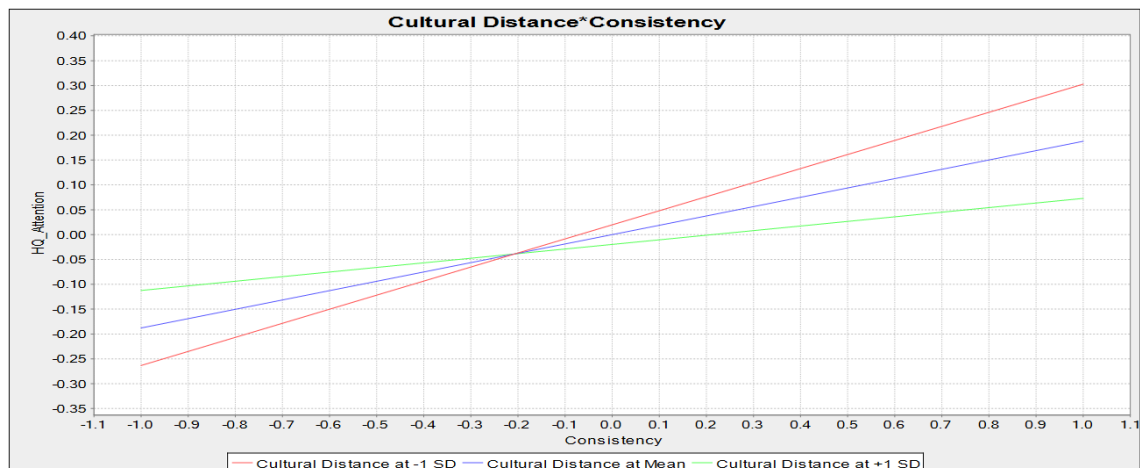


Figure 4 – Study of A moderate Cultural Distance*Go with others

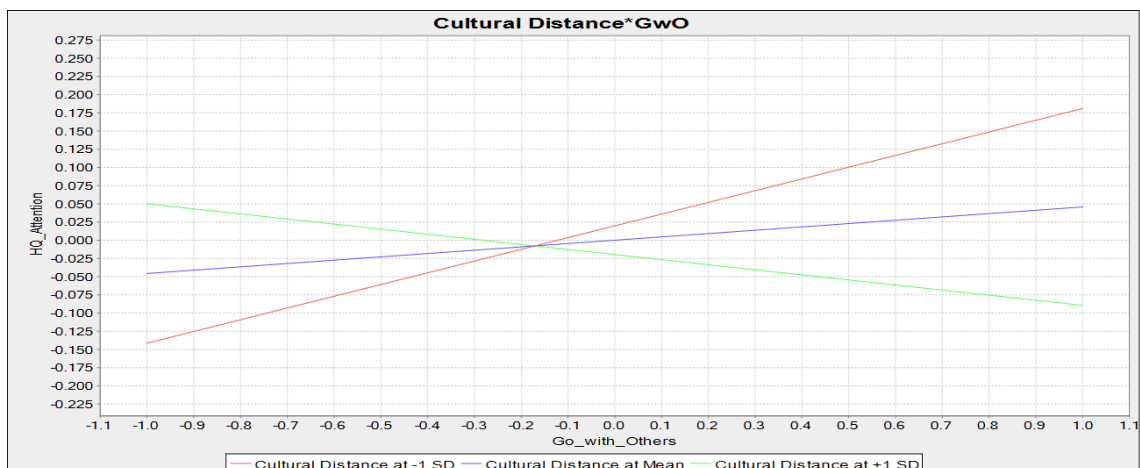
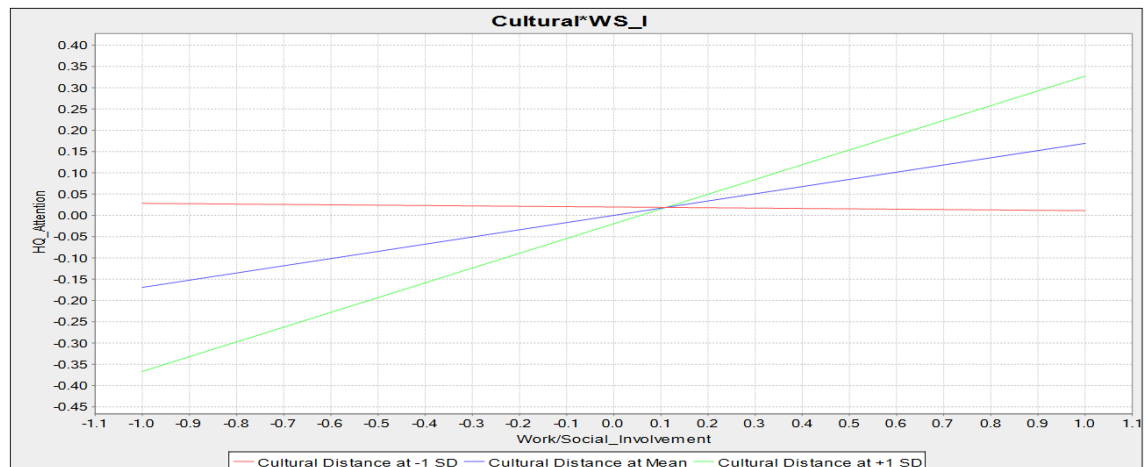


Figure 5 – Study A Moderation Cultural Distance*Work/Social Involvement

As we have theorized, *Cultural Distance* has a weakening moderating effect on the relationship between the presentation of *Corporate Benefits* and the *Headquarters Attention* gained. In practice, we have a dampening effect. As shown in Figure 2, at a low level of *Corporate Benefits* presented, *Cultural Distance* has its weakening effect attenuated. When more *Corporate Benefits* are presented, the weakening effect of *Cultural Distance* is greater. A possible explanation for this is that, as we have theorized, this cultural distance is the composition of the cultural background of both sides (subsidiary manager and headquarters manager) leading to misalignment and difficulties for the subsidiary to understand the benefits expected by the headquarters, have difficulty in aligning the presentation with the objectives. Hence, less *Headquarters Attention* is obtained. This result is consistent with the theory raised earlier (Maseland et al., 2018).

