

How the headquarter-subsidary manager relationship impacts on the subsidiary manager's
decision making

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A research project submitted to the Gordon Institute of Business Science, University
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Abstract

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This research examined the relationship between headquarter managers and subsidiary managers who work in multinational companies. It looked at how this relationship empowers the subsidiary manager to make decisions. The study was conducted using Kanter's theory of structural empowerment as the main theoretical framework. This was followed by comparing the HQ manager's response to that of the subsidiary manager.

To collect the data, the research used a survey questionnaire which was adapted from the conditions of work effectiveness-II (CWEQ-II) tool. The questionnaire was administered online. A total of 83 response were received. A statistical software was used to analyse the data and to test the hypothesis.

The research found that the HQ-subsidary manager relationship does empower the subsidiary manager's decision making. This is due to that relationship allowing the subsidiary manager to have access to structural empowerment factors as per Kanter's theory. The research also found that there was significant alignment between HQ and subsidiary managers on their perception of the subsidiary manager's access to structural empowerment factor that enable decision making. One difference in their perception was found in their perception. This was on the subsidiary manager's access to resources. Based on the results achieved, this research recommends that the factors in Kanter's structural empowerment theory are utilised in the empowerment of subsidiary managers.

Keywords

Keywords: Structural empowerment; Subsidiary manager decision making; HQ-subsidary manager relationship; Kanter's structural empowerment

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Philosophy International Business at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Seipati Tsotsotso

29 November 2021

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RESEARCH INTRODUCTION

The purpose of this research is to further our understanding of the limitations associated with autonomy and decision making within Multinational Corporation (MNC).

This research document is composed of seven chapters. The first chapter provides the background and the motivation for the research. Chapter two provides the theoretical concepts in the literature review, which then leads to a research hypothesis in chapter three. Chapter four describes the methodology that was followed to conduct the research. Chapter five and six provide the research findings and a discussion on their implication thereof. The research document ends with a conclusion in chapter seven.

CHAPTER 1: INTRODUCTION TO THE RESEARCH

This chapter provides background to the research, including the aim and objectives for conducting the study. The research defines the research problem, followed by the research questions and purpose. Lastly the scope parameters and what the research had aimed to contribute are outlined.

1.1 Background to the Research Problem

International business studies have consistently shown that subsidiary managers have independent decision-making autonomy in their local domain (Kostova, Nell & Hoenen 2018). This is due to the rationale that the MNC recognises that the subsidiary is a standalone organisation that is made up of subsidiary leaders, who can ensure autonomous decisions, which contribute to the MNC 's competitive advantage (Schmulian, 2009).

Even though subsidiary managers do have some decision-making autonomy, studies illustrate that Headquarter (HQ) managers own the key strategic decisions, whilst the operational decisions are allocated to subsidiary management (Birkinshaw & Hood,1998; Lunnan et al., 2019; Sally, James & Charlie, 2000). An example of this is provided by Neusoft, where subsidiary management were given full authority over its business operation (World economic forum, 2021). In this example, the strategy was defined at the corporate level which was followed by the subsidiary managers presenting a business plan, to corporate or HQ leadership. Once this plan was approved by HQ leadership, then local subsidiary management were given the decision authority on all operational matters (World economic forum, 2021).

In addition to HQ ownership of strategy, there are other areas where the subsidiary manager's decision-making power are limited. A study by Deloitte found that it was typically the holding company that holds the governance responsibility for the subsidiaries (McMenemy, 2019). In that study, 84% of the responses stated that the holding company needed to approve decisions on the subsidiary manager's expenditure, which were deemed impractical to maintain (McMenemy, 2019). The concern with this picture is driven by the fact that expanding MNC need to show relevance to their market (Cheng, Maitland & Nicholas, 2009) by being resourced with subsidiary managers that contribute to the overall MNC strategy (Schotter & Beamish, 2011) as well as the localisation of internal strategies and global practice (Kolzow, 2014).

The study by Robinson and Stocken (2013) found that the inappropriate level of allocated decision authority was likely to lead to below standard performance by the subsidiary. Further to this the study by Liu et al. (2018), where the inappropriate allocation of decisions led to the loss of business and stakeholder interests (Liu, Luo & Yue, 2018). Another example emanates from the study by De Smet, Jost and Weiss (2019) which was conducted across various global companies, with the participation of 1 200 managers. This study illustrated an enormous amount of internal frustration due to inadequate decision-making processes. This had been caused by the lack of empowerment of potential decision makers. The allocation of inappropriate decisions to managers led to slow and poor-quality decision making, as well as significant opportunity costs for those Fortune 500 companies (De Smet et al., 2019). Contrary to this, effective autonomy is where the subsidiary can determine and shape the right decision independently, including decisions on budgeting and finance (Gammelgaard, McDonald, Tüselmann, Dörrenbächer & Stephan, 2011).

Researchers continue to be interested in how the subsidiary managers attains their level of influence within the MNC, including rising from the shadow of their holding company (Raziq, Borini & Perry, 2014). Research conducted by Cavanagh, Freeman, Kalfadellis and Cavusgil (2017), which aimed at understanding the autonomy held by subsidiaries, suggested for future research that would investigate how the subsidiary environment influences subsidiary autonomy. Hence it is important to examine the HQ-subsidiary relationship as it pertains to subsidiary autonomy. This would include, for example, the level of autonomy that the subsidiary has as well as there that HQ's role when distributing resources or information that enable this autonomy (Ambos et al., 2016). In addition, Meyer and Schotter (2020), supported a study that examined the dynamics of subsidiary management within the MNC, with the aim of contributing to subsidiary theory in International Business (IB) studies.

In establishing what or who determines the right level of subsidiary decision-making autonomy, it is important to consider that it is the nature of the MNC structure that is likely determine this. Foreign Direct Investment (FDI), by the MNC into the subsidiary has often led scholars to consider how the holding company's external control impacts on decision making particularly in areas where parent companies have significant authority over (Sally et al., 2000). To elaborate on this,

Mudambi, Pedersen and Andersson (2014), explain that by nature, the HQ ownership structure or property rights within the MNC , bears legal implication and control over the subsidiary.

Further, the study by Pamela and Gibbons (2009) pointed out that the subsidiary managers were constrained in their discretion by the existing governing charter that are set by HQ. The governing charter offers institutional legitimacy for subsidiary participation within the MNC and includes as an example, from the business operations to the marketing of its products (Birkinshaw & Hood, 1998). It referred to a formal agreement or an organisational blueprint that defined various functions including subsidiary roles (Friesl & Silberzahn, 2017).

Ross Kanter, who was the founder of the Kanter theory of structural empowerment, spent many years in pursuit of behaviours that lead to effective leaders (Kanter, 1979). She questioned individual traits as a source of empowerment and moved towards attributing leadership effectiveness on the systems within the organisation that they work for (Kanter, 1979).

Kanter's theory of structural empowerment is an organisational theory which places emphasis on the internal organisation structure as a source of empowerment, to facilitate the individual's effectiveness in the organisation (Hagerman et al., 2017). This individual effectiveness includes the power to make decisions (Echebiri et al.,2020). The theory, however, does not focus on an individual's qualities to facilitate empowerment (Glodoski, 2007). The theory focuses on the assessing of structural empowerment, provides great value as it provides a higher level order construct made up of focused areas, which includes information and development opportunities, regardless of one's occupational area (Monje Amor, Xanthopoulou, Calvo & Abeal, 2021).

Kanter's theory of structural empowerment acknowledges the individual perceptions that may exist in the evaluation of the organisational condition to enable empowerment (Orgambidez-Ramos & Borrego-Alés, 2014).

The theory identified four empowerment factors that need to exist for employees to be empowered both formally and informally (Kanter, 1979 and Echebiri et al., 2020). These factors are information (related to work and the organisation); resources (which includes human resources and capital); organisational support (from subordinates, colleagues, and leaders) and the opportunity for growth (Hagerman et al., 2017). The absence of any of these pillars means that managers are left without the necessary control or authority to proceed on matters at hand (Conger & Kanungo, 1988; Glodoski, 2007). They may be accountable but lack real power in processes such as making decisions (Spence Laschinger et al., 1997). The pillars are expanded further in chapter two.

If the four elements of Kanter's structural empowerment are what result in organisational effectiveness (in this case decision making), then how does the subsidiary manager obtain these

four empowerment factors? A suggestion that has been made by scholars is that the HQ-subsidary manager relationship may have a role to play (Lunnan et al., 2019).

The HQ-subsidary manager relationship is the cornerstone of the functioning of the MNC (Birkinshaw & Hood, 1998; Benito, 2019; Lunnan et al., 2019). A key feature of this relationship is the degree to which subsidiary managers could influence and make independent decisions (Liu, Luo & Yue, 2018). This includes decisions in areas such as marketing, human resources, and research (Galli Geleilate, Andrews & Fainshmidt, 2020).

Being able to make decisions is crucial in this challenging business climate where there is much expectation of subsidiary managers to manage their business (Wyman, 2017). This accountability is extended to risk management, governance, and regulations (Wyman, 2017).

A practical example of how this is illustrated, is in the current Covid Global Pandemic. Here, the world economy is being restructured and its impact is felt on the MNC's international business strategy (Verbeke & Yuan, 2020). With this, the business environment is filled with uncertainty and ambiguity (Caligiuri et al., 2020). To add to this complexity, decisions on governance, opportunities and risk are required from the subsidiary, if they are to grow (Verbeke & Yuan, 2020). As such, subsidiary managers are expected to make decision quickly (these included the closing of offices, adherence to government-imposed lockdown regulations, review supply demands, work remotely and retrenchments). Some of these decisions have serious consequences for the subsidiary and thus the subsidiary managers need to ensure both global alignment and contextual accuracy (Caligiuri et al., 2020).

The above-described expectation on the subsidiary manager to have effective autonomy on decisions, is likely to be given to them by the holding company or HQ and is realised within the ambit of the MNC's policies and process (Gammelgaard et al., 2011).

1.2. Research Problem

The subsidiary's level of autonomy and power is evolving (Varblane, Männik & Hannula, 2005). By assessing the empowerment of subsidiary managers, it allows them to enhance their core skills or capabilities (Raziq et al., 2014). Certainly, from the subsidiary manager point of view, this appears to be a priority as they want to participate and be equipped with the required capability, to play an influential role across various areas and strategies within the MNC (Mudambi et al., 2014) and influence local entrepreneurial opportunities (O'Brien, Scott, Andersson, Ambos & Fu, 2019). It is therefore important to establish how subsidiary managers obtain the required power to shape the MNC (Mudambi et al., 2014) by contributing to strategy.

Sally et al. (2000) questioned the level of decision making that is held by the subsidiary in a centralised organisation. To illustrate this concern, is the study by Schmulian (2009). With the acquisition of 65% of Vodacom (SA subsidiary) by Vodaphone (a UK based MNC), the study demonstrated Vodaphone's objective towards a global integration of subsidiaries into the Vodafone way (Schmulian, 2009). This would be across various functions such as HR, products & services, marketing, and finance (Schmulian, 2009). The strategic decisions were left to Vodafone to determine, to ensure that the realised benefits would advantage the whole group. Unfortunately, with this practice, the local Vodacom management teams felt that they no longer had decision making authority in their local environment. They feared the loss of jobs and control over decisions that were not contextually suitable (Schmulian, 2009).

Even though the subsidiary manager can assert some decisions, several studies have shown only partial empowerment. The subsidiary manager may have a large degree of decision-making autonomy, however this may be restricted by certain variables such as budgetary limitations that are determined by HQ, thus potentially undermining the subsidiary's effectiveness in realising strategic and operation plans (Gammelgaard et al., 2011).

Another example of the subsidiary manager experiences partial empowerment, was illustrated in the study by Davis and Luiz (2015) on South African multinationals. In this study, respondents advocated for the existence of some autonomy that was given to the subsidiary managers by HQ (Davis & Luiz, 2015). The respondents observed differences in the level of decision-making authority, as well as the in type of decision that were delegated to the subsidiary manager. On the type of decisions that were given, they responded that South African multinationals primarily transferred transactional functions to the subsidiary manager and maintained control of transformational and strategic functional decisions (Davis & Luiz, 2015).

This state of being able to make decision in some areas, primarily in the operational sphere, and not in other areas may be problematic for the subsidiary manager. According to Geppert and Williams (2006), local managers, need to be able to assert their presence both within the MNC as well as their local environment. Without the relevant decision-making autonomy, it can be viewed as diminishing the subsidiary manager role within the corporate, because according to O'Brien (2012), a crucial component of a manager's role includes making decisions and championing innovation and key mandates. In addition to this, subsidiary managers are restricted in their ability to be competitive (Beugelsdijk & Jindra, 2018).

HQ managers that are heavy-handed in controlling subsidiary managers, pose the risk of limiting their ability to self-manage (Luiz & Visser, 2014). This is supported by Stendahl (2018), who found that when the MNC HQ takes over some of the administrative and commercial aspect of the subsidiary role, they stifle the growth potential and capability of the subsidiary. Thus, a diminished role and an immoderate amount of HQ control is likely to result in the subsidiary managers not meeting its decision-making mandate within the group (Institute of Directors of South Africa, 2019).

An environment that allows subsidiary decision making, benefits. To this effect, the study by Echebiri, Amundsen and Engen (2020) demonstrated that structures that empower subsidiaries, experience innovative behaviour and positive performance. This extends to several areas such as research and development, investment, and financial decisions, etc. (Beugelsdijk & Jindra, 2018). Adding to these benefits is Monje Amor et al. (2021), that subsidiary managers autonomy promotes effectiveness and engagement with one's work.

Knowing these benefits, why would HQ managers not fully support the subsidiary manager to own more decisions. Several reasons have been suggested. Graham, Harvey and Puri (2015) offer the view that HQ managers or those entirely responsible for the entity may fear the potential of losing control and having less coordination on various policies or practices at a group level. Another reason why HQ managers may not delegate appropriately is due to their own business interests. Delegation is likely to be less, when those in power have a vested interest in the result of that decision (Graham et al., 2015). In addition, Corry and Cormican (2019), attribute partial delegation of operational decisions to HQ's fear that the subsidiary managers might stray away from the overall organisational ambition, in pursuit of their own self-interest. Secondly, HQ is ultimately interested in managing any brand and reputational risk exposure and as such will aim to keep some control (Institute of Directors of South Africa, 2019).

Some of the given explanations may seem questionable especially when most business leaders have a vested interest in their organisational success. However, the World economic forum (2021), demonstrates an example of this at Huawei whereby global growth was experienced. With this growth, the HQ managers exerted greater control and much administrative burden to its subsidiary managers. This was despite the company's co-founder and CEO, Ren Zhengfei, who advocated for independent decision making by subsidiaries due to their proximity to local customers (World economic forum, 2021). The example at Huawei aligns to a prior view by Birkinshaw and Hood (1998) that when the subsidiary is small and dependent on the holding company, then internal operations are typically not of significant focus by HQ. However, as the subsidiary grows and gains greater resources and less parent control, there is an increase in strategic decision making by the subsidiary manager. At this stage, the holding company starts to show greater interest in the subsidiary's internal situation which were managed by the subsidiary managers (Birkinshaw & Hood, 1998).

To overcome this hurdle, subsidiary decision-making autonomy must be earned by establishing a solid relationship with managers in the holding company (Ambos et al., 2016). If this relationship is not positive, then the subsidiary may not feel at liberty to pursue a particular direction (Lunnan et al., 2019).

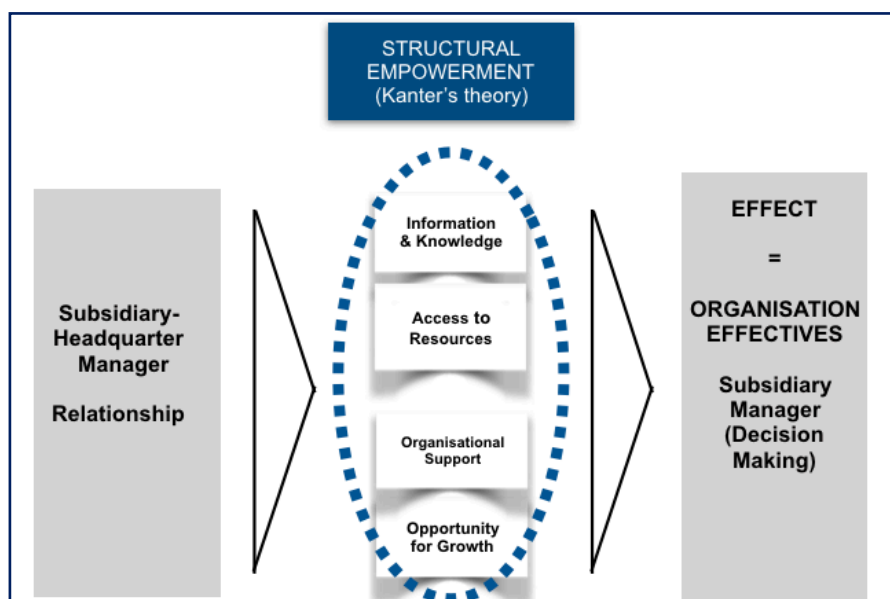
The HQ-subsidiary relationship can be described by the degree of subsidiary strategic decision; this determines the framework of how they relate to each other (Ambos & Birkinshaw, 2010). With

this, the research asks the questions on how the HQ-subsidary relationship impacts on subsidiary manager decision making.

1.3. Research Questions

The research question defines what we seek to find out, in a clear and explicit manner (Bell, Bryman & Harley, 2019). This research seeks to understand how the HQ-subsidary manager relationship impacts on subsidiary decision making.

Figure 1.1. How the HQ-subsidary relationship impacts subsidiary decision making



Source: Researcher compilation

1.3.1. Research Question One

Is there a linear relationship between the level of Kanter's structural empowerment factors (stemming from the HQ-subsidary relationship) and the subsidiary manager's empowerment on decision making?

It was illustrated in the research problem that within the MNC structure, subsidiary managers do have some decision-making authority. It was also suggested through the introduction of Kanter's structural empowerment theory, that it is the internal organisational structures that shape internal effectiveness, including decision making. This is suggested as a plausible factor in the subsidiary levels of decision making. Within the HQ-subsidary relationship, effective decision-making autonomy is likely to be given by the holding company or HQ and is realised by the subsidiary within the ambit of the MNC's policies and process (Gammelgaard et al., 2011).

1.3.2. Research Question Two

Do headquarter managers and subsidiary managers have different perceptions on the existing level of subsidiary decision making empowerment?

The study of Birkinshaw, Hood and Jonsson (1998), which looked at the subsidiary's contribution to the MNC's firm specific advantage suggested that future studies consider both the perspective of the holding company and the subsidiary, to eliminate any potential bias in the drawn conclusion drawn. It is important to look at this question through the lens of both HQ and subsidiary managers given that prior studies do note variations in the perception of HQ and subsidiary managers (O'Brien, 2012). Further Kanter's theory of structural empowerment values the individual perception when assessing existing organisational conditions (Orgambidez-Ramos & Borrego-Alés, 2014). As such obtaining both views would align to this theory.

1.5 Research Scope

The scope of the research extends to MNC HQ and subsidiary managers. It is limited to the posed research questions and subsequent hypothesis.

The research was conducted within an African context. Respondents were reached through email and professional network recommendations. Those responding were required to complete an anonymous survey.

The duration of the research was limited to 6 months, in alignment with Gibs ethical requirements to fulfil an MPhil qualification.

1.6 Research Contribution

This research aims to add to existing academic knowledge on the HQ and subsidiary relationship, with a focus on empowering factors, that exists within the MNC, to support decision making by subsidiary managers.

Good theory can be developed further and be enhanced to advance cumulative knowledge through research (Christina, 2012). IB requires more theory building to progress the discipline and its stature. The research also aims to contribute to this by advancing the current knowledge of Kanter's structural empowerment theory, can be extended to international business studies.

1.7 Chapter Conclusion

This chapter presented an identified research problem on the level of empowerment that subsidiary managers have, to make decisions. It introduced Kanter's structural empowerment theory. This theory shows the factors that are required for empowerment to take effect.