We expected the moderating relationship of *Cultural Distance*Corporate Consistency* to be positive; that is, once the subsidiary was more culturally distant, the idea's consistent alignment would generate a trust anchor at headquarters to ensure that it would pay more attention to this alignment with organizational values and culture. This anchor would gain greater importance the greater *Cultural Distance*. However, the result proved to be the opposite, as illustrated in Figure 3. That is, *Cultural Distance* has a weakening effect as it mitigates the positive effect of *Corporate Consistency* presented by the subsidiary; this result contradicts the previous theory (Mayer et al., 2019). In his study with subsidiary managers, Gammelgaard brought positive examples of this consistency alignment “one strategy is to frame the issue, so it matches parent-company norms, values, and objectives. This improves the legitimization of the subsidiary in the

eyes of the parent-company” (2009, p. 222). However, our study points to another direction with significant values demonstrating that *Cultural Distance* also implies the subsidiary’s difficulty in aligning *Corporate Consistency* to be perceived positively by the headquarters (Reus & Lamont, 2009). One explanation for this surprising effect is that the consistency level was measured according to the subsidiary’s perception. However, it might be that, in distant cultural contexts, the headquarters has difficulties in perceiving such consistency.

The negative moderation relationship of *Cultural Distance**“*Go with others*” was supported. As we have theorized, *Cultural Distance* has a weakening moderation effect on the relationship between presenting “*Going with others*” and gaining *Headquarters Attention*. To explain this, we need to separate our analysis below and above the non-significance point, as represented in Figure 4. At levels of “*Go with others*” below the standardized $\beta = -0.1739$, *Cultural Distance* can generate more attention (note that we modeled this variable starting from going solo, calling subsidiaries from the same continent, and calling subsidiaries from another continent). This should occur because the headquarters receives proposals from culturally more distant countries. However, those who are culturally closer (red line) obtain little attention when proposing ideas along. In this case, the headquarters know the subsidiary better but only devote less attention, recalling the direct effect supported that the headquarters value the presentation of ideas with other subsidiaries. When analyzing the non-significance point, the relationship is inverted; that is, the greater the *Cultural Distance*, the smaller the effect of proposing something with other subsidiaries. In other words, we can deduce that the insurrection effect might be stronger for subsidiaries that are culturally more distant than those that are closer. This makes sense when one believes that cultural distance creates communication difficulty and, consequently, generates distrust in the subsidiary’s negotiation ability. With such a large group of subsidiaries, emphasizing the need for the headquarters to avoid agency behavior (Hoenen & Kostova, 2015), joining other subsidiaries can lead to difficulty in managing the group; hence, the effect of decreasing cost becomes ignored.

The positive effect of *Cultural Distance* on *Work/Social Involvement* becomes even greater the higher the *Cultural Distance*. That is, above the value β standardized = 0.1123, cultural distance has a positive effect on high levels of *Work/Social Involvement*;

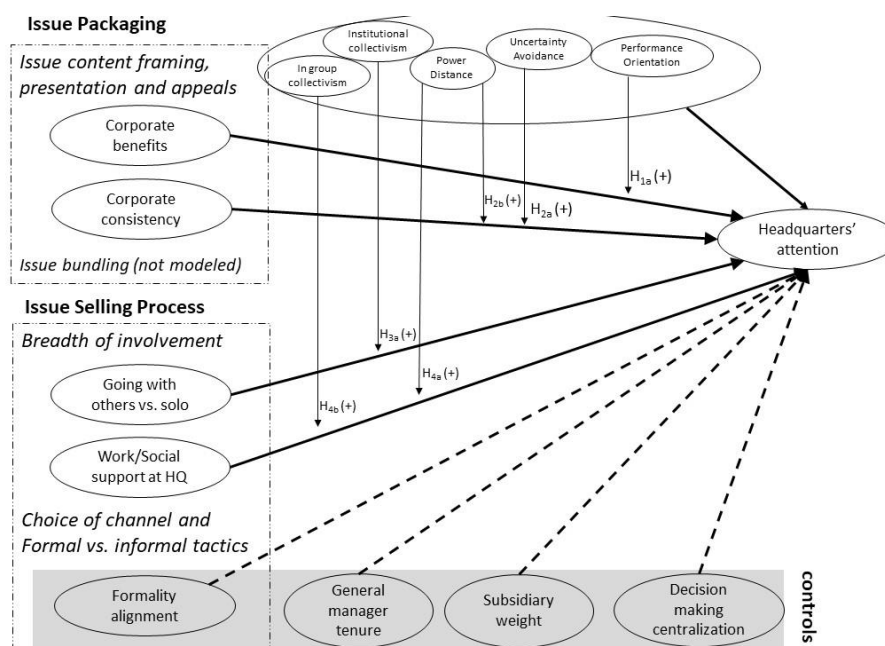
the analysis of the slope of the straight lines is represented in Figure 5. This result confirms our expectations. This is because the headquarters manager regards the approach of the subsidiary manager positively; it is also worth noting that the main objective of the headquarters is to gain control of the organization (Vahlne et al., 2012), including subsidiaries that are more distant and more difficult to access. The more culturally distant the subsidiary, the more difficult it is to exercise control over it beyond reports. This statement was made by Rabbiosi and Santangelo (2019), who studied how MNCs dealt with subsidiaries in countries with a high level of corruption. They found that the headquarters seeks to trust the local manager as the local establishment generates access to the government and facilitates access to resources and control. Therefore, we added the explanation presented by Conroy and Conlings (2016) on the importance of the approach used by the subsidiary's manager, demonstrating that, in the context of high *Cultural Distance*, this proximity becomes even more relevant.

STUDY B – CULTURAL DIMENSIONS AS MODERATORS

In Study B, we examined whether cultural dimensions (of the headquarters home country) alter the effects of the issue selling strategy in its framing aspects or selling processes. We selected some specific dimensions from Project GLOBE (2004) that we believe would moderate the issue selling effects: *performance orientation*, *uncertainty aversion*, *power distance*, *institutional collectivism*, and *within-group collectivism*. The first guide to assess cultural dimensions was the article Ling et al. (2005), according to the authors "The exact number of syndromes for an adequate description of cultural differences may vary depending on the particular research questions we address (Triandis, 1996)." (642), since this study deals specifically with issue selling in the headquarters subsidiary relationship, and points out common cultural dimensions in this relationship, we use this indication for the cultural dimensions tested in Study B. Therefore, we focus on these because we already have a deep theoretical survey by authors. These dimensions were indicated by Ling et al. (2005) as having a direct relation with the issue selling strategy. This is because they directly affect the decision-makers' mental schemes regarding whether and how to initiate the issue selling strategy and how open the headquarters is to receive the idea amid its cultural background. These schemas are similar to shortcuts that help the decision-maker to decrease the complexity of the problems faced (Triandis & Suh, 2002). In this study, we tested the cultural background

of the headquarters manager as moderators of this relationship. Figure 6 presents our conceptual model. To facilitate the comparison with the model of Dutton and Ashford (1993), we also presented the names they used for the original dimensions of the issue selling strategy.

Figure 6 - Conceptual Model of Study B



We used the same constructs and controls of Study A, but with an expanded sample, containing 342 international subsidiaries and 191 local subsidiaries, with a total of 533 cases. For this reason, we present the results but do not theorize about the direct effects of emission sales (already addressed in Study A), discussing only the moderations.

HYPOTHESIS DEVELOPMENT

Moderating effect of performance orientation on the impact of corporate benefits of the issue on the attention of the headquarters

One of the main cultural traits that interfere in the attention given by the headquarters is *performance orientation*, which according to House, Hanges, Javidan, Dorfman, and Gupta, measures “the degree to which an organization or society encourages and rewards group members for performance improvement and excellence” (2004, p. 13). In this sense, when related to the performance criteria and merit awards, this cultural trait can affect the headquarters–subsidiary relationship in the presentation of the issue selling strategy.

MNCs whose headquarters are located in countries with strong *performance orientation* indicators tend to value more the aspects that objectively influence performance, which are issues related to the organization from their perspective (i.e., global benefits). Thus, the effort was recognized, but only the result was rewarded (overall performance). Therefore, we believe that the higher the performance orientation of the national culture of the headquarters, the greater the reinforcement in the positive effect of benefits to attention.

By framing the idea to highlight the global benefits at the expense of benefits at the subsidiary itself, the subsidiary manages to highlight the headquarters greatest demand, demonstrating a mutual benefit not only for itself (de Clercq et al., 2011). Given the characteristic objectivity of this type of headquarters, the subsidiary tends to gain more attention precisely because it is straightforward regarding the headquarters main objective. Therefore, we derive the following moderation hypothesis:

H1b: The positive effect of corporate benefits of the idea on the attention of the headquarters is greater as the performance orientation of the headquarters increases.

Moderating effects of uncertainty aversion and power distance on the impact of corporate consistency of the issue on headquarters attention

Another cultural trait that influences the understanding of consistency and attention of the headquarters is the *aversion to uncertainty*. According to House et al., *aversion to uncertainty* is the “extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices” (2004, p. 11). In this sense, the version of uncertainty leads the headquarters to pay more attention to the proposed issues more in line with their values, which seem more aligned with their standards.

When proposing an idea, the subsidiary seeks to align itself with the consistency of organizational values and norms to reduce this uncertainty in the perception of headquarters (de Clercq et al., 2011). This consistency establishes an anchor for headquarters’ decision to reduce bias against the proposing subsidiary, thereby reducing mistrust/angst with the new idea. Furthermore, consistency reduces headquarters’

discomfort with something different, emphasizing an entity that the headquarters is already familiar with (e.g., its standards and norms) (Ling et al., 2005).

Therefore, the greater the consistency, the greater the sense of conformity with the headquarters, which, for having a high index of aversion to uncertainty, tends to see in these values the sufficient predictability. Consequently, the feelings of discomfort that could arise if an idea was novel are reduced.

Therefore, we derive the following moderation hypothesis:

H2b: The positive effect of corporate idea consistency on headquarters attention is larger as headquarters uncertainty aversion increases.

As corporate consistency indicates aligning values to be better seen by the headquarters, the power distance from the headquarters perspective can influence this process. According to House et al., power distance is “the degree to which members of an organization or society expect and agree that power should be stratified and concentrated at higher levels of an organization or government” (2004, p. 13). As the subsidiary is in a position of lower power and needs to draw the attention of the headquarters, what makes this cultural trait be considered (Dörrenbächer & Gammelgaard, 2016).

When headquarters originates from a country where power distance is large, the exercise of control in the relationship with subsidiaries tends to be greater. In this type of MNC, when the subsidiary proposes to present an idea that is consistent with the organization’s values and culture, it signals a submission/acceptance to the headquarters power and compliance with established rules (Dörrenbächer & Gammelgaard, 2016). Therefore, high consistency alters the perception of the headquarters, generating a feeling of conformity/obedience because it demonstrates conformity with what is being presented, so it meets less resistance from the headquarters (Gammelgaard, 2009).

This perception of compliance/obedience is important because, given the high power distance, headquarters are concerned with the subsidiary’s (excessively) autonomous behavior and the result that this action will generate in relation to other subsidiaries that might encourage similar behavior, thus minimizing its power. Thus, the greater the consistency, the greater the feeling of adequacy with standards and criteria. Therefore, despite that an idea is being proposed by a subsidiary, the perception of

compliance is valued. It conveys the feeling of agreement and maintains power in the hands of headquarters, which defined the rules of the game and subsidiaries follow. Therefore, we derive the following moderation hypothesis:

H3b: The positive effect of corporate consistency on headquarters attention is larger as power distance increases.