This study aims to investigate how the HQ-subsidary manager relationship impacts on the subsidiary manager's decision making based on Kanter's structural empowerment theory. In addition, it aims to understand if HQ and subsidiary managers have the same perception on the level of empowerment factors those subsidiary managers must influence their decision making.

CHAPTER 2: LITERATURE REVIEW

The purpose of this chapter is to articulate the research question and problem. It does this by unpacking prior research perspective on the identified problem in chapter one. It provides more insight on Kanter's structural empowerment theory as well as emerging themes from literature on the subject. The result of the chapter is a framework that will facilitate the research hypothesis.

2.1 Key Definitions

To unpack the theory, this section starts off by defining the elements in the study. This includes defining subsidiary decision-making autonomy, empowerment, and lastly structural empowerment.

2.1.1. Subsidiary decision-making autonomy

Subsidiary decision-making autonomy is formal power that is held by subsidiary managers and is recognised by HQ and other subsidiary managers (Cheng et al., 2009). It allows the subsidiary leeway to determine its own decisions (Strutzenberger & Ambos, 2014; Varblane et al., 2005). This includes decisions on significant matters, challenges and opportunities that are typically left for senior levels within the organisation (Dut, 2017; Raziq et al., 2014).

Being autonomous does not imply that decisions are solely independent or void of counsel from others (Spence Laschinger, Sabiston & Kutzscher, 1997). It also does not mean that those independent subsidiary decisions are supported by HQ (Raziq et al., 2014). This is particularly applicable in a MNC that may need internal alignment to ensure one global unit.

Subsidiary managers decision making autonomy is based on a negotiation process and the position that the subsidiary assumes in relation to its HQ (Varblane et al., 2005). It can be assigned, seized, or achieved through one's ability or capability (Varblane et al., 2005).

A subsidiary that lacks decision making power and merely follows instructions that are decided by its HQ as an implementer that receive significantly more than what it contributes from a knowledge base (Cheng et al., 2009). An implementer or subsidiary with limited authority, constrains the subsidiary's ability to manager existing resources or to take advantage of opportunities (Cheng et al., 2009). In addition, when decision making authority is limited, there is often turmoil and loss of esteem (Abel & Hand, 2018). On the contrary, when the subsidiary managers have autonomy, their value and worth is realised (Strutzenberger & Ambos, 2014).

Decision making autonomy is at its core about power (De & Van, 2010). Having accountability without any power can lead to frustration and failure (Kanter, 1979). It is therefore important that subsidiaries can exert power to shape decisions (Strutzenberger & Ambos, 2014).

2.1.2. Empowerment

Empowerment helps us to understand how effective an organisation is beyond the delegation of tasks or sharing power (Conger & Kanungo, 1988). It is aligned with having autonomy (Spence, Wilk, Cho & Greco, 2009) and is critical to stimulate greater organisational involvement, effectiveness, and productivity (Spence et al., 2009).

Empowerment is not an individual centred or a personality characteristic (Spence Laschinger et al., 1997) but is rather concerned with the overall work environment (Abel & Hand, 2018). It is based on individual perception regarding their ability to make decisions and play an influential role (Abel & Hand, 2018). This research is concerned with individual manager's view of existing organisational structures, to ensure that the subsidiary manager is empowered to make decisions.

Attributes of empowerment include individual and collective decision making, shared leadership, motivational disposition, growth, access, influence, power, or control, and having options (Abel & Hand, 2018; Perkins & Zimmerman, 1995). It is associated with giving power, or rights or authority to act in a certain way within the organisation (Abel & Hand, 2018).

Empowerment is both a process (of actions) as well as the outcome, of which the result is determined by the existing empowerment levels (Perkins & Zimmerman, 1995). It is obtained from both formal and informal systems within the organisation (Hagerman et al., 2017; Spence Laschinger et al., 1997). Informal power comes from relationships (which includes organisational sponsors, peers, and direct reports), whilst formal power comes from one's role, including how the role enables discretion, receives recognition, and is aligned to strategic objectives (Spence Laschinger et al., 1997).

The empowerment process includes an understanding of the elements that lead to a disabling circumstance, and then eliminating those disablers to support autonomous decision making (Fragkos, Makrykosta & Frangos, 2020). In addition, the empowerment process includes translating certain things into action. Monje Amor et al. (2021), explains this as structural empowerment resulting in empowered actions. It is how things are done within an organisation, allowing for individuals who lack or have limited resources to be afforded the opportunity to gain access to that which they may lack, to play an active role that contributes to organisational goals (Perkins & Zimmerman, 1995). It is required for high performance driven organisation (Abel & Hand, 2018). With this as a building block, it does become key to understand the notion of empowerment leading further to structural empowerment.

2.1.3. Structural Empowerment

The foundation of structural empowerment is based on Kanter's studies from the 1970s (Monje Amor et al., 2021; Pusparini, 2020; Wagner, Cummings, Smith, Olson, Anderson & Warren, 2010). Kanter is said to be the first individual to hold the notion of structural empowerment elements and viewed it as a position or state of the organisation to drives various work behaviours (Mustafa & Bon, 2012). It is not based on an individual characteristic (Tyagi & Shah, 2018).

Structural empowerment is the organisational framework, structure, or process (Tyagi & Shah, 2018), that support individuals in their work deliverable and objectives. This includes structures, practices, social conditions, and policies that enable effectiveness (Monje Amor et al., 2021; Mustafa & Bon, 2012) and a less hierarchical framework (Echebiri et al., 2020).

There is a difference between structural empowerment and psychological empowerment. Structural empowerment relates to the social structures whilst the latter is concerned with individual factors such as competence, personal work choice, individual impact as well as the meaning or importance that people place on their work (Monje Amor et al., 2021).

To be structurally empowered is to have access to information, resources, opportunities, and support (Tyagi & Shah, 2018), that is obtained through informal and formal power (Abel & Hand, 2018). Having access to these enables management process that allows decision making (Tyagi & Shah, 2018). In this research, the focus was on the social condition of structural empowerment, which are facilitated by the HQ-subsiary relationship.

2.2. Kanter's theory of structural empowerment

To understand Kanter's theory of structural empowerment the research will define the theory and provide a view of its maturity in academic literature.

2.2.1. Unpacking Kanter's theory of structural empowerment

This theory is an organisational empowerment theory that focuses on the internal organisational structures to facilitate empowerment. As established in the research question, the study's interest extends to the internal HQ-subsiary relational factors to shape the subsidiary's empowerment in decision making. It is, therefore, appropriate to use this theory to support the unpacking of the research question.

Another element that renders Kanter's theory of structural empowerment relevant to this research is that it recognises individual perception in assessing the organisational condition (Orgambídez-Ramos & Borrego-Alés, 2014). As mentioned, the study looks at the comparative view of the question from the perspective of headquarter managers and subsidiary managers.

Kanter's theory of structural empowerment consists of four empowerment pillars that allow for empowerment within the organisation (Kanter, 1979). These are 1) information and knowledge, 2) resources, 3) organisational support and 4) opportunity for growth. They are expanded further below.

(1) Information and knowledge

When there are decisions at play, a lack of Information can be a disadvantage to those who require it (Kanter, 1979). Further access to it, needs to be available at the relevant time (Spence Laschinger et al., 1997). The information and knowledge factor includes the acquisition of formal and informal information or knowledge, such as technical information (Orgambídez-Ramos & Borrego-Alés, 2014). It can also include knowledge and information on the organisation's vision or mission, values, policies, and direction (Monje Amor et al., 2021).

(2) Organisational resources

Access to resources allows individuals to expand their roles (Kanter, 1979). In addition, these resources are seen to help individuals to assert a particular agenda (Spence Laschinger, Sabiston & Kutzscher, 1997). This includes resources in the form of time, finance, material, and supplies that are relevant for one's role (Orgambídez-Ramos & Borrego-Alés, 2014) as well human resources and capital (Monje Amor et al., 2021).

(3) Organisational support

Organisational support includes gaining the support to innovate and introduce new ideas without having to go through various approval structures (Spence Laschinger et al., 1997). It includes support from subordinates, colleagues and leaders who can show this by their provision of feedback and counsel where required (Orgambídez-Ramos & Borrego-Alés, 2014).

(4) Opportunity for growth

Opportunity for growth refers to the likelihood of prospect for professional development growth, career advancement and potential to gain new knowledge and skill within the organisation (Orgambídez-Ramos & Borrego-Alés, 2014). It includes being given challenges that promote ones knowledge and skill (Monje Amor et al., 2021; Spence Laschinger et al., 1997).

Kanter's theory of structural empowerment believes that highly bureaucratic organisations are likely to have an unequal distribution of power (Conger & Kanungo, 1988). It is perceived that those with the least structural power do not have much say in their destiny (Conger & Kanungo, 1988). Applying this to the HQ-subsidary relationship, the implication in a bureaucratic setting is likely to imply that the subsidiary's decision may be limited. However, when the organisation has structural empowerment factors in place, there is a shift from traditional expectation (Echebiri et al., 2020). Here, those at the top of the organisation take ownership of certain actions and begin to allow lower-level employees including lower managers to influence certain course of action (Echebiri et al., 2020).

2.2.2. Maturity analysis of Kanter's Theory of Structural Empowerment

Over the years, several studies have used Kanter's theory of structural empowerment to offer a theoretical framework for their organisational studies. Wagner et al., (2010) demonstrate various studies that explore several organisational aspects and their relationship to the theory. They believe that it lays a strong foundation for future organisational studies (Wagner et al., 2010). In addition, Spence Laschinger et al (1997) confirms that there is concrete empirical evidence to render this theory solid.

As part of this research, a few studies that used Kanter's theory of structural empowerment with decision making as one of the key study concepts, were identified. They are listed next. What is key to note is that these studies span over three decades, showing the continued expansion of this theory in chronological order:

- **1991:** Kanter's framework was used in a study by Chandler (1991) that looked at how its subjects, experienced empowerment in their role. The findings supported the view that Kanter's elements of structural empowerment were important to enable empowerment (Spence Laschinger et al., 1997).
- **1997:** A study aimed at testing Kanter's theory of structural empowerment in the organisation was done. It provided empirical evidence in advancing theory-based management practices that promote organisational decision making. The study held indirect evidence to support structural empowerment and its contribution to decision making (Spence Laschinger, Sabiston & Kutzscher, 1997).
- **2000:** The theory was used to underpin a qualitative study that was interested in analysing perceptions of empowerment that were brought on by factors in a certain environment (Glodoski, 2007).

- **2014:** Orgambídez-Ramos and Borrego-Alés (2014), tested the relationship between structural empowerment and job satisfaction, as well as its role in impacting job satisfaction. The study's findings were aligned to Kanter's theory and further supported the studies by Spence Laschinger et al., (2004) in a population group that had no prior exposure to the testing or application of this theory.
- **2017:** Hagerman et al., (2017) made use of the theory in a comparative view of first-line managers, subordinates, and leaders structural and psychological empowerment factors. The results connected the first-line managers level of structural empowerment with the subordinate's structural empowerment and how they rated their manager's performance.
- **2020:** Echebiri et al.,(2020) used the theory to support a view that the organisational structure needs to empower its employees to participate in the organisations decision making procedures to ensure innovation. The study found that structural empowerment and psychological empowerment had a positive impact on employee driven innovation.
- **2020:** Using Kanter's structural theory, an analysis of two studies was performed to unpack similarities and differences in work empowerment and involvement in workplace decisions (Fragkos et al., 2020). The study concluded by correlating structural empowerment to organisational commitment as well as psychological empowerment and was seen to promote performance.

Studies found were primary in the nursing environment. However, what is relevant is that the studies were focused on empowering structures within those organisations to facilitate a certain behavioural outcome including, in some instances, decision making (Fragkos et al., 2020).

2.3 Literature Themes

The literature review identified the following themes: A definition of the MNC , structures and roles, HQ and subsidiary roles, as well as HQ enablers of subsidiary decision-making autonomy.

2.3.1. Defining the MNC

A MNC is a multi-unit organisation made up of a holding company with subsidiaries who are both independent and interdependent (Ambos et al., 2016). They operate from various locations and cultures (Lunnan et al., 2019) and have nuances that can be challenging for the HQ-subsidary relationship (Lunnan et al., 2019).

HQ is also known as the parent, holding company or corporate headquarter. It is the main fraternity that is accountable for the overall business, and it is here that the CEO office typically resides (Casini, 2014).

The holding or holding company establishes subsidiaries to meet its strategic objective; however, for this to happen, the subsidiary board and leadership must align to those objectives (Institute of Directors of South Africa, 2019).

The holding company obtains control rights over the subsidiary through held capital (Sengul & Gimeno, 2013) and the ownership of subsidiary shares, with a wholly owned subsidiary accounting for 100% shares ownership. These ownership rights, allow headquarter to exercise its formal power over the subsidiary (Stendahl, 2018). Should the subsidiary have access to resources and hold key relationships, then this allows the subsidiary the ability to display its own authority, which may see HQ's power limited in certain area (Stendahl, 2018). Should HQ strongly exert its ownership rights over the subsidiary, then it will likely hamper subsidiary's innovation negatively (Tardella, 2018). Even though there are HQ's ownership rights, HQ is still subject to the subsidiary country laws. As previously mentioned, the subsidiary is an independent entity. This independence extends to areas such as tax, country regulations and liability (Casini, 2014).

The subsidiary is part of a larger entity (that may have other subsidiaries); it exists independently in a different country and is linked to the MNC business value chain (Birkinshaw & Hood, 1998). It is an operational body under the authority of the MNC (Casini, 2014 and (Ambos et al., 2016),

The subsidiary has its own unique features and interests which co-exist to meet the overall MNC objective (Ambos et al., 2016). These unique idiosyncrasies and nuances shape the direction taken by subsidiary managers (Birkinshaw & Hood, 1998). It plays a key role within the MNC (Casini, 2014) through its firm specific advantages and country specific advantages (Meyer & Schotter, 2020). This together with its nuances, suggest that subsidiary manager will need to make decisions based on the prevailing conditions.

There are various types of subsidiaries categories including partially owned or wholly owned subsidiaries (Casini, 2014). The wholly owned subsidiaries refer to a subsidiary that is 100% owed by the holding company (Institute of Directors of South Africa, 2019). Partially owned subsidiaries are those where the holding company owns between 51% and 99% shares (Finance management, 2019). In some instances, MNC fulfil their international mandate through foreign affiliated partners or joint venture. A joint venture is a partnership involving companies that collaborate for a particular strategic objective (Baglieri, Bruno, Vasconcellos & Grando, 2010).

The HQ-subsidary relationship can be described as a superior-subordinate relationship (Birkinshaw, Holm, Thilenius & Arvidsson, 2000).

A study by Graham et al., (2015) found that an organisation's make up or structure, influences the delegation of decisions authority. Further the MNC ownership structure often results in subsidiary managers not having much discretion on initiatives and strategic direction (Raziq et al.,2020). With this, it pertinent to unpack the structure of the MNC.

2.3.2. The MNC structure

The organisational design is a key factor in shaping the role that is played by both the HQ and subsidiary managers. It influences the level of empowerment (Zimmerman,1995), facilitates the allocation of decision rights within an organisation (Gibson, Ivancevich & Donnelly, 1997; Luiz & Visser, 2014; Robinson &. Stocken, 2013) and ensures institutional framework, as well as the allocation of authority and roles (Hu, Hsu, Chen & Liu, 2021).

The organisational structure as it pertains to decision making is either centralised or decentralised (Robinson, Stocken, 2013). Within a centralised structure, key activities and decisions are held at HQ level (Cuervo-Cazurra, Mudambi & Pedersen, 2019; Rhee, Seog, Bozorov & Dedahanov, 2017), with lower levels having limited or no decision-making autonomy (Rhee, et al.,2017). Within the structure, there are policies, procedures, and practices, which have been thought of by number of scholars, as a strategy that HQ uses to manage the subsidiary (Stendahl, 2018). These structure on authority and policy are determined at the HQ level (Lunnan et al., 2019).

Even though centralisation aims to bring uniformity, it can in the process remove some subsidiary decision-making autonomy, resulting in turmoil within the relationship especially for subsidiary who want to be able to make local decision (Lunnan et al., 2019).

The study findings by Galli Geleilate et al., (2020) caution against subsidiary's having independent decision making in a predictable environment or industry. This is because it found that less coordination and headquarter surveillance is required in a predictive environment. Here with subsidiaries having more decision-making autonomy, could be more expensive for HQ than when decision making is centralised (Galli Geleilate, et al.,2020).

The Theory by Birkinshaw and Hood supports the view of a decentralised structure allowing subsidiary managers the leeway for independent action that support the business's future success (Cheng et al., 2009). A decentralised decision structure is suited to an environment where information is seen to be too sensitive and complex to share, as well an environment that requires management creativity (Robinson & Stocken, 2013).

One factor that might render the organisational structure somewhat challenged in determining the subsidiary autonomy is the subsidiary's local environment. A subsidiary that is entrenched in its local environment with strong stakeholder relationships, sourcing and local innovation networks is

likely to have more independence and less HQ control (Martinez & Jarillo, 1991) This is due to the MNC having to adapt to the local requirements for business purposes. This is only possible with greater subsidiary autonomy (Martinez & Jarillo, 1991). In addition, prior research has established that more globally entrenched subsidiary (or those with strong corporate ties), typically have less autonomy (Varblane et al., 2005).

As the MNC evolves, its organisational structure is subject to scrutiny on its impact on the HQ-subsidary relationship. This includes autonomy (i.e., how much does the subsidiary manager have and what is HQ's role when distributing resources or information (Ambos, Ambos & Birkinshaw, 2016).

Why then would one opt for a particular structure? Some scholars attribute this to the stability of the environment that the subsidiary operates in. If the business environment is unstable and filled with financial, political, and economic risks, then HQ would retain decision rights (Robinson & Stocken, 2013). However, the contingency theory views this differently and support the notion that the choice in structure is influenced by the surrounding business context; centralised structures are suited to more stable environments, and decentralised structures should be applied in less stable environments (Liu et al., 2018; Luiz & Visser, 2014).

Another reason to opt for a centralised structure is due to the lack of the required skills by some subsidiary managers. In South African MNC 's the initial structures are controlled by HQ as subsidiaries may not have the required capability and skills (Luiz & Visser, 2014). Whatever the motivating factor may be, the selected structure needs to align to the environment that the organisation operates in. If it does not align, it, may result in weaker performance outcomes by the subsidiary (Liu et al., 2018; Robinson & Stocken, 2013).

An analysis by (Liu et al., 2018), suggests a delicate balance between giving too much decision-making autonomy and not giving any at all. Those who are highly decentralised and over delegate decisions to their subsidiaries may suffer from agency cost associated with a conflict of interest, whilst the study by Lunnan et al., (2019), found that structures that lean towards centralisation tend to experience less information cost.

2.3.3. The HQ and subsidiary role

Within the MNC, the HQ plays a different role to that played by the subsidiary (Institute of Directors of South Africa, 2019). When considering managerial roles within the HQ-subsidary relationship, it is crucial to recognise the interdependency in this relationship, as this provides an evaluation of the relationship effectiveness (Wolters, 2014). Key to note is that this effectiveness maybe at a particular point in time as Mudambi and Navarra (2004), remind us that the role of HQ and the subsidiary is not stagnant and does in fact evolve. Galli Geleilate et al. (2020), found that in some

circumstances it may be required for HQ to take authority over some areas and in other cases allow the subsidiary the level of autonomy it requires to act decisively.

It is important to establish each party's role particularly on decision making authority.

(1) The HQ's Role

To understand the overall role of HQ as it pertains to any decision-making mandates, this research uses the classification by Stendahl (2018). Here the HQ's role is classified into two categories, namely administrative and entrepreneurial (Stendahl, 2018). The organisational structure and strategy determine the appropriate category to follow (Stendahl, 2018).

Under the administrative category HQ takes responsibility for the synchronisation and control of the subsidiary's activities, including decision making authority (Lunnan et al., 2019) to ensure that the overall MNC objectives are met (Stendahl, 2018). With this, HQ's objective is to centralise decision making process to assert its control on the business and its subsidiaries (Pisoni, Onetti & Fratocchi, 2010). This view correlates with the assumption that within the MNC, HQ is concerned with making the weighty decisions that benefit the whole (Lunnan et al., 2019) and is termed as HQ having a protective internal immune system (Ambos, Andersson & Birkinshaw, 2008). This is due to this administrative role ensuring that any potential behaviour by the subsidiary manager to deviate from what is deemed to be an essential path, is curbed (Stendahl, 2018). In some instances, the administrative bucket can be achieved through HQ expatriates at the subsidiary or even centres of excellences at the hub (Stendahl, 2018).

The role of HQ is determined by the top ownership structure or property rights within the MNC. These rights have a legal bearing with the parent having some form of ownership and control over its subsidiary (Mudambi et al., 2014). However, by imposing its decision on the subsidiary and not acknowledge the role of subsidiary leadership, it is likely to put the subsidiary leadership in a position of being seen to not meet its legal responsibility by regulators and could also result in liability for the holding company (Institute of Directors of South Africa, 2019).

Despite the beneficial role that HQ is meant to play in supporting the subsidiary, the subsidiary manager may see it as challenging especially when much time is required from HQ managers to fully understand the subsidiary (Lunnan et al., 2019). To ensure a positive relationship, it is suggested that HQ loosens some of its coordination and control grip and focus on increasing communication with its subsidiary (Lunnan et al., 2019). This leads us to the entrepreneurial category to help in the further understanding of the HQ role.

The entrepreneurial bucket is associated with business expansion including focusing on corporate strategy, management practice, subsidiary initiatives (Stendahl, 2018). This classification suggests that the subsidiary has greater autonomy and involvement in shaping its path.

The HQ mandate that influences decision making, includes defining the operating model or structure (Ciabuschi, Forsgren & Martín, 2011), allocating resources (Luiz & Visser, 2014; Lunnan et al., 2019), establishing the overall strategy and governance as the majority shareholder (Stendahl, 2018) and defining group processes and policies (Directors of South Africa, 2019). This term is coined head office assignment (Birkinshaw et al., 1998; Lunnan et al., 2019; Sally & Charlie, 2000). Here, MNC HQ assigns roles and ensures subsidiary cohesion and alignment to strategy (Birkinshaw et al., 2000; Miroshnik & Miroshnik, 2013). There is a different view to HQ office assignment, called subsidiary choice, where the subsidiary manager can define its own role (Birkinshaw et al., 2000).

HQ's role needs to be beneficial and add value to the subsidiary by helping it navigate any challenges and allocate resources that may be required for subsidiary growth (Lunnan et al., 2019). It may be involved in the recruitment and selection of senior subsidiary staff. It is responsible for defining which decisions need to be affected at the holding company level and in addition takes the responsibility of considering its group operating model thus defining the subsidiary's mandate (Institute of Directors of South Africa, 2019). With this, HQ, takes into consideration those interests of subsidiaries which hold and aims to balance this with subsidiary meeting its mandates to the group (Ambos et al., 2016). With this (Ambos et al., 2016) emphasises the need for quality headquarter-subsidary interaction for performance to be at an optimal level.

(2) The Subsidiary's Role

There are various roles played by the subsidiary within the MNC (Amewokunu & Lawson-Body, 2012). It varies based on the reason it was founded (Meyer & Schotter, 2020). The role played by the subsidiary has an impact on several areas including its position in its local environment, decisions made by the subsidiary leaders, as well as decision by HQ leaders (Birkinshaw & Hood, 1998).

Typically, the subsidiary role is aligned to the holding company goals; the goals are tailored to the subsidiary level including localising group process and policies (Institute of Directors of South Africa, 2019). To help fully appreciate the subsidiary role, Saidani, Amewokunu and Lawson-Body (2012) show that the subsidiary can be an involved partner with its HQ in shaping the MNC strategy. Subsidiaries that are seen to be active have been referred to as active subsidiaries, strategic leaders, or specialised contributors (Martinez & Jarrillo, 1991). The active subsidiary role involves playing a key role in the value chain (Martinez & Jarrillo, 1991), as well as contributing to

the firm-specific advantage (Birkinshaw et al., 1998). Subsidiaries that are autonomous, can act independently outside the constraints of HQ (Martinez & Jarrillo, 1991).

In some instances, the subsidiary role is purely an executor of strategy and decisions that have been made by HQ Management (Saidani, Amewokunu & Lawson-Body, 2012). This is like the definition of receptive subsidiary, where the receptive subsidiary is seen to be limited to an operational role in what may be seen as minor functions (Martinez & Jarrillo, 1991).

The subsidiary role is not always characterised as distinctively active or executor of strategy. It is also possible that the subsidiary manager plays a dual role as shown by the works by Corry and Cormican (2019) where subsidiaries managers are both dependent on the HQ for some decision whilst simultaneously being empowered to also play an influential role and make some of the decisions.

Whatever the subsidiary role is, the evolution of the HQ-subsidary manager relationship has been observed from when HQ management initially held the decision power on key business activities (Corry & Cormican, 2019; Strutzenberger & Ambos, 2014). With this the MNC network model supports the progression of the subsidiary from being in a subordinative position to taking its rightful leadership position that encompasses a partnership (Birkinshaw & Hood, 1998). Here the subsidiary manager is semi-autonomous and can exercise decisions that are suitable for its local environment, whilst still being subject to its HQ restrictions (Birkinshaw & Hood, 1998).

This view has progressed somewhat with the subsidiary role evolving further in the current era. Subsidiaries managers are expected to contribute to the development of the business and explore new offerings independently, rather than adhere to a predefined role by HQ. This expansion includes the subsidiary managers using their bargaining power to influence the HQ process (Tardella, 2018).

It is important to know how the role of the subsidiary manager is determined. Some scholars believe that the subsidiary role can either be assigned to the subsidiary manager or taken by the subsidiary (Varblane et al., 2005). Whilst others believed that there is dual responsibility in determining the level of decision-making autonomy. Hensmans and Liu (2018), support the view that for subsidiary manages to show greater exercise in the use of their capabilities, there needs to be some negotiation between HQ and subsidiary managers.

The increased expectation for the subsidiary to manager to contribute to strategic decision making is promoted by frequent interactions with the holding company (Baglieri et al., 2010). As subsidiary managers demonstrate more ability and local knowledge, greater autonomy is granted to them (Strutzenberger & Ambos, 2014). As such, the subsidiary is elevated from merely a follower of orders to analysing and deciding on their own business direction (Corry & Cormican, 2019). This

evolution has rendered them more empowered (Saidani et al., 2012) to act autonomously when required (Cavanagh et al., 2017).

Prior studies by Birkinshaw and Hood (1998), showed that the evolution of the subsidiary role is HQ led, and is a result of external factors like economic climate changes. This suggests that the evolution of the subsidiary role is necessary for the sustainability and growth of the MNC. They would need to be relevant. As such most subsidiaries will aim for a greater role that support their performance within the MNC, including decision making authority (Ambos & Birkinshaw). With more expectation on the subsidiary manager, it seems that it is necessary to consider the types of decision that is delegated by HQ. The upward decision-making empowerment, is not necessarily positive when they do not have the right type of decision making. With this, Sengul & Gimeno (2013), describes the idea of constrained delegation, where some MNC not only delegate business or operational decisions, such as advertising or pricing, to the subsidiaries but also limit the scope of decision making in those functions, including resources. This might be perceived as limited empowerment.

There is dual responsibility in determining the level of decision-making autonomy. Hensmans and Liu (2018), support the view that for subsidiary managers to use their capabilities, there needs to be a negotiation between HQ and subsidiary managers, where HQ gives the authority, and the subsidiaries takes that authority to make decisions (Birkinshaw et al., 2000).

The next section unpacks these empowerment enablers, that are a result of the HQ-subsidary manager relationship.

2.3.4. HQ enablers of subsidiary decision-making

To unpack the enabler of subsidiary decision making, stemming from the HQ-subsidary relationship, this section groups them on their alignment to Kanter's structural empowerment theory. As a reminder this includes information and knowledge, resources, organisational support, and opportunity for growth.

(1) Information and Knowledge

Access to information and knowledge influences one's power and increases levels of the subsidiary autonomy (Varblane et al., 2005). This is important because international business literature on decision making, has shown that having a full understanding of the business environment, allows one to make better decision and thus positively impacting business outcomes (Mahlendorf, Rehring, Schäffer & Wyszomirski, 2012). In addition to knowledge, the subsidiary manager needs to be equipped with the essential information to make their decision (Verbeke &

Yuan, 2020). This is due to access to information which may ensure that the subsidiary is not subject to potential risks that may be expensive or detrimental in the long run (Galli Geleilate et al., 2020).

According to academic view, in some instances HQ will entrench itself in the subsidiary innovation processes because it holds the required knowledge to support the innovation project; if it lacked any information, it may not get involved (Ciabuschi et al., 2011). Similarly, Sengul and Gimeno (2013), argue that the HQ may choose to delegate decisions to their subsidiary managers due to them only having limited information that enable them to reside over those matters. This implies that should HQs' have been equipped with that knowledge and information, then they would possibly retain the decision authority. Thus, when armed with information and knowledge, those at the top are least likely to delegate decision making rights in that field (Graham et al., 2015).

As information and knowledge is important to HQ managers, this is equally true for the subsidiary manager. This is particularly so when they find themselves in unfamiliar territory. Kedia, Nordtvedt and Perez (2002), show that in uncertain circumstances, subsidiary managers will put the decision on hold until the required information is available to enable informed decision making. Subsidiary managers who have autonomy are able to access knowledge from other avenues including both external and internal networks. They then use it to add value to their organization, including decisions making processes within the MNC (Achcaoucaou, Miravittles & León-Darder, 2014).

It is important to note the type of information and knowledge that scholars have linked to subsidiary decision making. This includes organisational values and goals, how the subsidiary manager is viewed and strategy.

Volkmar (2003) added that that when individuals in an organisation share beliefs and organisations goals, they will use these to shape their decision making. With MNC being composed of a diverse employee profile, it is important that organisation values are widely communicated to ensure that the employees identify with these values (Erez, 2004). Findings by Erez (2004), support previous research that illustrated how top management can shape their organisational identity by surfacing and communication core values and goals through simple channels such as annual reports and presentations.

The next identified information type is on how the subsidiary manager is viewed by HQ managers on its performance. Some HQ managers use the performance management system including subsidiary manager remuneration as a way of managing the HQ-subsidiary relationship. In this regard, it believes that having performance management alignment affords the subsidiary manager the ability to be autonomous because subsidiary would align with HQ on the specific goals, which the subsidiary manager then proceeds to make and independent decision on, especially on how to meet the goals (Mahlendorf et al., 2012).

The last information and knowledge to be identified is strategy. Galli Geleilate et al., (2020) found that information on strategic initiatives is an important tool to empower the subsidiary because the amount of information shared between HQ and the subsidiary managers allows the subsidiary manager some autonomy even though it is interlinked to its HQ. This concept of linkage is also seen in a study of 148 MNC subsidiaries in China which found that some HQ managers instilled various control efforts to ensure that subsidiary managers that have decision making autonomy, align their decisions to the overall MNC strategy (Mahlendorf et al., 2012). In some instance this is in the form of sharing the necessary information with the subsidiary manager to assist the subsidiary manager in their decision making aligned to HQ ambitions (Mahlendorf et al., 2012).

The subsidiary's decision making, and bargaining power is highly influenced by the flow and patterns of information within the MNC (Björkman, Barner-Rasmussen & Lisource, 2004) as well as opportunities in areas such as R&D (Mudambi & Navarra, 2004), particularly when there is no conflict of interest with HQ (Björkman et al., 2004). A communication gap between HQ and subsidiary managers, could potentially disrupt information flow with consequential implication in serious matters (Lunnan et al., 2019).

Information contributes to the subsidiary being supported in their decision-making autonomy and influences the type of decisions taken by subsidiary managers (Buckley & Casson, 2019). In addition, allows them the confidence to challenge HQ (Buckley & Casson, 2019) and lead initiatives outside of HQ management authority (Hensmans & Liu, 2018).

Whilst one might have information, its value is realised when it is used. As such the subsidiary managers would need to use the possessed knowledge to pursue initiatives rather than wait on direction from HQ (Raziq et al., 2014).

The heterarchical and transnational corporate models show how the internal networks within the MNC should allow for information to be shared freely in various directions (Achcaoucaou et al., 2014). With this, there are various means for information to be disseminated through the organisational systematic structure. The study by Karjaluoto, Nevalainen and Taiminen (2014). (2014) illustrated how the use of digital channels in internal communication by MNC made it easy to communicate to a wider audience to provide business updates and information on strategy. In addition, the study by Balogun, Fahy and Vaara (2014), illustrates how the use of annual leadership roadshows that are led by HQ to communicate the organisation's strategy on certain internal process to subsidiary managers and leaders, was seen to influence the speed of decision making. These methods are supported by Belenzon et al. (2019) who add that organisation structures must allow for the flow of information to support potential decision makers.

Both headquarters and subsidiary managers are responsible for creating and supplying knowledge (Stendahl, 2018). The business network theory views subsidiary managers as having the upper

hand over HQ on local information, thus limiting some of the control that HQ may have over them in certain situations (Ciabuschi et al., 2011). Most HQ are not fully wrapped in the detailed information at the country or market level to enable them to manage the day to day in the subsidiary (Sengul & Gimeno, 2013). Thus, some HQ managers may focus their communication processes including the use of boundary spanners to support the flow of information in a quick and accurate way (Sengul & Gimeno, 2013).

Besides HQ, other players, are key in sharing information (Minbaeva & Santangelo, 2018). Boundary spanners are individuals within the MNC who pass on relevant corporate information and close potential knowledge gaps (Minbaeva & Santangelo, 2018). Other subsidiaries can serve as a source of knowledge exchange that benefits them all (Beugelsdijk & Jindra, 2018; Strutzenberger & Ambos, 2014). Here both formal and informal exchanges are done through a network of managers across various units and subsidiaries (Martinez & Jarrillo, 1991). Manev (2003) added that the informal network between subsidiary managers, allows them to exchange information that provides insight on each other's role, strengths, and growth areas.

Even though it has been established that knowledge and information is a contributor to decision making, in some instances, it may be withheld in full or in part. A reason to not transfer information includes motivational reasons, such as the fear of losing superiority over the other, or that the cost of sharing is exorbitant (Björkman et al., 2004). Other identified reasons include the belief that may not be justified to share the information, secondly, the information might not be absorbed, and lastly there maybe cultural issues and any organisational conflict (Wolters, 2014).

Elements of trust in the receipt of information is also a factor in the knowledge and information process. It is felt that relying on others to share information across the business hierarchy may be a risk as some do not share the most accurate information, which may also result in delays in decision making (Sengul & Gimeno, 2013). Another threat to the sharing of information includes a highly centralised structure, as this is regarded as a deterrent for subsidiary managers being open to share information with other subsidiaries (Wolters, 2014).

(2) Resources

Access to resources contributes to having more power (Dooms & Oijen, 2008 and Mudambi & Navarra, 2004). Without the required resource, subsidiaries are not able to act firmly on their conviction towards a particular path (Sengul & Gimeno, 2013). Further, the type of resources that are available, shape the level of power that subsidiaries hold (Strutzenberger & Ambos, 2014). For example, the study by Davis and Luiz (2015), illustrated that as subsidiaries gained more human resources through either employment of skilled professionals or access to HQ led centres of excellence, their transformational decisions making authority was elevated. When looking at

human resources, Newburry and Thakur (2010) warns against the dependence on acquiring expatriates within the MNC due to how expensive they are. They rather encourage the use of local talent to meet staffing needs (Newburry & Thakur, 2010).

In addition to human resources, another area that literature refers to on subsidiary managers resource needs is on financial resources. In this regard, the study by McFarlin, Sweeney and Cotton (1992) found that subsidiary managers can make decisions primarily in the operational areas of finance such as preparation of yearly accounts, financial targets, fixed assets management. However, the subsidiary managers would prefer to expand this to financial strategy. With this, Sengul and Gimeno (2013) held the view that when subsidiary leaders have access to monetary resources and the authority to make investment decisions over these, they preferred to plow it back into their subsidiary.

The literature suggests a criterion on the types of resources that bring advantage to the subsidiary manager when used as bargaining power for autonomy with HQ and to gain competitive advantage. The resources need to be rare and be found to have great quality (Achcaoucaou et al., 2014). In addition to this, the resources-based view suggests that resources need to be replicable (Birkinshaw et al., 1998). Where subsidiary's have unique resources to offer, this may be potential leverage to gain bargaining power for increased autonomy (Galli Geleilate et al., 2020). Those subsidiaries whose assets are utilised within the MNC (not just locally), are able to leverage this to their own bargaining advantage within the MNC., thus directing authority to the subsidiary (Ambos & Birkinshaw, 2010).

It is understood from literature that resources need to be used appropriately, by understanding their purpose. According to some studies, subsidiary managers may not have the know-how on using their resources appropriately to affect their performance positively. In other words, they may have the resources, but do they know how to structure them in the best manner (Galli Geleilate et al., 2020). The assumption made by this view as it relates to decision making, is that the subsidiary may not apply their resources appropriately, for effective decision making.

Once the purpose of the resource is understood, then it becomes the subsidiary's responsibility to ensure that they use the resources effectively to receive the associated benefits from that resource (Birkinshaw et al., 1998). To illustrate how this is understood by this research by way of examples if the subsidiary manager is given a budget for a project, they would need to understand the objective and outcome of the project to allocate the budget appropriately.

There are various ways for the subsidiary manager to access resources. For example, the study by Manev (2003), found that the networks within the MNC, play a role in how resources are allocated to the subsidiary. It is also understood that resource allocation and distribution is typically distributed from HQ to the subsidiaries (Robinson & Stocken, 2013 and Belenzon et al., 2019). When the MNC has several functional areas, HQ is likely to take the responsibility for

decisions on resources procurement to ensure that the procurement process is aligned to internal governance integrity (Liu et al., 2018).

Ambos et al. (2008) assume that HQ in a coordinator role, aims to ensure that resources are allocated effectively so as to benefits the whole organisation. Some scholars view this as a form of control by HQ. An example of this view is by Sengul and Gimeno (2013) who add that HQ in its pursuit to ensure Group benefit first, may use the allocation of resources and budgets to restrict the subsidiary's competitive behaviour. This is because what may benefit the subsidiary, may not benefit the firm's performance at group level.

HQ 's legal rights over the subsidiary, may curb subsidiary's control over assets, as HQ is able to repossess and control these resources (Mudambi & Navarra, 2004). This is supported by Belenzon et al. (2019), who believe that the allocation of resources and budget to the subsidiary, impedes on the subsidiaries manager's autonomy as the decisions they make are likely to take into consideration the resources given to them by their HQ. There are other means for subsidiaries to gain resources. An example is through local connections. With this Galli Geleilate et al., 2020, believes that a subsidiary that is entrenched in its own local environment is likely to have access to resources which in turn influence its decision making power. If the HQ is responsible for allocating resources, its key to understanding the grounds to which it allocates these resources. The traditional theory of the firm advocates for an internal set up where decisions are determined on the merit. However, the extent of this is up for debate, particularly when these resources are responsible for bringing value or competitive advantage for the subsidiary (Mudambi et al., 2014).

Another factor that suggests that resource allocation is based on merit, with prior studies having shown that the HQ's allocation of resources to its subsidiary is influenced by the size of the subsidiary (Tardella, 2018). Thus, the larger the subsidiary is, the more bargaining power to obtain more resources (Tardella, 2018).

Whatever the criteria, for resource allocation, it is acknowledge for its value to subsidiary manager decision making.

(3) Organisational Support

The support that subsidiary managers receive is another important factor in empowering them to make decision. Prior research shows that internal corporate factors within the MNC can potentially sabotage the subsidiary's independent direction. Mustafa and Bon, (2012); Zimmerman (1995) believe that empowering organisations allow decision making processes through organisational structures and policies. In addition to subsidiary decisions autonomy is influenced by corporate strategy and the role that the subsidiary plays (Birkinshaw et al., 1998). This was supported by Wyman (2017) who puts the responsibility on Group and the subsidiary boards to ensure internal

structures such as corporate governance charters, directs more authority and accountability to subsidiaries as well as actual engagement platform between HQ and subsidiaries.