Moderating effect of institutional collectivism on the “Go with others” effect on headquarters attention

According to House et al., institutional collectivism is “the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action” (2004, p. 12). Therefore, this aspect influences decision-makers in the relation to the number of subsidiaries that present the action. People from collectivist cultures tend to highly value joint decisions. When the national culture of a host country has a high degree of institutional collectivism, individual decisions are discouraged, but decisions that consider the collective are valued (Ling et al., 2005).

When the subsidiary proposes an idea with others, it tends to gain more attention the greater the institutional collectivism of the headquarters’ national culture, primarily because it is not an individual action as headquarters practices a natural discouragement of individual actions. As the subsidiary presents ideas with more geographically dispersed subsidiaries, it demonstrates to headquarters an additional collective effort given the added complexity of relating with the managers of these different subsidiaries. This coexistence between subsidiaries is more valued: the higher headquarters’ institutional collectivism leads to greater attention dedication. Therefore, the greater the national institutional collectivism of the headquarters country, the greater the positive effect of going with others on the care provided. We derive the following moderation hypothesis:

H4b: The positive impact of “go with others” (when presenting a strategic issue) on headquarters’ attention is greater at the higher levels of institutional collectivism at headquarters.

Moderating effect of power distance and In-group collectivism on the impact of work/social involvement on headquarters attention

The headquarters of a multinational company located in a country with high power distance naturally tends to distance itself from its subsidiaries when making decisions (Ling et al., 2005). Meanwhile, the subsidiary finds greater work/social involvement to be noticed and remembered by headquarters' decision-makers when presenting an idea. High power distance characteristics on the part of headquarters lead to a desire for greater close involvement with subsidiaries' managers, given that these companies are rarely accessed through conventional means but are accessed through alternative, more informal channels (Gammelgaard, 2009).

The typical behavior of high power distance is to prioritize those closest to the dominant hierarchy, benefit the king's friends (Gammelgaard, 2009). Therefore, the higher the power distance from the headquarters, the greater the reinforcement of the positive effect of *Work/Social Involvement* on dedicated attention (Ling et al., 2005). Therefore, we derive the following moderation hypothesis:

H5b: The positive impact of "Work/Social Involvement" (when selling a strategic issue) on the attention of the headquarters is greater at higher levels of distance from the power of the headquarters.

According to House et al., *In-group collectivism* is "the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families" (2004, p. 12). In this case, social proximity to a headquarters of a culture with high collectivism in the group leads to higher valuation of those close to it.

In most collectivist societies, it is common to value a decision by groups more than a decision made individually (Hofstede, 2001; House et al., 2004). Peer referendum is fundamental for actions in nationality with high In-group collectivism index (Ling et al., 2005). In multinationals, In-group collectivism has the effect of diluting the weight of decision-making among several people to ensure that this decision is endorsed and approved by peers, and the possible damages in case of failure are diluted among them.

When the subsidiary seeks greater Work/Social Involvement with headquarters, it intends to be noticed and remembered when presenting the idea, thus increasing its chances of gaining attention (Dörrenbächer & Gammelgaard, 2016). When the headquarters is located in a country of national culture with high value for intra-group collectivism, this approach is positive. This is because, for the headquarters, this is

considered an attempt to involve it in decision-making. That is, when the headquarters values a number of In-group collectivism, they regard the approach as an attitude of loyalty to the group and, therefore, pay more attention to the ideas presented by these managers.

Therefore, when the headquarters is from a nationality that values In-group collectivism more, the positive effect of social/functional involvement on care is reinforced.

H6b: The positive impact of work/social involvement (when selling a strategic issue) on headquarters attention is greater at higher levels of in-group collectivism of headquarters.

METHODOLOGY

Sample and data selection

The data for this study were collected in conjunction with the data from Study A. However, in Study B, we used a wider sample: the total database has 533 responses, consisting of 342 from international subsidiaries and 191 from local subsidiaries. Conversely, the sample in Study B has headquarters in 29 different countries and subsidiaries in 47 different countries (22 cases of subsidiaries from developed countries and 25 from emerging countries; and 19 cases from headquarters from developed countries and 10 from emerging countries).

The sample collected exceeds twice the minimum required to achieve the average moderation effect. Based on G*Power software (Faul et al., 2009), the minimum required sample to capture the effect of 0.15 with 0.95 is 388, and we have the largest sample (almost double, i.e., 533). Other model treatments, such as common method bias, were presented in Study A.

RESULTS OF STUDY B

We modeled all interaction terms (moderator variables) using a two-stage approach to avoid multicollinearity problems in the measurement model (Hair Jr et al., 2016). The moderator variables of this study are as follows: *Performance Orientation*Corporate Benefits*, *Uncertainty Aversion*Corporate Consistency*, *Power Distance*Corporate Consistency*, *Institutional Collectivism*“Going with others,” Power*

*Distance*Social/Functional Involvement*, and *In-group Collectivism*Social/Functional Involvement*. The two-stage approach is a satisfactory method to create interaction terms, maximizing the statistical significance of the relationship and thus decreasing multicollinearity (Dawson, 2014; Gardner et al., 2017). In Table 9, to evaluate the measurement model, we present the correlation headquarters between the constructs along with the AVE and composite reliability indicators.