These above-mentioned factors are termed corporate immune system, and can lead to the fear of subsidiary managers to voice their input (Strutzenberger & Ambos, 2014). An example of this corporate immune system is shown by Cavanagh et al., (2017), who acknowledges some HQ who use their position to halt subsidiary autonomy. Another example of corporate immune system shown in the negative is when HQ managers choose to not transfer responsibilities to subsidiary to maintain their own strategic decision-making power over key functions (Cheng et al., 2009).

One of the challenges within the HQ-subsidary relationship includes misalignment on interests, with the subsidiary's interest being on their local business whilst HQ focuses on the larger group's success (Casini, 2014). With this, the subsidiary may require autonomy whilst HQ leans in for greater control (Casini, 2014).

An example of support that subsidiary managers may need from HQ managers is on new initiatives. Birkinshaw and Hood (1998) argue that some subsidiaries may not take the required initiative based on their personal view that the initiative may be unwelcome by their HQ management. However, in some instances there is a need for the subsidiary to exert some decision making autonomy, which may not be supported or agreed on by the HQ (Dut, 2017). Hensmans and Liu (2018) believe that the MNC HQ should rather allow their subsidiaries the freedom to express their view on initiatives they would like to participate in, without any fear (Hensmans & Liu, 2018).

Literature also shows another organisational support factor that HQ can use to empower subsidiary manager decision making, being governance. Governance exists to define the scope of subsidiary decision making and ensures alignment to the MNC strategy and operations (Hu et al., 2021; Meyer & Schotter, 2020). Governance refers to the systems that define how the organisation works (Hendriks-Gusc, 2007).

With decision making authority being determined by internal rules it makes one realise that much thought and consideration is involved in the process and that it's not an inconsequential act (Harris & Raviv, 2005).

Another way that organisational support can be realised is through the internal culture. Lunnan et al., (2019) believe that culture can ensure an enabling structure. The organisational culture provides the roadmap of acceptable common practices or behaviours within an environment (Fragkos et al., 2020). It influences decision making and as such Randolph and Sashkin (2002) advise that an organisation need to be aware of how its culture can contribute to levels of empowerment. To illustrate this, Miroshnik (2002) points to a prior study by Hofstede and one by Laurent which found variances in how employees and managers from different part of the world

presents themselves when solving problems and making decisions. These studies showed that various cultures view the role of leadership differently. Laurent found that in the American culture, employees were comfortable bypassing authority to deliver on a task, whilst in the Italian culture this would be viewed as insubordination (Gibson et al., 1997). As such in the western culture, employees are given the space and creativity to find their own solutions to problems (Miroshnik, 2002).

The above could be seen as an illustration of internal support. Similarly, prior studies in emerging markets have shown that subsidiaries in more developed areas showed greater autonomy and attributed this to the likelihood of access to resource due to the advanced economic status of the region (Pisoni et al., 2010). For example, the European MNCs tend to maintain control on decision pertaining to operations and strategy; the US subsidiaries typically have more autonomy on their operational decision, whilst the parent still has oversight on strategic decisions (Sally et al., 2000). On the contrary, in eastern cultures, the leader is seen as the one who holds the answers to most questions posed by staff (Miroshnik, 2002). In such an instance leadership may not favour or be in support of lower-level structures like subsidiaries seemingly making their own decisions. Thus, culture can either be an enabler or barrier to the subsidiary manager's ability to make decisions.

The subsidiary's size and market share are another factor that seems to play a role in the level of organisational support given (Graham et al., 2015). The study by Andersson, Forsgren and Holm (2007) as well as Liu et al., (2018) favour the notion that subsidiaries who are deemed significant in power and size, are given more leeway to exert their influence on strategic decision. When the subsidiary is small and dependent on the holding company, the internal operation is typically not of significant focus, however as the subsidiary grows and gains status there is an increase in strategic decision making on the part of the subsidiary manager (Ambos & Birkinshaw, 2010). At this stage, the holding company starts to show greater interest in the internal affairs that are typically run by subsidiary managers (Birkinshaw & Hood, 1998). However, it seems that there needs to be a form of balance as to the acceptable size to bring about the desired level of autonomy. If the subsidiary becomes too big, it may lose some of its autonomy because a larger subsidiary requires increased coordination and has more complexity, which can only be driven by a manager with the right set of competencies (Johnston & Menguc, 2007).

How the subsidiary is perceived, its potential for market growth, the subsidiary country's strategic importance and in some cases even how the subsidiary management perceives their own level of significance (Birkinshaw & Hood, 1998; Varblane et al., 2005) add that those subsidiaries that are seen to be valuable to the MNC, negotiate on their level of power and autonomy with their HQ, than those who are not seen in the same light by HQ (Varblane et al., 2005).

(4) Opportunity for Growth

Having the right opportunity empowers the subsidiary manager to be effective (Hagerman et al., 2017). From the literature done, a number of opportunities that enable growth were identified. This research will focus on a few of these including enhancing capability, performance, formalised internal structures, and mobility.

Subsidiary's capability is a contributor to whether the HQ enables the subsidiary in its decision making. A capability pertains to the areas that an organisation has competitive advantage over others by having superior knowledge, skill, or resources (Cheng et al, 2009). The study by Cheng et al (2009) found that subsidiaries that are strong in their functional capability typically have more leeway in their decision making. This is supported by Strutzenberger and Ambos (2014) who demonstrates that as the subsidiary gains more autonomy, they are seen to have more competence. This capability can be developed or enhanced through subsidiary taking on more initiatives (Varblane et al., 2005).

In the study by Saidani et al. (2012), for subsidiary growth to take place, they first need to gain relevant competencies and skills required in strategy decision making process. By being highly competent in an area, the subsidiary is viewed as a specialist that others can rely on for direction (Strutzenberger & Ambos, 2014). Cheng et al. (2009), hold the view that if the holding company believes that the subsidiary does not possess the required capability, then they will be given limited authority in those areas. Unfortunately, the consequences of HQ exerting strong authority on its subsidiaries may result in the subsidiary losing its ability for strategic independence (Mudambi & Navarra, 2004). This is, therefore interpreted as the subsidiary manager's potential for growth being minimised or lost.

For the subsidiary to fully grow, enhance its role, and extend greater control, it must come out under the set formal structures of the MNC. However, It is believed that whilst the subsidiary manager is focused on advancing their role to be more innovating, HQ leaders may reign them in to focus on their actual role (Sinead & Kathryn, 2019).

In addition to competence, actual output or outperformance is a requirement for exposure to more opportunities. This is because HQ's confidence on subsidiary managers is elevated by the role that they play (Adams 2017). The subsidiary manager's output and performance plays a role in ensuring that the subsidiary has the required authority to assert themselves on a particular standpoint (Adams et al., 2017). Further, subsidiary who perform and exceed performance expectations have more room to negotiate on their level of power and autonomy with their HQ, than those who are who do not perform (Varblane et al., 2005) This is attributed to the MNC being more dependent on the performing subsidiary's output for the overall MNC successful performance (Varblane et al., 2005). When subsidiary performance is compromised, then HQ may see this as a reason to take greater control over decisions (Casini, 2014).

Once subsidiary managers have the necessary capability there is a need for them to be proactive according to literature. The suggested way to enhance and develop the subsidiary role includes proactively highlighting their skills and capabilities to HQ by means of the subsidiary manager volunteering to perform beyond the scope of their role (Corry & Cormican, 2019). In this research this would imply looking for areas where they can make independent decisions.

When subsidiaries gain autonomy, from a base of knowledge in certain areas it allows them to be seen as experts with value creating capabilities. This results in subsidiaries being given more responsibility over some areas by HQ (Raziq et al., 2014). This implies more confidence bestowed to the subsidiary manager by HQ management. Once HQ gains the comfort that the subsidiaries can successfully proceed independently, they decentralise some decision-making authority (Belenzon et al., 2019). An HQ that is confident in its subsidiary typically allows the subsidiary more freedom to act independently (Pamela & Gibbons, 2009). Those strong in judgment skills, particularly in complex matters, seems to be able to ease into the role of ownership in decision making; as such those who do not have such a skill, may prefer to pass on the decision making on business matters to others (Buckley & Casson, 2019). Within the MNC, this is observed through shareholders delegating strategic decisions to a CEO who they trust to have superior judgement capability (Buckley & Casson, 2019).

Some HQs build formalised internal structures that support subsidiary development. An example is through the formation of centres of excellence by HQ, which reflects the attempt for knowledge development and the collaboration of subsidiaries (Achcaoucaou et al., 2014). Another example of this is through the assignment of mandates, roles, and task by HQ to the subsidiary manager to develop and grow the subsidiary manager's role (Achcaoucaou et al., 2014). This has been seen in areas such as R&D where the subsidiary manager is able to take not only take certain initiatives but also influence the decision on which initiatives to take (Achcaoucaou et al., 2014). These subsidiaries are at liberty to be creators and distributors of knowledge within the MNC, allowing them to be in what is termed competence-creating roles. This role can be an opportunity for subsidiary growth as their influence spreads to other parties within the MNC (Achcaoucaou et al., 2014).

Some subsidiary managers get the opportunity to be deployed to HQ, as part of their development (Björkman et al., 2004). These managers are most likely to align their interests with HQ as career prospects are likely to be shaped by feedback from HQ and their level of socialisation within the holding company (Björkman et al., 2004). If the subsidiary manager's motive is not aligned with MNC strategy, then they may not gain HQ support in their pursuit of new interest with the role (Sinead & Kathryn, 2019). Besides opportunities in HQ, there are other global mobility opportunities that might be made available to subsidiary managers. It becomes important for an organisation to increase the level of awareness and comprehension on global career opportunities that are available internally (Newburry & Thakur, 2010).

Overall, the purpose of an empowering organisational structure is to bring about efficiencies, productivity, active participation, and contribution to decision making (Tyagi & Shah, 2018).

2.3 5 HQ versus Subsidiary Manager Perceptions

Within the HQ-subsubsidiary manager relationship, interests and perceptions on autonomy may not always be the same, with subsidiary managers wanting greater autonomy whilst HQ management preferring to control the subsidiary to ensure MNC wide profitability (Birkinshaw et al., 2000).

A perception gap exists when subsidiary managers have a different view from HQ managers on the subsidiary strategic role (Birkinshaw et al., 2000) and on existing MNC management processes (Chini, Ambos & Wehle, 2005). The variation in perception is influenced by individual experiences on the flow of information, how information is interpreted, as well as subsidiary levels of dependence on HQ (Chini et al., 2005). Birkinshaw et al. (2000) introduce the concept of holographic corporation by Hedlund (1986). Here, organisational information should be freely available throughout the organisation, however when it is available, there may be varying levels in understanding this information, resulting in the varying perceptions (Birkinshaw et al., 2000).

The study by Chini et al. (2005), found that the levels of perception gaps between HQ and the subsidiary is influenced by the strategic environment that they are in.

When the subsidiary has limited autonomy and is controlled tightly by HQ, it is likely to lead to perception gaps (Chini et al., 2005). This is linked to Kanter's structural theory of empowerment (Conger & Kanungo, 1988). To ensure that there are limited perception gaps held by HQ and subsidiary on the subsidiary manager role, it is important that both parties define the role (Seus, 2021).

Huge gaps in perception between HQ and subsidiary management, lead to tension, poor decisions, and subsidiary managers losing confidence on the MNC (Chini et al., 2005). Further varying perceptions between HQ and subsidiary managers, particularly on the subsidiary role, can bring strain to the relationship (Seus, 2021). This is seen when HQ believes that the subsidiary manager plays a less strategic role and thus applies tighter restraint on the subsidiary (Seus, 2021).

Birkinshaw et al. (2000) sees this as potentially leading to increased levels of knowledge. When the perception gap is small (when the views are completely aligned), it may result in ineffective decision making (Birkinshaw et al., 2000) as well as a compromised HQ-subsubsidiary relationship (Birkinshaw et al., 2000 and Chini et al., 2005). For example, where perceptions are completely aligned, it usually indicates complete HQ control with subsidiary managers playing an inferior role (Birkinshaw et al., 2000). Further, Chini et al. (2005) add that having similar perceptions is not an

indicator that both parties are satisfied with the current way (Chini, et al., 2005).

Thus this indicates that the right balance in perception variation is required. Some alignment is necessary, but different opinions are also necessary for effectiveness within the MNC.

2.3 Conclusion

This chapter provided a view by various scholars on the previously defined problem in chapter one. It included the definitions of decision making, empowerment, structural empowerment and finally Kanter's theory of structural empowerment as base for the research. It also looked at the nature of the HQ-subsidary relationship from an organisational structure and roles (mandate) perspective.

The four factors of structural empowerment namely (information & knowledge, resources, organisational support, and opportunity for growth), were expanded on. Scholars tend to agree that HQ plays an influential role in ensuring that the subsidiary's access to any of these empowerment factors, contributes to subsidiary decision making. When these factors were found to be withheld from the subsidiary, then the subsidiary has less autonomy for decision making

CHAPTER 3: RESEARCH HYPOTHESIS

3 Introduction

The research aimed to investigate the impact of the HQ-subsidary manager relationship, based on Kanter's structural empowerment factors, to enable the subsidiary manager's decision making. Ambos et al. (2016), showed the importance of studying the HQ-subsidary relationship and its influence on subsidiary autonomy. Kanter's structural empowerment theory identified four factors that empower individuals in the workplace (Kanter, 1979).

Following the theory in chapter two, the following hypotheses were developed on subsidiary managers empowerment and their access to knowledge and information, resource, organisational support, and opportunity for growth.

3.1 Hypothesis 1

The first hypothesis tests if the factors in Kanter's theory enable the subsidiary managers to make decisions. It is envisioned that HQ plays a role in the subsidiary manager accessing these four Kanter factors.

The first hypothesis was developed on the premise that structural empowerment was enabled by internal practices that are aligned to Kanter's theory, including the appropriate information resources, access to available opportunities that enable professional development and support, including direction and feedback on performance (Monje Amor et al., 2021).

As such, the HQ-subsidary manager relationship provides the subsidiary manager access to information, resources, organisational support and opportunity for growth, results in the subsidiary manager decision making. The opposite applies with the absence of these variables minimise the subsidiary's decision-making authority.

H1: The HQ-subsidary manager relationship will increase the level of Kanter's structural empowerment factors, to the subsidiary manager, resulting in the subsidiary manager decision making.

This is broken down as per each of the constructs in Kanter's structural empowerment factors.

3.1.1. Information and knowledge

Hypothesis (H1a) tests if access to knowledge and information (from the relationship with HQ managers), enables the subsidiary managers to make decisions.

The hypothesis was developed on the premise that the flow of knowledge within the subsidiary operation is what underpins its bargaining power and determines the ability to create value (Mudambi and Navarra, 2004). As such Mudambi and Navarra (2004) correlated knowledge flow with subsidiary power, which then allowed the subsidiary to influence internal direction (Mudambi & Navarra, 2004).

In addition, Strutzenberger and Ambos (2014) held the position that having information, provides the subsidiaries with greater power which in turn is used to shape their decision making to increase innovation within the organisation.

H1a: The HQ-subsidary manager relationship will increase access to information and knowledge to the subsidiary manager, resulting in the subsidiary manager's decision-making abilities.

3.1.2. Organisational Resources

Hypothesis (H1b) tests if access to resources (from the relationship with HQ managers), enables the subsidiary managers to make decisions.

This hypothesis is based on the premise that the subsidiary bargaining power is determined by the ownership and control of resources (Mudambi & Navarra, 2004). It is also influenced by the view that the more access to resources, the greater autonomy that the subsidiary has in decision-making at an effective level (Ambos et al., 2008).

The subsidiary's power to control its resources, is a result of negotiating with its HQ (Mudambi & Navarra, 2004). Further the resource dependency view, adds that HQ may limit subsidiary power by limiting resources to ensure subsidiary dependence on HQ (Ambos et al., 2008). The two views indicate the importance of the relationship between HQ and the subsidiary manager.

H1b: The HQ-subsidary relationship will increase access to resources to the subsidiary manager, resulting in subsidiary manager's decision making.

3.1.3. Organisational Support

Hypothesis 1c (H1c) tests if access to organisational support (from the relationship with HQ managers), enables the subsidiary managers to make decisions.

This is based on the previous study by Spence et al. (2009). This study looked at empowerment and relationships and then linked empowerment to having a supportive line manager. In addition, when the subsidiary has the required attention or recognition from HQ, the subsidiary manager is then at ease to contribute autonomously on things that impact its environment (Ambos & Birkinshaw, 2010).

Lastly, findings in the study by Monje Amor et al. (2021) support the view that those in higher authority can provide those in lower authority the freedom to determine their own direction as it pertains to work, goals as well and ensure a supportive environment.

H1c: The HQ-subsidary manager relationship will increase organisational support to the subsidiary manager, resulting in subsidiary manager decision making.

3.1.4. Opportunity and growth

Hypothesis 1d (H1d) tests if access to opportunity and growth (from the relationship with HQ managers), enables the subsidiary managers to make decisions.

This hypothesis is based on the view that when the subsidiary is given more responsibilities and access to opportunity that expand their knowledge and competence, then it reduces hierarchical governance within the MNC, and thus allows for a partnership relationship (Mudambi & Navarra, 2004). In addition, the subsidiary's linkage to its internal networks (including HQ), promotes the opportunity for competence creation (Achcaoucaou et al., 2014) thus opportunity for growth.

H1d: The HQ-subsidary manager relationship will increase access to opportunity and growth to the subsidiary manager, resulting in subsidiary manager decision making.

3.2. Hypothesis 2

The second hypothesis tests if there is a difference in the perception held by HQ and subsidiary managers on the available factors in Kanter's theory, to enable the subsidiary managers to make decisions. It may be assumed that there would be a difference in perception between the two management types, those at HQ levels and those at subsidiary level.

This hypothesis is based on the paper by Birkinshaw et al. (2000), which based its proposition on there being differences in the HQ and subsidiary managers pertaining to the role of the subsidiary within the MNC. Further, prior studies noted variations in the perception between HQ and subsidiary managers (O'Brien, 2012; Seus, 2021).

H2: There is a difference in the mean when comparing subsidiary managers with the HQ manager mean on subsidiary decision making, based on Kanter's structural empowerment factor.

CHAPTER 4: RESEARCH DESIGN AND METHODS

This section provides a framework of how the research was conducted to provide a concise evaluation of the research question.

4.1 Research Design

4.1.1. Research Philosophies

Research is composed of a philosophy consisting of an ontology, epistemology, methodology stance (Scotland, 2012).

Ontological focuses on what constitutes truth and the researcher's stance on that truth (Bell, Bryman & Harley, 2019; Scotland, 2012).

This study held a positivism assumption. The positivist ontological stance is marked with realism, where the object of interest lies outside of individual interests or believes. With this, truth is objective and that a single discoverable reality exists (Scotland, 2012). The assumption that was made was that the truth on the HQ subsidiary manager relationship would, increase the subsidiary manager's decision making based Kanter's structural empowerment factors, would be confirmed. The second truth to be confirmed was on the HQ manager and subsidiary manager having different perceptions on the available structural empowerment factors to support subsidiary manager decision making.

The research also focused on measuring the degree to which both the subsidiary managers and headquarter managers were aligned on the organisational constructs that shaped subsidiary decision-making autonomy. The assumption that was made was that a different perception would be held by both HQ and subsidiary managers.

Positivist epistemology follows objectivism where the researcher is interested in unpacking the one existing truth (Scotland, 2012). This research was concerned with the truth on the level of structural empowerment to support subsidiary manager decision making. Further positivism believes that there is a separation between the researcher and the subject of interest and that the object will maintain its status based on information, regardless of anyone's viewpoint (Scotland, 2012).