Table 9 – Study B Correlation matrix and discriminant validity

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1-Benefits	0.712																			
2-Centralization	-0.301	0.854																		
3-Consistency	0.618	-0.319	0.873																	
4-GCOL*WS Involv	0.012	-0.024	-0.017	1.000																
5-G_Collectivism	0.005	-0.029	0.013	0.084	1.000															
6-Go_with_Others	0.022	0.080	0.008	0.011	-0.060	1.000														
7-HQ_Attention	0.611	-0.406	0.586	0.020	-0.021	0.040	0.859													
8-INST Collectivism	-0.001	-0.045	-0.060	-0.016	-0.160	-0.023	-0.033	1.000												
9-INST_COL*GwO	0.052	0.020	0.025	-0.007	-0.083	-0.012	-0.013	0.003	1.000											
10-Manager_Tenure	0.011	0.050	-0.044	-0.039	0.017	-0.028	-0.040	-0.032	0.023	0.780										
11-Org Culture Alignment	0.019	-0.029	-0.004	0.052	0.021	-0.081	-0.004	-0.020	-0.018	0.028	1.000									
12-P Distance	0.061	-0.059	0.049	0.044	0.181	-0.020	-0.024	-0.040	-0.023	0.026	0.023	1.000								
13-PDIST*Consistency	0.025	0.046	0.008	0.023	-0.014	0.017	0.050	0.046	0.003	-0.051	-0.079	-0.244	1.000							
14-PDIST*W/S_Involv	0.036	0.043	-0.012	0.121	0.042	0.005	0.059	0.047	0.000	-0.041	-0.043	-0.344	0.603	1.000						
15-PERF*Benefits	-0.016	0.017	0.014	-0.220	0.021	-0.047	-0.045	-0.011	-0.015	0.030	0.079	0.098	-0.193	-0.172	1.000					
16-PERF_Orientation	0.006	0.042	0.025	0.053	-0.200	-0.025	0.044	-0.286	0.078	-0.031	-0.045	-0.329	0.080	0.073	-0.189	1.000				
17-Subsidiary_Weight	0.015	0.025	-0.061	0.060	-0.071	0.030	-0.040	0.023	0.006	0.056	0.017	-0.019	0.032	0.060	0.012	-0.056	0.835			
18-UNC Avoidance	-0.103	0.063	-0.044	0.058	0.025	-0.030	-0.058	0.001	-0.044	0.070	-0.006	-0.160	0.003	0.024	0.053	-0.026	0.059	1.000		
19-UNCERT*Consistency	-0.026	0.000	-0.040	-0.163	-0.151	-0.013	-0.006	-0.018	-0.015	0.017	0.033	0.003	-0.147	-0.115	-0.025	0.013	-0.016	0.094	1.000	
20-Work/Social_Involvement	0.430	-0.191	0.430	0.072	0.000	0.033	0.474	-0.068	0.005	-0.022	-0.049	0.050	-0.012	0.048	-0.081	0.053	-0.043	0.127	0.037	n.a.
Composite Reliability	0.749	0.890	0.906	1.000	1.000	1.000	0.894	1.000	1.000	0.734	1.000	1.000	1.000	1.000	1.000	1.000	0.817	1.000	1.000	n.a.
Average Variance Extracted (AVE)	0.507	0.730	0.762	1.000	1.000	1.000	0.739	1.000	1.000	0.608	1.000	1.000	1.000	1.000	1.000	1.000	0.697	1.000	1.000	n.a.

Notes: The diagonal (in bold) shows the square roots of the AVE; the off-diagonal cells show the correlations; n.a. = not applicable (because the construct is formatively-measured or represented by one single item)

The convergent validity presents satisfactory results. All constructs measured in this sample present the AVE value above 0.5 (Henseler et al., 2009), and the lowest value presented was that of the *Corporate Benefits* effect (with 0.507). All composite reliability indicators are above 0.7, with the lowest being manager tenure with 0.734. The model also presents a good discriminant validity result. All the AVE root values are greater than the correlation between the constructs (Fornell & Larcker, 1981).

As we used a different sample from the one used in Study A, we demonstrated the construct assessment in Tables 10, 11, and 12, with the measurement models of the reflective and formative constructs, respectively. They all showed good significance, loadings (for the reflective ones), and weights (for the formative ones), except for the BN of 3, with a marginally accepted loading of 0.548 (Hair et al., 2014).

Table 10 – Study B reflective constructs assessment

Reflective Constructs	Loadings	p Values	Composite Reliability	AVE
Headquarters' Attention			0.894	0.739
AT-1 <- HQ_Attention	0.842	>0.001***		
AT-2 <- HQ_Attention	0.861	>0.001***		
AT-3 <- HQ_Attention	0.875	>0.001***		
Corporate Benefits			0.749	0.507
BN-1 <- Benefits	0.868	>0.001***		
BN-2 <- Benefits	0.684	>0.001***		
BN-3 <- Benefits	0.548	>0.001***		
Corporate Consistency			0.906	0.762
CO-1 <- Consistency	0.881	>0.001***		
CO-2 <- Consistency	0.856	>0.001***		
CO-3 <- Consistency	0.882	>0.001***		
Go with Others			1.000	1.000
BI-1 -> Go_with_Others	1.000	n.a.		
Organizational Culture Alignment			1.000	1.000
FA-1 <- Org Culture Alignment	1.000	n.a.		
Subsidiary Weight			0.817	0.697
SW-1 <- Subsidiary _Weight	0.672	0.008**		
SW-2 <- Subsidiary _Weight	0.970	>0.001***		
Manager Tenure			0.741	0.615
TC-1 <- Manager _Tenure	0.487	0.059		
TC-2 <- Manager _Tenure	0.997	>0.001***		
Centralization			0.890	0.730
SC-1 <- Centralization	0.862	>0.001***		
SC-2 <- Centralization	0.878	>0.001***		
SC-3 <- Centralization	0.822	>0.001***		

Note: † $p < .10$; * $p < .05$; ** $p < .01$; $p < .001$; n.a. = not applicable

Table 11 – Study B formative constructs assessment

Formative Constructs	Weights	P Values
Work/Social Involvement		
PS-1 -> Work/Social_Involvement	0.285	0.003**
RQ-1 -> Work/Social_Involvement	0.157	0.050†
SP-1 -> Work/Social_Involvement	0.860	>0.001***

Note: † $p < .10$; * $p < .05$; ** $p < .01$; $p < .001$;