The focus is on the relationship between the researcher and the study, to understand the value or implications of knowing (Scotland, 2012). This includes what the truth leads to and puts gravitas, legitimacy, and validity of that one truth (Murphy, 2017). Thus, the epistemological assumption in

this study was that the same response would be displayed by the various managers, however there would likely to be a difference in responses between HQ and subsidiary managers. This would therefore point to the legitimacy and validity of the Kanter structural variables in international business studies particularly on subsidiary manager's decision making. It was proposed by this study that the implications of the research finding would broaden the scope of how we understand the subsidiary decision making.

The axiological assumption looks at the role of values and prior opinions that the researcher may hold onto the matter, which could potentially be biased (Crewel, 2012). With this type of study, the assumption that was made was that the truth was discoverable, and it would be concrete and value free. As such, it is free from any political or historic influence. The assumption that was made by this research was that both subsidiaries and HQ managers would respond on their observation rather than personal opinions or feelings to respond factually. This was considering Scotland (2012), who warned that quantitative researcher's value may be influenced by the decisions that the researcher makes on how to conduct the research, including the selected variables, decisions on what was observed and the interpretation of the finding.

4.1.2. Main Research Philosophy

The research followed a positivism philosophy. This philosophy believes that there is a single objective truth (Bell et al., 2019). The research's focus was rooted in adopting a scientific approach that proposed a hypothesis and then a process to test that hypothesis in a structured manner with the aim of obtaining a more general conclusion (Bell et al., 2019).

The conducted research believed that the HQ-subsidiary manager relationship influences subsidiary manager's decision-making power.

4.1.3. Approach to theory development

The study employed a deductive approach. This made use of existing literature to develop a hypothesis for testing (Bell et al., 2019).

Deductive research starts with an existing theory and filters down to the hypothesis level to test the hypothesis (Soiferman, 2010). Once the hypothesis is tested and the data is analysed, a conclusion is made (Watson, 2015). The research started with Kanter's structural theory of empowerment and then used this to develop two hypotheses. These two hypotheses were then tested. The results data was analysed and conclusion on the hypothesis was then finalise.

4.1.4. Research Strategy

A mono (or single) methodology was used in this study. The limited time to conduct this research contributed to this decision. A quantitative strategy was selected. This research strategy follows a very orderly and systematic process, assuming that the problem can be measured by statistical and numerical information (Watson, 2015). The primary objective of quantitative research is to test theory using deductive method to validate or disprove the hypothesis (Soiferman, 2010).

In this study the process of collecting primary data was clearly defined with a structured survey questionnaire.

4.1.5. Research Design

This research aimed to assess whether the HQ-subsiary relationship influenced subsidiary decision-making power. This was from the perspective of both (HQ and subsidiary management). An explanatory research design was the most suitable as it aims to describe the make-up or characteristic of a phenomena (Ditsa, 2004). The purpose of explanatory research is to unpack the relationships that may exist with various constructs in the study of interest (Ditsa, 2004). In this research these were the factors from Kanter's structural theory in influencing subsidiary decision making.

The nature of the study was comparative, where two separate bodies were assessed to understand the social question which needed investigation (Bell et al., 2019).

4.1.6. Time Horizon

A cross-sectional study was the most appropriate to unpack decision making attributes at a point in time. This time dimension limits the observation on the unit of analysis to the study period only (Ditsa, 2014). With the M.Phil. research having a time limitation, a longer study was not feasible.

4.2 Population

The population refers to the universe (or total number) where the sample came from (Bell et al., 2019). For this study the relevant population was made up of managers (both junior and middle) and senior managers who work for subsidiaries of a multinational organisation as well as managers (including junior and middle) and senior working in the HQ of a multinational

organisation. The entire population of those within this category was not obtainable given the time constraints on this research.

The collected demographic information included the following:

Demographic type	Available options
Currently work in	<ol style="list-style-type: none"> 1. Head office or headquarter (HQ) 2. Subsidiary / country division
The relationship between HQ and subsidiary	<ol style="list-style-type: none"> 1. Wholly owned subsidiary 2. Partially owned subsidiary company 3. Joint venture
The subsidiary reporting line:	<ol style="list-style-type: none"> 1. Subsidiary leaders report directly to HQ 2. Subsidiary leaders have a dotted reporting line to HQ 3. Subsidiary leaders report directly to the subsidiary structure 4. Other
The subsidiary reporting line:	<ol style="list-style-type: none"> 1. Subsidiary leaders report directly to HQ 2. Subsidiary leaders have a dotted reporting line to HQ 3. Subsidiary leaders report directly to the subsidiary structure 4. Other

4.3 Unit of analysis

The unit of analysis refers to the subject of study and can be individuals, groups, or social interactions (Donnelly & Trochim, 2010). The unit of analysis for this study was managers of a MNC environment. This included those in specialist and operational roles.

4.4. Sample frame

Sampling is the process of selecting a small number of research respondents from the population, for the purpose of generalising their findings to the extended population (Donnelly & Trochim,

2010). One uses a sample in research as it is not possible to extend the study to the entire population.

The sample group consisted of exco, senior, middle, and junior management groups. To select the sample, a method called snowball sampling was employed. This method is a type of non-probability sampling (Saunders, Lewis & Thornhill, 2019) where reliance is placed on referrals by individuals who are approached by the researcher, based on meeting the study selection criteria (Bell et al., 2019; Khan & Raeside, 2014). This method can carry some bias with some respondents being known to the researcher (Khan & Raeside, 2014). The research approached several professional to refer the survey to their contacts, as well as 101 individuals who were known to fit the criteria. It was not known how many of the referrals resulted in any survey responsiveness. There was a total of 83 responses. This was below the initial targeted response. This was of little concern as snowballing sampling method allows for a typically reduced sample size (Saunders et al., 2019).

The referred individuals and those personally approached were approached by the researcher by email, telephone, or LinkedIn messenger. Once they agreed to participate in the study, they were then sent an email with the survey information and link. Some respondents indicated a preference for a WhatsApp link to access the survey monkey. The information on the WhatsApp was the same as that on email.

It was believed that this approach was suitable given that the unit of analysis was individuals. In addition, this method is appropriate in situation that maybe difficult to follow probability sampling (Bell et al., 2019). Thus, non-probability method where the outcome is not seen to represent the entire population (Saunders et al., 2019) was appropriate. This was relevant in the conducted research where the overall total population of managers working in multinational organisations is unknown. It was also believed that this method would ensure a positive response rate given the referrals on individuals who were known personally by the referring individual.

To determine the sample size, a similar study was looked to for guidance. The study by Echebiri et al., (2020), using the same theory on structural empowerment had a total of 228 employees in a public sector in its study. Like the conducted research, the instrument used in the study by Echebiri et al., (2020) was adapted from the conditions of work effectiveness questionnaire. The target sample size was thus set at 200 individuals, even though snowballing does allow for reduction in the sample size (Adams et al., 2014; Saunders et al., 2019).

The selection process was based on the target audience's ability to answer the questions against a pre-defined criterion (Bell et al., 2019). The pre-defined criteria included these factors: work for a MNC at either headquarter or subsidiary; manages a team, process, or a function; responsible for some business decisions (regardless of level and employed with the business for at least three months. This selection criteria were communicated to the referring individuals.

4.5. Measurement Instrument

4.5.1 Instrument Description

Bell et al.,(2019) advised that an appropriate way for positivist study to obtain research data was by means of an instrument, such as a survey, that measures the information directly through a consistent and scientific method. As such, the study employed one instruments to measure the variables. Thus, a pre-defined survey questionnaire was used. Kothari (2004) advised that this ensure low cost, convenience, eliminated bias by the researcher and give participants the freedom to respond in their own time.

The research adapted the conditions of work effectiveness-II (CWEQ-II) tool. This tool had been previously, developed by Spence Laschinger in 2001 to measure levels of empowerment based on Kanter's structural empowerment theory concepts including access to resources, information, internal support, and work opportunity (Spence et al., 2009).

The research questions consisted of closed questions. The first part of the survey, Section A, collected biographical information from the respondents. The next part section B was composed of six sub-scales from Kanter's theory of structural empowerment. The definition of the first four sub-scales were consistent with the theory concepts definition. Two other sub-scales included formal power (from job characteristic such as discretionary decision making) and informal power (or organisational relationship scale from social connections across the organisation).

4.5.2. Variable Measurements

To measure the dependent variable (the subsidiary manager's decision making), the instruments' formal power: or job activities scale was used. This scale mirrors Kanter's definition of formal power in jobs characteristic and includes decision making (Spence Laschinger et al.,1998). Five items from this scale that related to decision making were used.

To measure the independent variable (HQ-Subsidiary relationship), the informal power or organisational relationships scale was used. This scale comes from social connections that are held with sponsors, peers, subordinates, and cross-functional groups (Spence Laschinger et al.,1998). Four items that related to relationships from this scale were used.

The structural empowerment variables (resources, information, internal support, and work opportunity) were measured per each of the variable categories.

Each sub-scale consisted of several questions, rated on a five-point scale (Spence et al., 2009). The higher the score, the greater the access to that concept (Laschinger, 2012), such as access to opportunity.

The questions on the survey were modified to reflect this study's objective. An example of a question that was modified is as follows:

- *Original questionnaire*: "How much access to support do you have in your present job"
- *Modified for this study*: "How much access to support from HQ do subsidiaries have to help them make decision?"

4.6 Pre-testing

Pre-testing an instrument is a key part of the research to allow one to determine the suitability of the instrument (Singh, 2007). Prior to data collection, an electronic version (word) of the survey was shared with four individuals who are corporate managers in various fields to ensure that the questions were clear, easy to read and grammatically sound. This was on the research quality advice from Saunders et al. (2019).

4.7 Data Collection

As mentioned previously, snowball sampling was employed. As such referrals from professional contacts, were be used to identify suitable respondents who met the pre-defined criteria. The referred respondents were approached directly by the researcher through email or had the survey link shared directly with them by the referring professional contact through email (with the same survey information).

The email invited the respondents to take part in the survey and provided a survey link for them to access the survey if they choose to do so. On opening the survey, respondents were met with a survey cover page that contained information about the study, its purpose, and the data collection process. It also highlighted the maintenance of confidentiality, anonymity and that as participation was voluntary, they could withdraw at any time without any penalty. To keep the confidentiality agreement, the data that was presented in this study was based on summary statistics (such as mean, median, mode, minimum value, maximum value, range, standard deviation) which was drawn from the survey respondents. The survey was conducted on a secure and encrypted online platform, called SurveyMonkey.

An interesting piece of feedback received from one of the referees was on the hesitancy of some subsidiary managers who were approached. They felt that the topic was quite sensitive, it hit a

nerve and feared it may have repercussions for them. They were then reassured that the survey did not ask any information that could link back to anyone as individual names, email addresses and company information was not solicited in the survey. The Survey-Monkey questionnaire had been set up to not report back individual emails. The only unique differentiating data that was received on survey monkey was IP addresses and a unique response ID that was generated by the platform.

It was initially anticipated that the data collection process would run over a four to six weeks period to allow at least 100 responses (of the targeted 200). Singh (2007) warns on the disadvantage associated with survey non responsiveness. This disadvantage was experienced in the first six weeks of data collection. After the six-week mark of data collection a CSV report was pulled out to get an overview of the responses. It was then picked up those 18 respondents had abandoned the study right at the beginning, with the implication that those responses could not be utilised. To obtain more responses the survey data collection period was extended up to nine weeks. Additional contacts were identified for referrals. This yielded a further 18 responses. At this stage there was not enough time was available to allow for further responses and data collection was closed with 83 completed responses.

4.8 Data Storage

This data storage facility was designed in adherence to the University of Pretoria's ethical standards.

The identified way to store the research data in a suitable way such as excel or SPSS. Excel columns provide a suitable naming convention to assist in recognising the information (Saunders et al., 2019). The data did not have any personal information nor identities (such as personal names or email addresses), that would single out or disclose the anonymity of the respondents. Only IP addresses and a response ID were used to differentiate them.

The data would be stored electronically for a minimum period of 10 years on a private computer and on iCloud. Only the researcher will have access to the data.

4.9 Data Analysis

Two steps were followed to analyse the data. This included preparation for the analysis and the actual analysis.

To analyse the data a suitable computer software for social-science data analysis, namely IBM SPSS, was employed. According to Dewettinck, Singh and Buyens (2004), this would allow for the

analysis of the data with a single statistical methodology. The raw survey data that was received from SurveyMonkey was converted into CSV File and then captured into SPSS software version 27. The CSV file did not come in the same format as the SPSS format. As such, some manual conversion was done. This included converting word responses to numerical representation.

As part of the preparation for entering the survey information into SPSS, the file was then converted to excel and then coded on a separate code book (refer to Appendix 3). This entailed allocating numerical values to responses as preparation for the data analysis (Adams, 2007). A codebook is a view of the instructions to transfer the survey information into an SPSS required format (Pallant, 2020).

Once the data was prepared, then the next step was to analyse it. The study analysis included descriptive and inferential statistics. Scotland (2012) advised that this allows the result to be generalised to the larger populations. The analysis process included: ensuring research quality, understanding the demographic; descriptive analysis, correlation analysis and hypothesis testing.

4.9.1. Research Quality

The reliability and validity assessments are the most important evaluators of quality in good research as they relate to the credibility of the research data (Mohajan, 2017). Reliability is concerned with consistency whilst validity is concerned with accuracy of truth in the findings (Mohajan, 2017).

To ensure data quality, the survey needed to prove both its reliability and validity. This was to ensure that any possible measurement errors from the tool were kept to a minimum (Watson, 2015).

The CWEQ tool was previously used in several other studies, which had found an acceptable internal consistency and reliability (Spence Laschinger et al. 1998). Even through the instrument that was used had undergone both reliability and validity, on the same concept in prior research, it was still necessary to run this for this study, as the concepts were not the same.

(1) Reliability

Reliability of the tool measures its consistency over time or what it is intended to measure, consistently (Bell, et al., 2019; Singh, 2007). It also measures precision, replicability, and trustworthiness of the measure (Mohajan, 2017).

Prior to the test, each of the questions were reviewed for reverse coding (or in the negative). There were none were written in the negative.

There are three factors to consider when assessing reliability namely stability, internal consistency reliability (Mohajan, 2017) and inter-rater reliability (Bell et al., 2019).

Stability is the instrument's ability to maintain the same accuracy in result over time regardless of the circumstance (Adams et al., 2014; Mohajan, 2017). Due to the limited time frame of the masters' research, the survey was only conducted once. Retesting was not feasible.

Internal reliability assesses the consistency of an instrument across its various dimension to ensure that they measure the same thing (Adams et al., 2014; Mohajan, 2017). To determine the internal consistency or reliability, the Cronbach was used. This is a statistical measure for internal consistency within the survey components that are meant to measure the same construct. These items should therefore correlate with each other (Lavrakas, 2008). Using Cronbach, the perfect reliability scores is between 0 and 1. For perfect reliability, the result is 1 and for no reliability, the results 0 (Mohajan, 2017). Table 4.1 illustrates this further.

Table 4.1. Interpreting Cronbach alpha

Alpha Value	Meaning
≥ 0.9	Excellent reliability
$\geq 0.8 < 0.9$	Good reliability
$\geq 0.7 < 0.8$	Acceptable reliability
$\geq 0.6 < 0.7$	Questionable reliability
$\geq 0.5 < 0.6$	Inadequate reliability
< 0.5	Not acceptable reliability

Source: Adapted from (Habidin, Zubir, Fuzi, Latip & Azman, 2015).

Table 4.2 Cronbach's Alpha results

Construct	Cronbach's Alpha	Cronbach Alpha based on standardised items	# of items
Information & knowledge	0,835	0,842	8
Access to Resources	0,827	0,830	7
Organisational Support	0,901	0,902	9
Opportunity & Growth	0,827	0,827	7
JAS (Decision Making)	0,756	0,756	7
ORS (HQ-Subsidiary Relationship)	0,903	0,904	18

Source: Researcher's compilation from SPSS results

The above Table 4.2 provides the Cronbach's Alpha results for this research. Based on the mentioned criteria by (Pallant 2020), the reliability for the each of the constructs is at a high level of internal consistency, with all results being above the prescribed level of 80% for the first four constructs. Decision making achieved acceptable reliability.

With this, the conclusion was therefore drawn that the item under each of the constructs were consistently measured across the construct. This also illustrates the reliability of the instrument (Corry & Cormican, 2019).

(2) Validity

The validity of the tool is concerned with the tool measuring the concept that it sets out to measure (Bell et al., 2019; Singh, 2007), and therefore the extent of the results being true (Mohajan, 2017). Thus, in this study, it was to ensure that the adapted instrument measured the key concepts correctly.

(3) Sampling Adequacy (KMO and Bartlett)

Sampling adequacy was done using the Kaiser-Meyer-Olkin (KMO) measure. This looks at correlation between variables (Spicer, 2005). In addition, the Bartlett test was done to assess if there are variations in the correlation matrix (Adams, Khan & Raeside, 2014).

The Kaiser-Meyer-Olkin measure of sampling adequacy (KMO), illustrates the degree of variance in the variables. Should the KMO have a value below 0,5, then it translates into an unacceptable basis for factor analysis, the factor may not be useful (Spicer, 2005). Thus, the KMO must range from 0 to 1 with 0,6 being the minimum required for an acceptable factor (Pallant, 2020).

The Bartlett test is employed to assess the non-correlation between measures that should not have a relationship (Mohajan, 2017). To determine that the factors in the measure are appropriate for usage, the Bartlett test of sphericity needs to be statistically significant at less than 0,05 (Pallant, 2020).

Table 4.3 KMO and Bartlett's table

<i>Construct</i>	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	Bartlett's Test		
		Approx. Chi Square	<i>df</i>	<i>p-value</i>
Information & knowledge	0,806	251.538	28	0,000
<i>Resources</i>	0,691	252.926	21	0,000
<i>Organisational Support</i>	0,859	409.00	36	0,000
<i>Opportunity & Growth</i>	0,763	225.120	21	0,000
JAS (Decision Making)	0,751	262.560	36	0,000
ORS (HQ-Subsidiary Relationship)	0,805	817.295	153	0,000

Source: Researcher's compilation from SPSS results

As illustrated in Table 4.3, all the construction showed a KMO result above 0,6. This means that the overall analysis of the research results is founded on data that has tested to be trusted to measure its intended purpose and is trusted to be consistent across the various constructs.

With both KMO and Bartlett test standards being achieved, there was enough of a case to assess the data's relational structure.

4.9.2. Descriptive analysis

The analysis process included descriptive analysis. Descriptive analysis aims to decipher and synthesis data (Adams, 2007; Lavrakas, 2008). It includes measures of centrality (for example, the mean), standard deviation, score ranges, skewness, and kurtosis (Pallant, 2020). This was analysed to aid in the understanding of the data collected.

(1) Measures of central tendency

The mean, median and mode refer to a measure of central tendency, where the measure is typically in the middle of the data set (Lavrakas, 2008). The mean is the average response given for a question whilst the median is the central number in an arrangement of numbers from smallest to largest (Adams et al., 2007). The mode refers to the most frequent occurring value in the distribution (Bell et al., 2019).

(2) The standard deviation

The standard deviation provides the measurement spread within a variable and is measured in variance; a larger standard deviation is indicative of more data variation or spread (Adams et al., 2007). It is the average variation of the response from the mean (Bell et al., 2019). Pallant (2020) includes skewness (distribution symmetry) and kurtosis (distribution peak) to the measurements of spread.

(3) Distribution

Positive skewness values are primarily arranged to the left on the lower values, whilst negative skewness values are primarily at the right on the higher values (Pallant, 2020).

Positive kurtosis values reflect a distribution that is more central whilst kurtosis values that are lower than 0 reflect a flat distribution with a lot of extreme responses (Pallant, 2020)

(4) Normality Results

The normality results are attached in Appendix 3. For most all the constructs a mean of above 3.0 was achieved, thus indicating that the average respondent felt that they had access to the measured structural empowerment variables, which then also contributed to subsidiary manager decision making.

The opportunity for growth had a mean of 2.82 indicating that there were areas where opportunity for growth was limited in aiding in the subsidiary decision making.

4.9.3. Hypothesis analysis

This research assumed two hypothesis that required to be analysed.