Table 12 – Study B moderation constructs assessment

Moderation Constructs	Loading	p Value	Composite Reliability	AVE
Performance Orientation *Benefits			1.000	1.000
MOD <- PERF*Benefits	1.050	>0.001***		
Uncertainty Avoidance*Consistency			1.000	1.000
MOD <- UNCERT*Consistency	1.002	>0.001***		
Power Distance*Consistency			1.000	1.000
MOD <- PDIST*Consistency	0.952	>0.001***		
Institutional Collectivism*Go_with_Others			1.000	1.000
MOD<- INST_COL*GwO	1.000	>0.001***		
Moderator - Power Distance*Work/Social Involvement			1.000	1.000
Work/Social_Involvement * P Distance <- PDIST*W/S_Involvement	1.000	>0.001***		
Moderator - In Group Collectivism*Work/Social Involvement			1.000	1.000
Work/Social_Involvement * G_Collectivism <- GCOL*WS Involvement	1.000	>0.001***		

Note: † $p < .10$; * $p < .05$; ** $p < .01$; *** $p < .001$;

As we worked with a moderation model, the size of the effects tends to be naturally smaller; however, in this model, the moderation constructs presented a negligible effect. As shown in Table 13, the largest moderation effect was *Distance from Power*Corporate Consistency* with f^2 0.001. Therefore, all moderation effects can be considered negligible (Joshua Cohen, 1988).

Table 13 – Study B model fit

	f^2	R^2	Q^2
Benefits	0.123		
Centralization	0.075		
Consistency	0.066		
GCOL*WS Involved	0.000		
G_Collectivism	0.001		
Go_with_Others	0.003		
INST Collectivism	0.001		

INST_COL*GwO	0.002		
Manager _Tenure	0.000		
Org Culture Alignment	0.000		
P Distance	0.005		
PDIST*Consistency	0.001		
PDIST*W/S_Involved	0.000		
PERF*Benefits	0.000		
PERF_Orientation	0.000		
Subsidiary _Weight	0.001		
UNC Avoidance	0.000		
UNCERT*Consistency	0.000		
Work/Social_Involvement	0.057		
HQ_Attention		0.502	0.354

According to the Stone Glaser test (Ringle et al., 2014), the model presents a good predictive validity result, with $Q^2 = 0.354$ for *Headquarters Attention* (Hair et al., 2014). The full model shows $R^2 = 0.520$ for the explanatory variance of attention of the headquarters, which are well-explained variance sizes (Joshua Cohen, 1988). However, the effect size of the moderation variables and their influence on the total model is quite small (almost negligible), despite that we modeled the moderation variable with an approach technique that maximized the significance level of the moderation terms.

Table 14 shows the hypothesis testing in the structural model. In model 3, we tested all direct relations and moderation relations, along with the control variables, and only “*Go with others*” had the direct effects not significant ($\beta = 0.039$, $p = 0.110$). None of the moderation effects were significant (the details and possible explanations will be presented in the discussion section).

Table 13 – Study B Hypothesis test

Variables	Hypothesis	Model 1	Model 2	Model 3
Corporate Benefits			0.324 (<0.001)***	0.324 (<0.001)***
Corporate Consistency			0.237 (<0.001)***	0.238 (<0.001)***
Go with Others			0.038 (0.105)	0.037 (0.110)
Work/Social Involvement			0.195 (<0.001)***	0.193 (<0.001)***
Performance Orientation*Corporate Benefits	H1b(+)			0.008 (0.713)

Uncertainty Avoidance*Corporate Consistency	H2b(+)		0.005 (0.759)	
Power Distance *Corporate Consistency	H3b(+)		0.134 (0.208)	
Inst. Collectivism*Goes with Others	H4b(+)		-0.034 (0.123)	
Power Distance*Work/Social Involvement	H5b(+)		0.015 (0.569)	
Group Collectivism*Work/Social Involvement	H6b(+)		0.001 (0.954)	
In Group Collectivism			-0.021 (0.351)	-0.026 (0.287)
Institutional Collectivism			-0.019 (0.387)	-0.021 (0.356)
Performance Orientation			0.001 (0.975)	0.001 (0.971)
Power Distance			-0.071 (0.019)**	-0.058 (0.056) †
Uncertainty Avoidance			0.015 (0.422)	0.015 (0.431)
Formality Alignment	Control	-0.014 (0.572)	0.001 (0.961)	0.003 (0.856)
Manager Tenure	Control	-0.017 (0.587)	-0.016 (0.479)	-0.013 (0.534)
Subsidiary Weight	Control	-0.030 (0.0320)	-0.021 (0.415)	-0.023 (0.375)
Decision Making Centralization	Control	-0.409 (<0.001 ***)	-0.205 (<0.001 ***)	-0.205 (<0.001 ***)

Note: † $p < .10$; * $p < .05$; ** $p < .01$; $p < .001$; p -values in headquartersheses

DISCUSSION OF STUDY B

The initial objective of Study B was to test the effect of the cultural dimensions of the headquarters, in the relationship between the issue selling and the headquarters attention. The initial insight for this test was obtained from Ling et al. (2005). They point out the possible effects of cultural relations in negotiations between the headquarters and the subsidiary and how the issue selling strategy could be affected by these cultural aspects due to its characteristic of persuasion attempt (Cialdini, 2001; Cialdini, Kallgren, & Reno, 1991). In this study, we tested a sample of 533 subsidiaries of multinational companies. Unlike previous studies, in this study, we have both local and international subsidiaries. Thus, our results constitute an advancement compared to previous studies. Another

aspect that can be highlighted is that centralization in decision making remains an influential effect on the attention of the headquarters, which is still negative on centralization ($\beta = -0.205$, $p < 0.001$) and placed here as a control. The other controls, namely, *Formality Alignment*, *Manager Tenure*, and *Subsidiary Weight*, had no influence on the attention of the matrix.

Based on the initial insight indicated by Ling et al. (2005), we tested the cultural aspects that might have greater relevance in the persuasion attempt exercised by the subsidiary's manager at headquarters. One of these was *Performance Orientation* that affects the relationship between *Corporate Benefits* and *Headquarters Attention*. In this sense, the headquarters natural bias in pursuing the organization's objectives would increase attention owing to the benefits presented. However, our result was not significant.