(1) Hypothesis one

Multiple regression

Multiple regression is a statistical method that is used to unpack the relationship between a single dependent variable and various independent variables and is ideal for complex real-life phenomena (Pallant, 2020). It is used when the researcher is informed about the dependent

variables as well as the independent variables (Singh 2007). It uses the independent variable to predict the outcome of the dependent variable (Singh 2007).

This research followed the Pearson correlation or spearman correlation to test the hypothesis. This is used to assess the relationship between variables (Bell et al., 2019).

The below figure 5.1, illustrates what the correlation coefficient means as developed by Saunders, Lewis, and Thornhill (2019). With the analysis, values fall between “-1 and 1”, indicate the relationship status. When there is no existing relationship, the coefficient is at “0” (Bell et al., 2019). The closer the coefficient is to zero, the weaker the relationship (Bell et al., 2019). For a perfect or strong relationship, the coefficient lies between 1.00 or-1.00. In this case, it is either positive or negative to indicate the nature of the relationship held (Bell et al., 2019).

Figure 5.1: Correlation coefficient analysis



Source: (Saunders, Lewis & Thornhill, 2019).

If data is normally distributed, then one would use linear regression and Pearson correlation. If data is not normally distributed, then use the ordinal and spearman correlation (Verma & Abdel-Salam, 2019). In this research, spearman is employed to present the result stemming from the presented hypothesis.

(2) Hypothesis two

The second hypothesis made use of the ANOVA (analysis of variance), to test the hypothesis.

The ANOVA is used when there is one independent variable that has two or more levels, that correlate with the condition at play. The dependent variable acts as a continuous variable (Pallant, 2020).

Should the p-value be less than 0.05, it indicates that there is a significant difference (Adams et al., 2014). This means that the hypothesis is rejected, as the means are equal for the population (Pallant, 2020). Pallant (2020), uses the F-test to indicate this analysis.

4.11 Ethical Considerations

Researchers are bound to an ethical responsibility of ensuring that the research is done honestly and with integrity, throughout the research lifecycle (Saunders et al., 2019). Before commencing any data collection, permission was obtained from the University of Pretoria's research ethics committee. Clearance was obtained on 27 July 2021 (Refer to Appendix 1). Data collection started on the 30 July 2021.

It is crucial to ensure that one's personal and professional conduct during the research process is sound, obtains informed consent, ensures no risk of harm to the respondents, ensures no conflict of interest, and preserves the respondents' anonymity and confidentiality (Fleming & Zegwaard, 2018). All respondents were guaranteed anonymity, confidentiality, and could choose to withdraw at any time. This was communicated on the cover of the research survey. The survey feedback did not ask for the respondent's names and had been set up to not reflect any individual identification markers such as email. Refer to Appendix 2 to view the consent form.

This research ensured that the full participation rate as well as the actual response rate was reported. The respondents' responses should not alter to fit a particular result (Saunders et al., 2019). This was the case in this research with the results being presented as is.

The number of responses that was removed from the data analysis was 18. This was because those participants had not completed the survey. They had only completed the demographic section of the survey and then abandoned the rest.

The research adhered to University and Gibs code for plagiarism. All sources were referenced appropriately using the APA referencing guideline.

4.12 Limitation of research design and methods.

As referrals were used to source respondents, the research was not able to identify the industry that the respondents represented. This did not allow the depth of a specific industry view.

It was difficult to ensure an equivalent representation of both subsidiary and headquarter sample.

This selection process catered for a non-probability method. The result of this method may tamper with the ability to be representative of the entire population as the referee is likely to refer those like

themselves (Adams et al., 2014). The reliance on referrals may have compromised the sample characteristics.

The pretesting could have gone further to assess actual probability and validity of the instrument.

The chosen collection method of survey bares the risk of survey fatigue, with it being a popular approach for obtaining information (Adams, 2007).

The period for data collection was not adequate to allow for further responses and as such the research was closed at 83 responses. The ideal number of responses would have been 100.

The lower response rate may have hampered with greater insight into the study.

Conclusion

This chapter provided a view of the methodology followed in testing the research hypothesis that was outlined in chapter three. The methodology was quite comprehensive to ensure good results. This included validity and reliability testing, descriptive analysis and hypothesis testing was done according to Gibs ethical process.

CHAPTER 5: RESEARCH RESULTS

This chapter presents the results obtained from the data analysis. It starts with the research sample, followed by descriptive statistics to describe the sample. This will then be followed by a correlation analysis on the variable and hypothesis testing. It then concludes with a summary of the research findings.

5.1 Sample Description

The first section provides a description of the sample from the research.

The number of surveys that were sent out directly by the researcher was 101 surveys. It was not known how many referrals were made through snowballing. A total of 83 surveys were returned and this is an acceptable response (Adams et al., 2014).

The survey, was completed by 33 HQ managers and 50 subsidiary managers. This is an acceptable representation of both HQ and subsidiary managers. It would aid in providing a comparative view from both perspectives.

The advantage of having a slightly higher number of subsidiary manager respondents is that it provided a more representative view of the subsidiary perspective. It was imperative to get the views of respondents working in subsidiaries.

Most of the respondents (59), indicated that the HQ-subsiary ownership structure was wholly owned. A wholly owned subsidiary is fully owned by the holding company (Institute of Directors of South Africa, 2019). The research had 24 managers who were part of a joint venture and partially owned subsidiary. This is a partnership of companies (Robinson & Stocken, 2013).

With the research data being made up mainly of fully owned subsidiaries, it would provide an accurate view of the research problem, as the respondents would be subject to the internal structural components that influence decision making.

Almost half of the respondents (41), indicated a direct reporting line of the subsidiary to HQ structure with 27 subsidiaries managers' having a dotted reporting line to HQ managers. The literature review indicated that the internal organisational architectural design influences the level of empowerment including internal decision-making process (Zimmerman, 1995). Thus, the value derived from the respondent make up, stems from the assumption made that HQ would play a

greater role in the internal structures that facilitate decision making for the subsidiary manager. Further, it was anticipated that the subsidiary managers, would be familiar with these internal structures that would shape decision making.

In the demographic analysis, leadership level refers to exco and senior management level roles, whilst management refers to middle and junior management roles. The specialist refers to those who are subject matter experts, who lead processes and not people,

The nature of work done by the presented sample were primarily occupied by 25 at the leadership level and 28 at the managerial level. Other leaders represented were at a specialist level and a small representation at the operational leadership level. The nature of these roles contains elements of decision making, at varying degrees and thus play a key role in responding to the research question at hand.

5. 2 Descriptive Statistics

A view of the conducted descriptive statistics analysis for each of the constructs follows. This includes an overall descriptive analysis that encompasses both subsidiary and HQ manager’s response. It is then followed by a comparative view of the respondents.

5.2.1. Descriptive Analysis: Access to Information and knowledge

Table 5.1 Descriptive Analysis : Information and knowledge

Statement	N statistics	Mean	Standard Deviation	Skewness	Kurtosis
Current state of the overall business	83	3.69	.840	.272	-.917
How the subsidiary’s objective aligns to the group objective	83	4.02	.811	-.466	-.333
How others in similar roles perform their role	83	3.28	.954	-.069	-.017
Top management (i.e., HQ Exco) values	83	3.87	.866	-.545	.369
Top management goals (i.e., HQ Exco)	83	3.83	.948	-.534	-.138
This year’s business strategic plan	83	3.98	.950	-.914	.883
How salary decisions are made	83	2.61	1 238	-0.67	-1.014
How the subsidiary is viewed by the HQ	83	3.35	1 029	-.545	-.145

Source: Author's compilation from SPSS results

Table 5.1 provides a view of the mean, standard deviation, skewness, and Kurtosis relating to the Information and knowledge construct.

The mean showed, the data range for the 83 respondents was from 2.61 (little access to information & knowledge) to 4.02 (above average access to information and knowledge). The responses are clustered above 3.0 or slightly above average access to information and knowledge. This indicates that many respondents agreed with the statements made on the constructs ability to support subsidiary decision making. However, the mean for the statement "How salary decisions are made" responses indicated a limited access.

The standard deviation was low for most of the responses, showing minimal variation from the mean. This indicated that most respondents were aligned in their response. The standard deviation was higher for the statement "How salary decisions are made" and "How the subsidiary is viewed by the HQ."

The data was positively skewed for some of the responses, suggesting that most agreed to subsidiary access to Information and knowledge in influencing decision making.

Several the questions had a negative kurtosis score, indicating a flat distribution with a lot of extreme responses. This includes the statement current state of the overall business, how the subsidiary's objective aligns to the group objective, how the subsidiary's objective aligns to the group objective top management goals (HQ Executive Committee members), how salary decisions are made, current state of the overall business and how the subsidiary is viewed by the HQ.

The next table following table shows a comparative view of this data, to assess if there is a difference between the level

Table 5.2. Comparative analysis: Information and knowledge

Sample Group	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Subsidiary / Country division	50	3,6000	0,78246	0,11066	3,3776	3,8224	2,00	5,00
Head office / Headquarter (HQ)	33	3,6364	0,60302	0,10497	3,4225	3,8502	2,00	5,00
Total	83	3,6145	0,71280	0,07824	3,4588	3,7701	2,00	5,00

Source: Author's compilation from SPSS results

Table 5.2, show the comparison between HQ and subsidiary responses. The results indicate very close alignment. Both agreed to the subsidiary having access to information and knowledge. This was slightly above a moderate level and was seen to influence subsidiary decision making.

As illustrated in Table 5.1, the only differences that could be picked up is on “How salary decisions are made” and “How the subsidiary is viewed by the HQ.”

5.2.2. Resources

Table 5.3 Descriptive Analysis : Resources

Statement	N statistics	Mean	Standard Deviation	Skewness	Kurtosis
Having budget to execute on certain deliverables	83	3.42	.939	-.130	-.107
Adequate time to plan for key business projects	83	3.28	.967	-.504	-.173
Adequate time to accomplish key business projects	83	3.31	.896	-.667	.520
Acquiring temporary help when needed	83	3.23	1.086	-.238	-.424
Influencing decisions about obtaining human resources for your unit	83	3.08	1.222	-.370	-.687
Influencing decisions on obtaining resources for your unit	83	3.05	1.168	-.284	-.590
Influencing decisions about obtaining infrastructure / technology for your unit	83	3.28	1.074	-.216	-.426

Source: Author's compilation from SPSS results

Table 5.3 provides a view of the mean, standard deviation, skewness, and Kurtosis relating to the Access to resources construct.

The mean showed the data range for the 83 respondents was from 3.05 to 3.42 (Some to slightly above average access to resources). This indicates that many respondents agreed with the statements made on the constructs ability to support subsidiary decision making.

The standard deviation was low for three of the items, showing minimal variation from the mean. However, it did increase for four of the items, showing greater deviation from the responses.

The data was negatively skewed, suggesting that most agreed to the existence of access to resources in influencing decision making.

Six of the questions had a negative kurtosis score, indicating a flat distribution with a lot of extreme responses.

Table 5.4. Comparative analysis: Resource

Sample Group	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Subsidiary / Country division	50	3,2000	0,83897	0,11865	2,9616	3,4384	1,29	5,00
Head office / Headquarter (HQ)	33	3,2900	0,56411	0,09820	3,0900	3,4901	2,00	4,29
Total	83	3,2358	0,73943	0,08116	3,0743	3,3973	1,29	5,00

Source: Author's compilation from SPSS results

Table 5.4. Illustrates the comparison between HQ and subsidiary responses. There was alignment in their responses as both agreed to the subsidiary having resources that were slightly above a moderate level and was seen to influence subsidiary decision making. As illustrated in Table 5.3, there were some variations on four statements. This included 1) Acquiring temporary help when needed, 2) Influencing decisions about obtaining human resources for your unit, 3) Influencing decisions on obtaining resources for your unit and 4) Influencing decisions about obtaining infrastructure and technology for the unit.

5.2.3. Organisational support

Table 5 5 Descriptive Analysis : Organisational support

Statement	N statistics	Mean	Standard Deviation	Skewness	Kurtosis
Specific information about initiatives that are done well	83	3.71	.931	-.315	-.278
Headquarter feedback on things that can be improved	83	3.71	.982	-.415	-.439
Helpful hints or problem solving advice	83	3.43	1.073	-.583	.021
Information or suggestion on career prospects	83	2.81	1.302	.096	-.900
Discussion on development or learning possibilities	83	3.16	1.302	-.094	-.980
Support when there is a work crisis or a challenging situation	83	3.70	1.123	-.593	-.270
Assistance to access people from HQ who can support work initiatives	83	3.60	1.081	-.449	-.198
Help by HQ in getting materials and tools to progress in one's job	83	3.43	1.002	.000	-.747
Rewards and recognition from HQ for a job well done	83	3.07	1.218	-.100	-.735

Source: Author's compilation from SPSS results

Table 5.5 provides a view of the mean, standard deviation, skewness, and kurtosis relating to the organisational support construct.

The mean showed the data range for the 83 respondents was from 2.81 (limited) to 3.71 (Some) organisational support to contribute to influence subsidiary decision making. This indicates that many respondents agreed with the statements made on the constructs ability to support subsidiary decision making. The only statement with limited organisational support to support subsidiary decision making was information or suggestion on career prospects.

Many of the statements had a high deviation from the norm, indicating a few outlier responses.

The data was negatively skewed for seven of the questions, suggesting that most agreed to having the required organisational support in influencing decision making.

There was a positive skewness for the question on organisational support pertaining to information or suggestion non career prospects. This reflected limited support in this regard in enabling decision making.

Eight of the questions had a negative kurtosis score, indicating a flat distribution with a lot of extreme responses.

Table 5.6: HQ-subsiidiary Comparative analysis : Organisational support

Sample Group	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Subsidiary / Country division	50	3,2786	0,91638	0,12960	3,0182	3,5390	1,56	5,00
Head office / Headquarter (HQ)	33	3,5926	0,66936	0,11652	3,3552	3,8299	2,11	5,00
Total	83	3,4034	0,83699	0,09187	3,2207	3,5862	1,56	5,00

Source: Author's compilation from SPSS results

Table 5,6, show the comparison between HQ and subsidiary responses, indicating very close alignment in their response. Both agreed to the subsidiary having access to organisational support to influence subsidiary decision making. However, the subsidiary managers indicated this at a slightly slighter lesser degree than HQ. An area that was shown to have limited support in table 5.5 was on organisational support pertaining to information or suggestion non career prospects. It is quite possible that subsidiary managers by the nature of where they are positioned, felt they had limited access to information that would help inform their career ambition.

5.2.4. Opportunity for Growth

Table 5.7: Descriptive Analysis : Opportunity for Growth

Statement	N statistics	Mean	Standard Deviation	Skewness	Kurtosis
Challenging work that allows independent decision making	83	3.51	.929	.122	.024
The chance to gain new empowering skills and knowledge	83	3.76	.958	-.519	.171
Access to training and development programs within the Group	83	3.67	1.308	-.779	-.323
The opportunity to learn how the overall business works	83	3.78	1.071	-.772	.289
Initiatives that use one's skills, experience, and knowledge	83	3.65	1.005	-.795	.597
The chance to advance one's career not only in within the immediate subsidiary but within the Group	83	3.20	1.266	-.065	-.775
The chances to assume different roles not related to current job within the Group	83	2.75	1.258	.156	-.837

Source: Author's compilation from SPSS results

Table 5.7 provides a view of the mean, standard deviation, skewness, and kurtosis relating to the opportunity for growth construct.

The mean showed the data range for the 83 respondents was from 2.75 (limited) to 3.78 (Some) opportunity for growth to contribute to influence subsidiary decision making. This indicates that many respondents agreed with the statements made on the constructs ability to support subsidiary decision making.

Many of the questions showed a high deviation from the norm, indicating a few outlier responses.

The data was negatively skewed for five of the questions, suggesting that most agreed to having the required opportunity for growth to influence subsidiary decision making.

Table 5.8. HQ-subsidiary comparative analysis: Opportunity for growth

Sample Group	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Subsidiary / Country division	50	2,7345	0,56931	0,08051	2,5727	2,8963	1,55	3,82
Head office / Headquarter (HQ)	33	2,9587	0,42097	0,07328	2,8094	3,1079	1,91	4,00
Total	83	2,8237	0,52442	0,05756	2,7091	2,9382	1,55	4,00

Source: Author's compilation from SPSS results

Table 5.8 depicts the difference between HQ and subsidiary responses on access to opportunity for growth. It shows much alignment in their response. Both agreed to the subsidiary having limited opportunity to influence subsidiary decision making. The subsidiary response indicated this to be slightly less than HQ manager response. Areas that had some difference as shown in table 5.7 include 1) The opportunity to learn how the overall business works, 2) Initiatives that use one's skills, experience, and knowledge, 3) The chance to advance one's career not only in within the immediate subsidiary but within the Group and 4) The chances to assume different roles not related to current job within the Group.

Overall, when looking at the descriptive analysis across all four constructs, the mean result indicated that many respondents agreed with the statements made on the constructs' ability to support subsidiary decision making (there were some differences). This was also supported by the negative skewness of the data for most of the statements.

The next section of descriptive analysis looks at comparative analysis to further test the hypothesis.

5.3. Correlation Matrix

Correlation analysis is a statistical method that is employed in to characterise the strength and the direction of the variable relationship (Verma. & Abdel-Salam, 2019). The correlation matrix is presented for each of the four constructs.

5.3.1. Information & Knowledge

Table 5.9 Correlation Matrix : Information and Knowledge

Statement	<i>The current state of the overall business</i>	<i>How the subsidiary's objective aligns to the group objective</i>	<i>How others in similar roles, perform their role</i>	Top management (i.e., HQ Exco) values	Top management goals (i.e., HQ Exco)	This year's business strategic plan	How salary decisions are made	How the subsidiary is viewed by HQ
Current state of the overall business	1,000	.423	.399	411	255	204	.340	.368
How the subsidiary's objective aligns to the group objective	.423	1.000	543	508	402	.476	.422	384
How others in similar roles perform their role	.399	543	1000	.532	.336	.223	257	248
Top management (i.e., HQ Exco) values	.411	508	532	1000	715	.470	498	285
Top management goals (i.e., HQ Exco)	.255	402	366	715	1.000	.646	484	.224
This year's business strategic plan	.204	476	.223	.470	.646	1.000	417	283
How salary decisions are made	.340	422	.257	.498	.484	.417	1.000	.423
How the subsidiary is viewed by the HQ	.368	.384	.2.48	285	224	283	423	1.000

Source: Author's compilation from SPSS results

Table 5.9 above depicts the eight statements associated with the access to Information and knowledge construct. Constructs that had a coefficient that was less than 0.3 are highlighted in grey and bold indicating some disagreement on the adequacy of the access to information and knowledge as it pertains to these dimensions of the construct to influence decision making. This includes:

- The current state of the overall business as it relates to top management goals
- How others in similar roles perform their role as it pertains to this year's business strategic plan

- How salary decision is made and how the subsidiary is viewed by HQ
- Top management as it relates to how the subsidiary is viewed by HQ
- This year's business strategic plan as it relates to how others in similar roles, perform their role and how the subsidiary is viewed by HQ
- How the How salary decisions are made as it pertains to others in similar roles
- How salary decisions are determined as it pertains to how others in similar roles perform their role
- How the subsidiary is perceived by the HQ on how others perform in similar roles, top management values, goals, and this years' strategic plan.

Overall, most of statements on the Information and knowledge correlation matrix indicated that the HQ subsidiary relationship enabled subsidiary access to the Information and knowledge construct across the various dimension. The level of access to this construct was at varying levels. However, it was agreed that this did contribute to the subsidiary decision making.

As most of the statements associated with these constructs had a coefficient of 0,3 or above, it indicated that the hypothesis would be accepted. This means that the subsidiary has access to information and Knowledge from their relationship with HQ. This results in the subsidiary being able to make decisions.

5.3.2. Resources

Table 5.10: Correlation Matrix : Resources

Statement	Having budget to execute on certain deliverables	Adequate time to plan for key business projects	Adequate time to accomplish key business projects	Acquiring temporary help when needed	Influencing decisions about obtaining human resources for your unit	Influencing decisions on obtaining resources for your unit	Influencing decisions about obtaining infrastructure / tech for your unit
Having budget to execute on certain deliverables	1.000	.515	.363	0,323	.43	0,248	.270
Adequate time to plan for key business projects	0.515	1.000	0.814	485	424	377	.407
Adequate time to accomplish key business projects	0.363	0,814	1.000	0,427	365	382	339
Acquiring temporary help when needed	0.323	0,485	0,427	1.000	0,463	405	.436

Statement	Having budget to execute on certain deliverables	Adequate time to plan for key business projects	Adequate time to accomplish key business projects	Acquiring temporary help when needed	Influencing decisions about obtaining human resources for your unit	Influencing decisions on obtaining resources for your unit	Influencing decisions about obtaining infrastructure / tech for your unit
Influencing decisions about obtaining human resources for your unit	0,043	0,424	0,365	0,463	1.000	664	.363
Influencing decisions on obtaining resources for your unit	0,248	0,377	0,382	0,405	0,664	1.000	.504
Influencing decisions about obtaining infrastructure / tech for your unit	0,270	0,407	0,339	0,436	0,363	504	1.000

Source: Author's compilation from SPSS results

Table 5.10 above illustrates the seven statements associated with the access to resources construct. The statements that had a coefficient that was less than 0.3 are highlighted in a lighter grey and bold, indicating some disagreement on the adequacy of the access to resources as it pertains to these dimensions of the construct to influence decision making. This includes:

- Having budget to execute on certain deliverables and the ability to influence decision on obtaining resources for their unit and playing an influential role in decisions related to obtaining infrastructure and technology for their unit
- Influencing decisions on obtaining resources for your unit as it relates to having the budget that allows execution on certain deliverables
- Influencing decisions on obtaining infrastructure and technology for their unit as it relates to having the required budget.

Overall, most of the statements agreed that the HQ-subsidary relationship enabled subsidiary access to the resource construct across the various dimension. The level of access to this construct was at varying levels. However, the respondents agreed that this did contribute to the subsidiary decision making.

As most of the statements associated with this construct had a coefficient of 0,3 or above and indicated that the hypothesis would be accepted. This means that the subsidiaries are likely to have access to resources, from their relationship with HQ. Having access to this, empowers them to make decisions.

5.3.3 Organisational support

Table 5.11 Correlation Matrix: Organisational Support

Statement	Information or suggestion on career prospects	Discussion on development or learning possibilities	Support when there is a work crisis or a challenging situation	Assistance to access people from HQ who can support work initiatives	Help by HQ in getting materials and tools to progress in one's job	Rewards and recognition from HQ for a job well done
Specific information about initiatives that are done well	.447	.380	.545	.442	.528	.438
Headquarter feedback on things that can be improved	.385	.456	.506	.453	.513	.395
Helpful hints or problems solving advice	.541	.571	.656	.476	.447	.368
Information or suggestion on career prospects	1.000	.803	.610	.404	.373	.540
Discussion on development or learning possibilities	.803	1.000	.675	.478	.452	.562
Support when there is a work crisis or a challenging situation	.610	.675	1.000	.613	.507	.614

Source: Author's compilation from SPSS results

Table 5.11 above depicts the six items associated with the organisational support construct. All constructs had a coefficient that was above 0.3, indicating that all respondents agreed on the adequacy of the access to organisational support as it pertains to these dimensions of the construct to influence decision making.

Overall, most of statements, agreed that the HQ-subsidary relationship enabled subsidiary access to organisational support across the various dimension. The respondents agreed by that this did contribute to the subsidiary decision making.

As most of the statements associated with these constructs had a coefficient of 0,3 or above and indicated that the hypothesis would be accepted. This means that the subsidiary is likely to have access to organisational support, from their relationship with HQ. Having access to this, empowers them to make decisions.

5.3.4. Opportunity for Growth

Table 5.12: Correlation Matrix : Opportunity for Growth

Statement	Challenging work that allows independent decision making	The chance to gain new empowering skills and knowledge	Access to training and development programs within the Group	The opportunity to gain experience how the overall business works	Initiatives that use one's skills, experience, and knowledge	The chance to advance one's career not only in within the immediate subsidiary but within the Group	The chances to assume different roles not related to current job within the Group
Challenging work that allows independent decision making	1.000	.440	.007	.124	283	.170	.153
The chance to gain new empowering skills and knowledge	.440	1.000	.472	.460	.646	.343	.444
Access to training and development programs within the Group	.007	.472	1.000	.593	.506	.460	.417
The opportunity to gain experience how the overall business works	.124	.460	.593	1.000	.484	.429	.529
Initiatives that use one's skills, experience, and knowledge	283	.646	.506	.484	1.000	.440	.431
The chance to advance one's career not only in within the immediate subsidiary but within the Group	.170	.343	.460	.429	.440	1.000	.676
The chances to assume different roles not related to current job within the Group	.153	.445	.417	.529	.431	.676	1.000

Source: Author's compilation from SPSS results

Table 5.12 above depicts the seven items associated with the opportunity for growth construct.

Constructs had a coefficient that was less than 0.3 were highlighted in a lighter grey and bolded, indicating some disagreement on the adequacy of opportunity for growth as it pertains to these dimensions of the construct to influence decision making. This includes: 1) Exposure to

challenging work that allows independent decision making, as it relates to access to training and development program, 2) the opportunity to learn how the overall business works, 3) Initiatives that use one's skills, experience, and knowledge, 4) The chance to advance one's career not only in within the immediate subsidiary but within the Group and 5) the chances to assume different roles not related to current job within the Group.

Overall, most of statements, agreed that the HQ-subsidiary relationship enabled subsidiary access to the opportunity for growth construct across the various dimension. The respondents agreed by that this did contribute to the subsidiary decision making.

As most of the statements associated with these constructs had a coefficient of 0,3 or above, it indicated that the hypothesis would likely be accepted, meaning that the subsidiary managers are likely to have opportunity for growth, from their relationship with HQ. Having access to this, empowers them to make decisions.

On concluding the correlation results, the overall results across the constructs illustrated a coefficient of 0,3 or above. This was seen to be an indicator that hypothesis, would be accepted for all constructs. This means that the subsidiary is likely to have access to structural empowerment factors, from their relationship with HQ. Having access to these, empowers them to make decisions. To confirm this, hypothesis testing follows next.

5.4 Hypothesis Testing

The purpose of this section is to present the results of each of the hypothesis to answer the question on how the HQ-subsidiary relationship impacts subsidiary decision making as well as to compare HQ and subsidiary manager responses.

5.4.1. Hypothesis One

The next section test hypothesis one being: The HQ-subsidiary relationship will increase the level of Kanter's structural empowerment factor, to the subsidiary, resulting in subsidiary decision making.

The Spearman's rho was done to test the hypothesis. Each of the structural empowerment factors were tested against the hypothesis.

(1) Hypothesis 1a: Information and Knowledge

Spearman Correlation: Knowledge & Information and subsidiary decision making

Table 5.13: Spearman's rho: Knowledge and Information

	AVE_DM
Correlation Coefficient	.582**
Sig. (2-tailed)	0,000
N	83

Source: Author's compilation from SPSS results

Table 5.13 depicts the output of the correlation for the knowledge and information construct and subsidiary decision making.

The correlation coefficient (R) of 0.582 indicates an above moderate positive correlation between Kanter's structural empowerment factor of Knowledge and Information (from the HQ subsidiary relationship) and, subsidiary manager decision making. The hypothesis is, therefore, accepted at the 0% level of significance. This means that the subsidiary manager has access to Knowledge and Information, from their relationship with HQ managers. Having access to this, empowers them to make decisions.

(2) Hypothesis 1b: Resources

Spearman Correlation analysis: between subsidiary access to access to resources and subsidiary decision making.

Table 5.14: Spearman's rho: Access to Resources

	AVE_DM
Correlation Coefficient	.621**
Sig. (2-tailed)	0,000
N	83

Source: Author's compilation from SPSS results

Table 5.14 depicts the output of the correlation of the access to resources construct and subsidiary decision making.

The correlation coefficient (R) of 0.621 indicates a strong positive correlation between Kanter's structural empowerment factor of resources (from the HQ subsidiary relationship) and, subsidiary decision making. The hypothesis is, therefore, accepted at the 0% level of significance.

This means that the subsidiary manager has access to resources from their relationship with HQ managers. Having access to this, empowers managers to make decisions.

(3) Hypothesis 1c: Organisational Support

Spearman correlation analysis: organisational support and subsidiary decision making.

Table 5.15.: Spearman's rho: Organisational Support

		AVE_DM
AVE_ORGSUP	Correlation Coefficient	.713**
	Sig. (2-tailed)	0,000
	N	83

Source: Author's compilation from SPSS results

Table 5.15 depicts the output of the correlation of the organisational support construct and subsidiary decision making.

The correlation coefficient (R) of 0.713 indicates a strong positive correlation between Kanter's structural empowerment factor of organisational support (from the HQ subsidiary relationship) and, subsidiary decision making. The hypothesis is, therefore, accepted at the 0% level of significance.

This means that the subsidiary manager has organisational support from their relationship with HQ managers. Having access to this, empowers the managers to make decisions.

(4) Hypothesis 1d: Opportunity for Growth

Spearman Correlation analysis: between subsidiary access to opportunity for growth and subsidiary decision making.

Table 5.16: Spearman's rho: Opportunity for growth

		AVE_DM
AVE_OPPFG	Correlation Coefficient	.652**
	Sig. (2-tailed)	0,000
	N	83

Source: Author's compilation from SPSS results

Table 5.16 depicts the output of the correlation of the opportunity for growth construct and subsidiary decision making.

The correlation coefficient (R) of 0.652 indicates a strong positive correlation between Kanter's structural empowerment factor of opportunity (from the HQ subsidiary relationship) and subsidiary decision making. The hypothesis is, therefore, accepted at the 0% level of significance.

This means that the subsidiary manager has opportunity for growth from their relationship with HQ managers. Having access to this, empowers them to make decisions.

5.4.2. Hypothesis Two: Anova Test

One of the objectives of this research was to provide a comparative view of the subsidiary manager and HQ manager response. Thus, hypothesis two aimed to show that there was a difference in the mean when comparing subsidiary managers with headquarter manager mean on subsidiary decision making, based on Kanter's structural empowerment factor.

The Anova test was done for each of the variables.

(1) Knowledge and Information

Table 5.17: ANOVA: Access to Knowledge and Information

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0,026	1	0,026	0,051	0,822
Within Groups	41,636	81	0,514		
Total	41,663	82			

Source: Author’s compilation from SPSS results

The above Table 5.17 indicates an F-value of 0,051 for the knowledge and Information. This is above the 0,05 threshold and indicates that there is no significant difference between HQ and subsidiary manager view on the subsidiary manager’s access to the construct in enabling subsidiary decision making. With this result, the hypothesis is rejected.

This means HQ and subsidiary managers have the same experience and perception on the factors that are available to empower the subsidiary managers in decision making. In this case they both agreed to knowledge and information being available so subsidiary managers.

(2) Resources

Table 5.18: ANOVA: Access to Resource

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0,161	1	0,161	0,292	0,590
Within Groups	44,673	81	0,552		
Total	44,834	82			

Source: SPSS results

Table 5.18 illustrates an F value that is less than 0.05 for resources. This indicates that there is significant difference between HQ and subsidiary manager view on the subsidiary’s access to the construct in enabling subsidiary decision making. With this result, the hypothesis is accepted for access to resources.

This means that depending on where one works within the MNC (either HQ or subsidiary), they would have a different viewpoint on the subsidiary manager’s access to resources.

(3) Organisational Support

Table 5.19: ANOVA: Organisational Support

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1,960	1	1,960	2,861	0,095
Within Groups	55,486	81	0,685		
Total	57,446	82			

Source: SPSS results

The above Table 5.19 indicates an F-value of 2,861 for the organisational support construct. This is above the 0,05 threshold and indicates that there is no significant difference between HQ and subsidiary manager view on the subsidiary manager’s access to the construct in enabling subsidiary decision making. With this result, the hypothesis is rejected.

This means HQ and subsidiary managers have the same experience and perception on the factors that are available to empower the subsidiary managers in decision making. In this case they both agreed to organisational support being available to the subsidiary manager to enable them to make decisions.

(4) Opportunity for Growth

Table 5.20: ANOVA: Opportunity for Growth

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0,999	1	0,999	3,753	0,056
Within Groups	21,553	81	0,266		
Total	22,551	82			

Source: SPSS results

The above Table 5.20 indicates an F-value of 3,753 for the opportunity for growth construct. This is above the 0,05 threshold and indicates that there is no significant difference between HQ and subsidiary manager view on the subsidiary's access to the construct in enabling subsidiary decision making. With this result, the hypothesis was rejected.

This means HQ and subsidiary managers have the same experience and perception on the factors that are available to empower the subsidiary managers in decision making. In this case they both agreed to the opportunity for growth is available to the subsidiary manager to enable them to make decisions.

In conclusion, the overall Anova test results indicated that subsidiary managers and line managers have a similar perception on some constructs and a difference in perception with one construct. There was similar perception on information & knowledge, organisational support, and opportunity for growth. The access to resources construct results indicated that the two groups had different perceptions.

Chapter Conclusion

In the first chapter, the research asked two questions if there is a linear relationship between the level of Kanter's structural empowerment factors (stemming from the HQ-subsidary relationship) and the subsidiary manager decision making. The second question asked if HQ and subsidiary managers have a different perception on the level of access to structural empowerment factors, to enable subsidiary decision-making empowerment. This chapter presented the research results and findings on to these two research questions. Descriptive analysis, statistical analysis, correlation analysis, Anova testing and Spearman correlation were performed to support the finding.

The results showed that the HQ-subsidary relationship does increase the level of Kanter's structural empowerment factors to the subsidiary resulting in the subsidiary manager being empowered to make decisions. Further the results also found that there was no difference in the decision-making mean, when comparing headquarter and subsidiary manager responses on three of the empowerment factors. In other words, their perceptions of how the HQ-subsidary relationship enable this to the subsidiary was aligned in most areas. There was however a difference in their perception on the subsidiary manager's access to the available resources to enable the subsidiary manager to make decisions.

These findings are important as they extend the view of internal structural factors that empower subsidiaries in their decision making. They also allow the extension of Kanter's empowerment structural theory within international business. In addition, they show that HQ and subsidiary managers can be aligned on their perception.

CHAPTER 6: DISCUSSION

This chapter provides an in-depth discussion on the statistical research results that were presented in chapter 5.

It is broken up into two sections. The first section discusses the results of hypothesis one, whilst the second section provides a discussion of hypothesis two.

6.1. Research Discussion: Hypothesis One

Hypothesis one aimed to show that the HQ-subsidary relationship will increase the level of Kanter's structural empowerment factor, to the subsidiary manager, resulting in subsidiary manager's decision making. A discussion of this follows. It is broken up into the four constructs.

6.1.1. Information and knowledge

This construct composed of eight statements that aimed to assess how the HQ-subsidary relationship enables subsidiary access to Knowledge and Information to effects subsidiary managers decision making. It asked how much access to knowledge and information from HQ subsidiary managers do have based on the statements, to allow them to make decisions.

The results confirmed that the HQ-subsidary relationship will increase the level of Kanter's structural empowerment factor of Information and knowledge, to the subsidiary, resulting in subsidiary decision making. A discussion on what stood out follows. This includes information on the current state of the business, strategic plans and objectives, others, and top management values and goals.

(1) The current state of the business

Access to knowledge and information on the current state of the business was available to the subsidiary managers to assist with their decision making. This was primarily in abundance. There were a few individuals who experienced a limited amount of information on the current state of the business. This finding adds to the research finding by Mahlendorf et al. (2012) that indicated that having knowledge and understanding of ones' business environment influences decision making (Galli Geleilateet al., 2020). Thus, when one is now certain about the business situation, it empowers and gives the confidence to make decisions that are beneficial to their business. This research adds that in the current era, where complexity (e.g., living in covid), is the order of the

day, it is important for managers to have strong judgement to make sound business decisions (Buckley & Casson, 2019) that helps to reduce potential business risk (Galli Geleilate et al., 2020).

In the era that we are in, most individuals can access company information to some degree through various channels. Boundary spanners were introduced in the literature review as individuals within the MNC who pass on relevant corporate information and close potential knowledge gaps (Minbaeva & Santangelo, 2018). Another example to access information and knowledge is digital. Most MNC make use of digital channels for internal communication (Karjaluoto. et al., 2014) as well as strategy roadshows which enhance the speed of decision making (Balogun et al., 2014). Thus, this research would like to emphasise that these channels are important and should be used as much as possible to ensure subsidiary managers are kept abreast of internal affairs. By using various communication channels, it further allowed them the exposure to company information on current affairs.

(2) Strategic plans and objectives

Most of the respondents agreed that the subsidiary either had an above average, to a lot of knowledge and information on business objective alignment and business strategic plan. They believed that this aided in subsidiary decision making. Only a small number responded to limited to no knowledge by the subsidiary manager of these two dimensions.

As previously shown in the literature review, the study by Mahlendorf et al. (2020) as well as Galli Geleilate et al. (2020), showed that the sharing of HQ information on strategy with the subsidiary has empowered subsidiary manager in decision making that is aligned to HQ ambitions.

With most organisations having strategic plans over several years (three-to-five-year plan), this research highlights the importance of this type of information being available to the subsidiary manager because as part of the subsidiary mandate, subsidiary managers need to align to their holding company goals (Miroshnik & Miroshnik, 2013) and then apply these goals locally at the subsidiary level. By not having this information it disempowers the subsidiary manager on the business direction to take

The research would like to add that not being able to make decision based on lack of this type of information on strategy, may hamper their performance against the strategy and business objectives. Having this information may help the subsidiary manager play an active role within the MNC as per the view by Martinez and Jarrillo (1991); Saidani et al. (2012) that active subsidiaries contribute to strategy formation.

The literature does also support the notion that the subsidiary having knowledge of how its objective aligns to the group objective, through performance management systems, ensures the alignment of goals (Mahlendorf et al., 2012). This is because the performance management process typically promotes conversation on strategy and objectives. With this the subsidiary manager must then make decision that aligns to the group business imperative (Mahlendorf et al., 2012).

(3) Others

From the survey feedback, the respondents expressed that how other subsidiary managers, who are in similar roles perform, is common knowledge. Thus, most individuals responded that the subsidiary managers have some to above average knowledge of their peer's performance. Some indicated that they had a lot of information on how others subsidiary managers in similar roles perform.

The respondents agreed that having access to this information, helps the subsidiaries in their decision making. Few respondents felt that the subsidiary managers had limited to no knowledge of how other perform in similar roles, indicating that they did not have this information to enable the subsidiary decision making.

The research's contribution from this point is to highlight the importance of internal networks. Even though the subsidiary is connected to HQ managers, there needs to be a relationship with other subsidiary managers to exchange information and knowledge that empowers the subsidiary manager. This is particularly key in instances where HQ managers may not always be readily available. The informal networks of subsidiary managers, allows the exchange of information (Martinez & Jarrillo, 1991) including roles, as well as their strength and weaknesses (Manev, 2003). This exchange benefits all stakeholders (Beugelsdijk & Jindra, 2018; Strutzenberger & Ambos, 2014).

(4) Top management values and goals

Most of the respondents had indicated that the subsidiary manager had an above average knowledge and information on top management values and goals, with a few indicating a lot of knowledge on this. They agreed that this knowledge and information influences subsidiary manager decision making. Very few respondents expressed those subsidiary managers had limited to no knowledge of top management values and goals.

This research adds to the view by Volkmar (2003) where shared organisational belief and goals, influence decision making.

The offered research insight is that most organisational values and goals are defined and publicly displayed for internal and external stakeholders to see. In some organisations these values are used to make decisions on internal awards such as an award for living the values. This exposure is therefore important for senior management values and goals to be made to empower individuals.