Those from either *Power Distance*, *Institutional*, or *In-group collectivism* or the other moderation effects were not significant in the theorized relationships between *Corporate Benefits*, *Corporate Consistency*, *"Go with others,"* and *Work/Social Involvement*. Although the result is not the most encouraging, it indicates that cultural dimensions alone are not influential in the attention of the headquarters dedicated to an attempt to influence coming from the subsidiary. It also suggests that managers employ other ways (potentially more related to the idea itself than to external aspects, such as cultural dimensions) to determine the benefits of a strategic issue presented. This result contributes to the issue selling literature by expanding the use of culture as an actor to influence, thus helping answer Ling et al.'s question (2005).

Another contribution is to expand the work of individual cultural dimensions in yet another way (i.e., persuasion strategy in more contexts and situations) in the headquarters–subsidiary relationship. Culture studies represent one of the broadest areas in international business studies (Beugelsdijk et al., 2018). By demonstrating the non-influence of these cultural dimensions individually, we can reinforce the use of cultural dimensions through their aggregate differences (e.g., cultural distance) rather than individual cultural dimensions. According to Srivastava (2020), the moderation effects of cultural aspects are quite complex, and contributions along this line can enrich the understanding of the headquarters–subsidiary relationship.

CONCLUSION AND LINKS BETWEEN STUDIES A AND B

The moderation studies presented in this paper complement each other. According to Kogut and Singh (1988) and Malik (2013), it is quite common when testing cultural distance and use

individual cultural dimensions in parallel, which may affect this possible relationship as controls. Thus, we divided the study into A and B to assess the effects individually without compromising the measurement models. In the first result, we can observe that cultural dimensions individually do not affect the attention of the headquarters. Although it characterizes an aspect, background does not necessarily interfere with the subsidiary's chances of success when proposing an idea. Meanwhile, cultural distance proved relevant in the four aspects of issue selling. Therefore, cultural distance comprises a much more predominant effect in moderating the issue selling relation than the cultural dimensions individually.

Managerial Implications

From a managerial view, we emphasize the importance of considering the cultural differences between headquarters and subsidiaries since this was a significant result of our research. Because communications are facilitated by the massive use of digital media and the globalized world, in addition to the common language in organizations (English), we have the impression of effective communication between headquarters and subsidiaries. However, our research showed that cultural distance interferes in this process. In other words, the presentations of ideas coming from the subsidiary are subject to cultural interference. Therefore, I suggest that multinational companies consider conducting diagnostic assessments of these cultural traits at headquarters and its subsidiaries to understand these differences better. Another important indicator of our research is that social involvement was very positive regarding mutual understanding, especially between culturally more distant subsidiaries and the headquarters. Therefore, I suggest that these interactions occur more frequently and that the respective headquarters open up to this involvement. On the one hand, it makes it easier for the subsidiary manager to understand the objectives of the headquarters and present their ideas without deviating from the company's objectives, on the other hand, it allows headquarters to get to know the subsidiaries better, including those that are more difficult to understand due to cultural distance, thus enabling better management.

Limitations and Future Research

This study presents some limitations. First, the cultural distance measure and the cultural dimensions themselves were obtained from secondary data from Project GLOBE (House et al., 2004). In addition to the fact that these data were collected in 2004 may show a certain age, the result of its effects on society may consequently have changed, although of that some authors attribute to these cultural dimensions, stability that is firm enough over time to be used even after such a long period (Beugelsdijk et al., 2018; Beugelsdijk, Maseland, & van Hoorn, 2015; Cuypers

et al., 2018; Maseland et al., 2018). Another limitation is that the structural equation model does not necessarily imply a direct cause and effect relationship. Hence, the results obtained must be understood based on these facts.

For future research, we suggest that the possibility of expanding international and local subsidiary samples be evaluated to ensure that tests with multi-group moderation effects might be better modeled. Depending on sample sizes, the multigroup presented small and unequal groups; thus, conducting other more robust tests, such as permutation (needs similar groups), seems impossible. Another aspect of interest is that of expatriates at subsidiaries, as literature on international business already points in the direction that headquarters often send expatriate managers to facilitate mutual understanding and have decisions aligned. To what extent does this expatriate-headquarters relationship overcome cultural distance? Would, even being an expatriate, the culture of the host nation be enough to change this background to ensure that the effect of sending an expatriate is diminished over time, hindering the matrix-subsidary alignment? Another aspect that was not covered in this research was the role of the subsidiary manager's cultural background in the configuration of the issue selling strategy, whose effect already theorized by Ling et al. (2005), but did not understand the scope of this study. So, can future research investigate how much the subsidiary's cultural dimensions affect the issue selling configuration? These are questions that arise and can be answered in future studies.

CHAPTER FIVE: FINAL CONSIDERATIONS

This dissertation aimed to respond to the call for research that treats interveners in subsidiary managers' attempts to influence the organization's strategy. To address this objective, we use the issue-selling theory as a mechanism to explain how MNC subsidiary managers structure the strategic issue to convince the headquarters of their ideas.

In the first article of this dissertation, we reviewed the issue-selling literature, which, as a result of the dispersed development between different areas, had no theoretical consolidation, despite the already conducted empirical research. The first contribution is to review the literature to understand the current state of theoretical development to merge gaps in future research. The results obtained in the first article helped us consolidate the attention-based view as one of the theories that comprise the building blocks of the issue-selling theory. With this, we contribute by explaining the mechanism highlighted by Duton and Ahsford (1993) of the gap in the definition of success in issue selling. We also highlighted some theoretical gaps and theorized paths for theoretical development that other researchers could follow in the future. Although some qualitative studies demonstrate a wealth of detail in issue selling characteristics, we noticed a pressing need and the absence of procedural studies. The procedural vision can be very enriching for the understanding of the issue selling process in an integral way, from beginning to end. In addition to showing the nuances of the process, much research indicates the need for previous presentations before the final presentation. Another fact evident in this review was how far quantitative research has moved away from the original issue selling model, and few studies have been attempted to align the constructs/variables used in the original model. Therefore, we recommend that surveys test the original issue-selling framework so that this model can be tested and evolved.

In the second article, we attempted to fill some gaps found in the first article. The first was addressed to understand how the issue-selling framework could serve as a mechanism to determine how managers of MNC subsidiaries intervene in decision-making at headquarters. Therefore, we performed an empirical test using a structural equation model with a questionnaire answered by 342 managers of international MNC subsidiaries. We model the constructs adapting to the context of the headquarters-subsidiary relationship by linking with the original issue-selling framework. Testing the direct effects of *Corporate Benefits*, *Corporate Consistency*, *Go with Others*, and

Work/Social Involvement covered the aspects of issue packaging and process. We show that the issue-selling strategy can serve as a mechanism for understanding how subsidiary managers interfere with headquarters' decision-making. This contribution is also relevant to the theory of the headquarters-subsidaries relationship, as in the study on the actions of subsidiaries is on the frontier of the challenge in international business by Meyer et al. (2020), because of the complexity of management between the subsidiary, headquarters, and their multiple markets. We also contribute by expanding the results found by Monteiro (2015) wherein the attention of decision makers at headquarters can be influenced by their biases. We then demonstrate how subsidiary managers can influence this process. The second contribution of this research is in the analysis of the centralization of decision-making by the headquarters manager as a moderator of the relationship between issue selling (performed by the subsidiary manager) and dedicated attention (by the headquarters manager). We initially expected the degree of centralization to exert a negative moderation. However, none of the relationships were significant. This result is an important contribution to the issue-selling theory, as the literature emphasizes that managers follow "contextual clues" to format their idea for acceptance. Our results demonstrate that this reading of the context considers control by centralizing decision making, since it was not significant, demonstrating the effectiveness of the issue-selling strategy as a persuasion tool. From the perspective of the headquarters-subsidary relationship, this result demonstrates that the control mechanism exercised by the headquarters does not always work, given a convincing strategy that is well adjusted to the context. Hence, we take a step towards answering the question Meyer et al. (2020) posed on the need to better understand the actions of teams from the subsidiary to influence the organization.

In the third article, we address the call by Ling et al. (2005) to test the effects of national culture on the issue-selling strategy, more specifically on the headquarters-subsidary relationship. The initial justification for the moderation effect, whether by the cultural distance analyzed in Study A or the cultural dimensions of headquarters in Study B, lies in the fact that the seller reads contextual clues to frame the issue-selling strategy and is influenced by culture. Contrastingly, the headquarters manager has a bias in analyzing the scenario influenced by culture. The test of Study B showed that none of the tested cultural dimensions were significant in individually moderating the relationship (between issue selling and headquarters attention) despite theoretical support. However,

the aggregated cultural distance was significant in the four issue-selling relationships tested. The individual cultural syndromes were not significant, demonstrating that the problem of mutual understanding is not necessarily in the cultural orientation of the headquarters manager but the difference in vision between him and the subsidiary manager. This leads to an alignment or misalignment. This result is intriguing because the validation of cultural distance as an intervener, whether positive or negative in the relationship, helps us better understand how the subsidiary manager can argue the proposition of new ideas for the headquarters. However, how close or distant they are culturally and which aspects of the presented idea should be highlighted or mitigated to gain more attention must be kept in mind. With this result, we advance in the understanding of the possible generators of communication and understanding problems in the matrix-subsidiary relationship, a theme recently raised by Haq, Drogendijk, and Blankenburg Holm, (2017) and tested cultural distance as one of these influencers.

Limitations and Future Research

One of the main directions that we see as suggestions for future research is the linking of empirical constructs/variables to the original issue-selling framework, allowing the advancement of theory can proceed more robustly, regardless of the research area used. Furthermore, we suggest that researchers use the theoretical building blocks presented by Dutton and Ashford (1993) (social problem theory, upward influence, and impression management), and the proposal in this research (attention-based view). Both contribute to understanding the advancement of theory, and future theoretical research can enrich these foundations.

From an empirical perspective, two methodological directions seem to be very useful for advancing the theory. The first would be the procedural view, which makes understanding the entire issue-selling process possible, from beginning to end, with all its nuances. The second is the configurational vision. This remains significant because issue selling requires a reading of the scenario to adjust the sale, and there is more than one possible way to draw attention. Hence, the configurational vision will contribute to understanding the best arrangements to achieve success in the issue-selling strategy.

It is important to point out as future research the role of the digital transformation that the world is undergoing. The cost of communications is falling dramatically, and people have access to communication media quickly and cheapest. Since the issue selling

strategy is related to communication, to what extent does breaking these barriers facilitate the application and success of the issue selling strategy? How much of the alignment of issue selling, packaging and process aspects becomes difficult with the digital transformation and its effects on communications? It is also important to point out that the COVID-19 pandemic pushed people and organizations to the digital world, a great of prejudice with the use of technology overcome naturally. As a result, many of the face-to-face meetings that served as an initial approach to increasing social involvement were curtailed. Therefore, can future research investigate how harmed the effect of this social involvement in the issue selling strategy was with the expansion of digital transformation? These are questions about digital transformation that can change the effect of issue selling strategies, especially for more culturally distant subsidiaries.

Because of the limits in the survey, we had a limitation and could not collect much data about the subsidiary to qualify the different types of roles. Future research could specifically study other characteristics of the subsidiary attributed to the headquarters or the context that may inhibit or hinder its issue-selling attempts. Since centralization was not effective against the influence of the issue-selling strategy, what other mechanisms can the headquarters exert and can prevent persuasion by issue selling? Another important aspect is that in this research, we do not address the role of the expatriate, as it follows a theoretical line that sees the manager's adequacy to the host country. Thus, we expect the culture to be completely or partially assimilated. However, future research can test the extent to which an expatriate, whether appointed by the headquarters, can be more successful than non-expatriates in issue selling. Is the expatriate effect greater the more culturally distant they are to the host and home country? All these are questions that we could not answer in this research and that can enrich both the issue-selling literature and the parent-subsidiary relationship.

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