The smaller sample who responded that the subsidiary managers had either limited or no knowledge on these dimensions to influence decision making. This research holds the view that some information may need to be restricted to certain respondents or participants only. It is probable that senior leadership within an organisation may be subject to certain legal or confidential clauses that prevented the disclosure of certain information that is not for the general domain (Van Tonder, 2015). As such it is acceptable that not all subsidiary managers will be privy to certain information that may be restricted.

In summary: Information and Knowledge

The study was able to confirm that the HQ-subsidary relationship will increase access to Information and knowledge to the subsidiary manager, resulting in subsidiary manager being able to make decision. It added to the study by Birkinshaw et al., (1998), which showed that decision making autonomy and high communication between subsidiary and parent, resulted in the subsidiary's being able to contribute on a larger scale. It further affirms the study by (Coutinho, 2010) that communication is an instrument for achieving daily expectations within the in international operation. Mellahi and Collings (2010) show how subsidiary managers can influence decision even at HQ, by the way that they manage information that they have access to and how they use that information to reach HQ. Further the power of the relationship held by subsidiaries with other subsidiaries can also serve as a source of exchanging of value creating knowledge (Strutzenberger & Ambos, 2014). Thus, managers need to keep their lines of communication open to one another.

6.1.2. Resources

This construct composed of seven statements that aimed to assess how the HQ-subsidary relationship enables subsidiary manager access to resources to affect their decision making. It asked how much access to knowledge and information from HQ subsidiaries managers have on

the following, to allow them to make independent decisions. A discussion on what stood out now follows. This includes finances, budget as well as people and technology.

(1) Finance and budget

A lot of the respondents indicated that the subsidiary manager has an average budget to plan and accomplish key business projects. Having access to this budget, allowed the subsidiary managers to make decisions. Only a small number gave a limited or nonexistent response to this resource.

The research finding contributed to the study by Gammelgaard et al., (2011) that having access to a budget from HQ enables subsidiary manager decision making autonomy and effectiveness in business strategy and operational plans. It further contributed to the opinion that monetary access empowers the subsidiary manager to make investment decision that benefit the subsidiary (Sengul & Gimeno, 2013)

This research finding on having access to a budget was surprising. This is particularly with the current economic climate, where the global economy is undergoing changes and HQ has cut down on budgets (Verbeke & Yuan, 2020). One would expect that the respondents would have reflected a limited access to budget for the subsidiary manager. It is thus this research's contribution that access to budget is so crucial to decision making that, in some key circumstances, it is not cut by HQ, to allow the decision makers to be empowered in their role. This is due to subsidiary manager's degree of decision-making autonomy, may be restricted by budgetary limitations that may be determined by HQ (Gammelgaard et al., 2011).

As scholars have shown that subsidiary resource allocation is awarded by HQ (Belenson et al., 2019; Robinson & Stocken, 2013) it is this research contribution that subsidiary managers align with HQ on resources that are required particularly on key projects. This was based on the result from this research, which showed that their request to HQ management is likely to be considered.

(2) People and Technology

The results show that the subsidiary managers have adequate to above average access to resources that are linked to people and technology. They agreed that these resources contributed to subsidiary manager's autonomy for decision making. Many of the respondents also agreed that the subsidiary managers have average as well as above average ability to influence decisions on obtaining infrastructure or technology for the subsidiary unit. A few disagreed, holding the view that subsidiary manager have limited to none access to this.

This aligns to Sally et al. (2000) who found that the subsidiary had a lot of independence in making their own employment and hiring decisions. The research supports the view that HQ tends to have more influence when hiring for executive level positions (Sally et al., 2000). It is this research contribution, that this happens to ensure that the subsidiary executive recruitment aligns to the overall MNC strategy from the onset. It is justified for this to be managed at HQ level. Junior level roles do not have as much impact on business direction, and hence less involvement by HQ would be required.

Further it adds to Davis and Luiz (2015) who found that as subsidiaries gained more skill and access through human resource, it resulted in more transformational decision gradually moving to the subsidiaries domain. It thus becomes important for the subsidiary manager to be able to have a view on the human resources agenda.

Concerning the subsidiary influencing decision on technology, it was previously indicated in the literature review, that in large MNC, HQ typically takes the responsibility on procurement decisions of these resources, to align the procurement process to pre-defined internal governance structures (Liu et al., 2018).

In summary: Resources

The finding in this study adds to the view that those with more resources are likely to have more power (Dooms & Oijen, 2008; Mudambi & Navarra, 2004). Further, it is supported by (Mudambi et al., 2014) that subsidiary with resource, will have the ability to exercise their bargaining power to influence decision such as the allocation of resources and the strategic direction to be taken (Mudambi et al., 2014). Thus, it becomes a MNC 's imperative to ensure that the subsidiary managers are given access to resources for them to be empowered to make decisions that benefit the business.

6.1.3. Organisational Support

This construct composed of nine statements that aimed to assess how the HQ-subsidary relationship enables subsidiary access to organisational support to effects subsidiary decision making the following, to allow them to make independent decisions. A discussion on what stood out follows. This includes HQ feedback, work matters, and recognition from HQ.

(1) Headquarter feedback

The results indicated that the respondents agreed that the subsidiary managers gain HQ feedback on things to be improved on, at range from average to a lot. The majority agreed that subsidiaries had a lot of this. Only a limited number expressed those subsidiary managers had limited access to this type of organisational support. Overall, the respondents agreed that this type of support contributed to subsidiary decision making.

The finding in this research adds to the study by Varblane et al., (2005) and to that of Robinson and Stocken (2013) that subsidiary managers who perform well, are given greater authority and autonomy to negotiate their power and make decision. It also helps us to further understand the view by Pamela and Gibbons (2009) that through great performance subsidiary managers are given more freedom to act independently.

This research acknowledges that most organisations have both formal and informal performance reviews as an essential part of management process. When one receives feedback from authority, on what they have done well, it bestows a sense of confidence in their ability. This confidence empowers them to lead initiatives outside of HQ authority (Hensmans & Liu, 2018) and to challenge HQ (Buckley & Casson, 2019). This research would like to suggest that this allows them to not only make decision, but it also empowers managers to make good decisions.

The research thus adds to recent findings by Monje Amor et al. (2021) who supported Kanter's theory that structural empowerment is enabled by internal practices that enable professional development and support including direction and feedback on performance.

The research thus highlights the importance of feedback through formal and informal performance management process to empower the subsidiary manager in their decision making. This is because performance management affords the subsidiary the ability to be autonomous as they become aware on where to focus their efforts (Mahlendorf et al., 2012).

(2) Work matters

Most of the respondents agreed that the subsidiary manager had access to HQ support during a work crisis which then allows them the ability to make decisions. Only a few disagreed with this. Further the respondents agreed that HQ provided helpful hints or problem-solving advice to subsidiary managers with the majority agreeing that the subsidiary had above average support from HQ. Overall, the respondents agreed that the subsidiaries had access to the above, which then contributed to the subsidiary being able to make decisions.

This finding extends the view of Kanter's structural empowerment theory within IB to Spence Laschinger et al., (1997) 's research, that organisational relationships with others in a more senior role (including peers, sponsors and even direct reports), increase the level of empowerment and

allows the subsidiary manager to be regarded as an important contributor to the business (Manev, 2003) and influences subsidiary manager autonomy (Galli Geleilate et al., 2020).

This research adds that these internal interactions can facilitate idea generation and help the subsidiary manager think of new ways to tackle problems. The interaction allows them to gain feedback from others including from HQ managers. As previously indicated getting feedback gives them the confidence to make decision. Thus, it is important that subsidiary managers form networks within the MNC and are included in collaborative work initiatives.

(3) Subsidiary recognition from HQ

Many of the respondents felt that the subsidiary manager gains average organisational support through subsidiary recognition. Equally so a large number felt that this organisational support factor was either minimal or nonexistent to the subsidiary managers.

Formal power comes from one's role, including how the role enables discretion and is open to recognition (Spence Laschinger et al., 1997). This finding adds to the research by Ambos and Birkinshaw (2010) that showed that the subsidiary can contribute autonomously when they have the necessary recognition and attention from HQ. Further it adds to Achcaoucaou et al. (2014), who took the view that the recognition from HQ, is crucial to allow influence and initiative taking by the subsidiary manager.

It is this research's contribution that HQ Managers need to give subsidiary managers attention and recognition on things that they are doing well on an ongoing basis as this empowers the subsidiary manager to not only make decisions but to make decision that are of a good quality.

In summary: organisational support

The finding in this study supports the view that those subsidiary managers who are supported by HQ managers through various mechanism such as rewards, performance feedback and support on work initiatives etc., become empowered and confident in their ability and role. The result of this is a subsidiary manager who can influence and make independent decisions.

6.1.4. Opportunity and growth

This construct composed of seven statements that aimed to assess how the HQ-subsidary relationship enables subsidiary access to opportunity and growth to effects subsidiary decision

making. A discussion on what stood out follows. This includes on the job growth, learning and development and promotion.

(1) On the job growth

The majority of respondents agreed that subsidiary managers had an average or above average access to challenging work, and they participate in initiatives that used their skill, knowledge and experience. Access to this opportunity enables independent decision making. Only a few responded that the subsidiary managers had either minimal or no challenging work and participation in initiatives that used their skill, knowledge, and experience.

Overall, the respondents agreed that access to these type of opportunities by the subsidiary manager, increased their decision-making autonomy.

This study enhances our understanding on the required action by HQ to facilitate subsidiary managers access to more responsibility, knowledge creation and competence enhancing opportunities to allow them to be more autonomous (Mudambi & Navarra, 2004). Further it adds to the study by Varblane et al. (2005) that capability can be developed or enhanced through subsidiary managers taking on more initiatives. This allows the subsidiary manager to highlight their skills and capabilities as they volunteer to perform beyond the scope of their role (Corry & Cormican, 2019).

It is this research's input that by being proactive, it allows the subsidiary manager to expand on their competencies and skills. As a result of this the subsidiary manager is then able to attain intra-organisational influence on decisions where the MNC relies on that competency (Mudambi et al., 2014). Thus, it is important that subsidiary managers not only are given this opportunity, but they also take opportunities by volunteering themselves to do more.

(2) Learning & development

Many of the respondents agreed that subsidiary managers had learning and development opportunity and to gain new empowering skill and knowledge within the wider group of companies. Only a few felt that this opportunity was nonexistent for subsidiary managers. Similarly, only a few felt that the subsidiary manager had either limited or no opportunity to learn about the organisation.

This research findings adds to the study by Saidani et al., (2012) that showed that subsidiary growth is influenced by the subsidiary manager gaining the required competencies and skills. This highlights the importance of investing in learning and development for subsidiary managers, even

in times where the economy may be challenged. Having access to learning and development empowers the subsidiary manager in making decisions.

(3) Promotion

Several the respondents agreed that subsidiary managers had the chance to advance their career and to assume different roles within the Group. There were more individuals who felt that these were either nonexistent or limited. Not having this disempowered them to make decisions.

The expressed average to nonexistent levels of promotion opportunities help to further the understanding of the research by Mellahi and Collings (2010) who advised on the limited opportunities that subsidiary talent has for promotion and added that the MNC executive boardroom is lacking in subsidiary managers presence. This research adds that this lack of promotion or representation at these senior levels, diminishes the subsidiary power and is likely to reduced subsidiary decision making. It further limits the subsidiary manager's ability to self-manage (Luiz & Visser, 2014).

The assignment of mandates, roles, and task by HQ to the subsidiary, promotes the subsidiary role for development and growth as the subsidiary manager can take initiatives and influence decision on which initiatives to take (Achcaoucaou et al., 2014). This research further adds that most decisions on role expansion or promotion usually form part of an organisation's talent management practice. Thus, this practice needs to clearly define how subsidiary managers can be included in available opportunities that can allow them to assume different roles and to be promoted. This is key as it enhances the subsidiary capability and decision-making autonomy.

Conclusion on opportunity and growth

The finding in this study supports the view that those subsidiaries who have access to opportunity and growth through their relationship with HQ, will have the ability to influence and make independent decisions. Thus, it is important for MNC talent management practices to promote subsidiary growth

6.2 Research Discussion: Hypothesis Two

The next objective was to confirm the second hypothesis, that there is a difference in the mean when comparing HQ manager and subsidiary managers perceptions on subsidiary decision making, based on Kanter's structural empowerment factor.

The results indicated that the hypothesis is rejected for most of the constructs. This means that both the subsidiary and HQ managers provided similar responses on the level of Kanter's structural empowerment factor in subsidiary managers' decision making. There was only one construct where the hypothesis was accepted.

These results added to the work by Birkinshaw et al. (2000) that HQ-subsidary perceptions on autonomy are not always the same. The offering though in this research is that even though they align on most things, there are some variances based on where one finds themselves in the MNC organisation. Within the HQ-subsidary relationship, interests and perceptions on autonomy are not always the same, with subsidiary managers wanting greater autonomy whilst HQ preferring to control the subsidiary to ensure MNC wide profitability (Birkinshaw et al., 2000).

6.2.1. Information and Knowledge

The hypothesis for this construct was rejected. The results indicated that HQ and subsidiary managers have the same perception on the available information and knowledge to enable subsidiary managers decision making.

As previously mentioned, subsidiary's decision making is influenced by the flow and patterns of information within the MNC (Björkman et al., 2004 and Chini et al., 2005). With this, it is possible that there is limited variation on the perception of available information and knowledge for the subsidiary manager, because the organisations that our respondents came from had internal systems that allowed for information to flow well.

The only differences that could be picked up between the HQ and subsidiary response was on how salary decisions are made. Salary is a sensitive topic. In most organisations this information is limited to HR and departments heads. Most managers will not have sight of this. It would therefore make sense that subsidiary managers may have limited access to it.

6.2.2 Resources

The hypothesis for this construct was accepted. The results indicated that HQ and subsidiary managers have different perception on the available information and knowledge to enable subsidiary decision making.

There were some variations. These had to do with staffing needs, general resources and infrastructure or technology resources.

It has been said by scholars that the allocation and distribution of resources to the subsidiary is usually facilitated by HQ (Belenzon et al., 2019; Robinson & Stocken, 2013). This could explain the variations in the view of subsidiary managers being able to influence decisions resources. It is also quite possible that this is communicated only to those subsidiary managers who are impacted at that time.

Similarly, as HQ is likely to take the responsibly for decisions on the resource procurement to ensure alignment to internal governance (Liu et al.,2018) subsidiary managers may not have all the information on resource allocation, which could explain the variation in perception.

In most organisations, not all managers will be in the position to recruit staff or influence hiring decisions based on their functional area or the work that they do is of a specialist. In addition, if they are a manager of function and not people or do not have hiring needs, they may not be involved in conversations about staffing concern.

6.2.3. Organisational Support

The hypothesis for this construct was rejected. The results indicated that HQ and subsidiary managers have a similar perception on available organisational support to enable subsidiary decision making. The subsidiary managers did indicate this at a slightly slighter lesser degree than HQ manager.

The response by both parties on information and suggestion for career prospects was also seen to be limited for the subsidiary manager. It is quite possible that subsidiary managers by the nature of where they are positioned, may feel removed and thus had limited access to information that would help inform their career ambition.

Given that the information and knowledge construct scored highly on accessibility, there could be an opportunity for greater communication between HQ and the subsidiary, on career prospects that are available.

6.2.4. Opportunity for Growth

The hypothesis for this construct was rejected. The results indicated that HQ and subsidiary managers have the same perception on the available opportunity for growth, to enable subsidiary decision making.

Both agreed to the subsidiary having limited opportunity for growth to influence subsidiary decision making. The subsidiary response indicated this to be slightly less than the HQ manager. In the current covid climate, most economies have scaled back on their budget in areas such as learning or other items that may be viewed as a non-essential for business sustainability. It is therefore quite possible that the reason for the view of limited opportunity for subsidiary development, could be linked to this. Sinead and Kathryn (2019) showed the need for alignment between HQ and subsidiary managers on the end goal. If the subsidiary is to be supported by HQ in pursuing development opportunity (Sinead & Kathryn, 2019).

Chapter Conclusion

This chapter provided a discussion on the research result to confirm or disprove the research hypothesis.

The study was able to expand the view of Kanter's theory of structural empowerment theory within International business setting. These findings added to the research by (Spence Laschinger et al., 1997), that the factors in Kanter's model can predict autonomy in decision making, thus strengthening the empirical support for the theory. Having these factors empower the subsidiary manager. It further added to Echebiri et al. (2020)'s study that the organisational structure needs to empower its employees to participate in the organisations decision making procedures to ensure innovation.

This research was able to show how access to empowerment structures through the HQ subsidiary relationship, result in an increased in decision making by the subsidiary manager.

Further the research expanded our understanding of the HQ-subsidary relationship, particularly on their alignment to internal factors. With this the research was able to demonstrate that they can and are mostly aligned in their perception on the state of subsidiary manager empowerment to decision making.

CHAPTER 7: CONCLUSION AND RECOMMENDATION

The research objectives related to the HQ and subsidiary relationship, with a focus on internal MNC empowering factors that lead to subsidiary decision making.

As per chapter one, this research was deemed relevant due to the evolving nature of the subsidiary's level of autonomy and power (Varblane et al., 2005), resulting in the need to determine how the subsidiary manager attains autonomy (Mudambi et al., 2014). It was established that this autonomy was obtained through an established relationship with managers at the holding company (Ambos et al., 2016).

The research suggested that the elements in Kanter's theory of structural empowerment could be transferred to IB studies. This included, but not limited to 1) opportunity for growth and career advancement; 2) access to information relating to work and the organisation; 3) support from subordinates, colleagues, and leaders; and 4) access to resources such as human resources and capital (Hagerman et al., 2017).

In turn, the study suggested that HQ and subsidiary managers would have a different perception on the existing level of subsidiary decision making. This emanated from various scholastic views including (Birkinshaw et al., 1998; O'Brien, 2012; Orgambidez-Ramos & Borrego-Alés, 2014).

Quantitative analysis was conducted with four variables that have an impact on empowerment, and thus subsidiary decision making

7.1 Principal theoretical conclusions

The research asked two main questions. The first question asked if there was a linear relationship between the level of Kanter's structural empowerment factors (stemming from the HQ-subsidary relationship) and subsidiary manager empowerment on decision making. The research concluded that the results are theoretically aligned to the research hypothesis that had suggested that subsidiary managers who have access to structural empowerment as per Kanter (1993), are likely to be empowered to make decisions.

The second question asked if the subsidiary managers and headquarter managers have different perceptions on the level of subsidiary decision-making empowerment. This was on the view that that their perception on autonomy would be different (Birkinshaw et al., 2000). The research concluded that even though they may agree on a lot of things, there are likely to be some variations on their perception on the availability of certain constructs to enable work decisions.

7.2 Research contribution

This research has achieved its objective to contribute to academic knowledge on the HQ and subsidiary manager relationship, with a focus on internal MNC empowering structures that enable decision making.

International business was said to need more theory building to advance the discipline as it tends to borrow from other disciplines (Igor, Esmark & Gölgeci, 2016). This research has added to the current knowledge of Kanter's structural empowerment theory, by applying it to international business. Through this theory, the research was able to offer insights on factors that can be used to enable the empowerment of decision making within the MNC.

The research contributed to the body of knowledge that exist on the HQ-subsidiary relationship. This was important as this relationship is crucial for the MNC 's progress (Lunnan et al., 2019), and is shaped by the degree of the subsidiary managers' ability to make decision (Liu et al.,2018). The research was able to show how this relationship, plays a key role in facilitating access to structural empowerment factor to internal MNC management process.

Further the research has added to the understanding of HQ and subsidiary management perception on internal management processes. It showed that there was an alignment on these processes. With this finding the research would like to further emphasis the point by Schmulian (2009) that within the MNC, the subsidiary is recognised as an independent unit with leaders that can make autonomous decision when certain structural factors are in place and supported by HQ. The observed internal alignment in perception between HQ and subsidiary managers is important because it will promote buy-in when certain initiatives or strategy to empower the subsidiary manager are brought in.

7.3 Recommendations for management and other stakeholders

The recommendation is made for HQ management as well as subsidiary managers.

Kanter's structural empowerment theory is relevant in advising on the level of empowerment within the workplaces as well as how to achieve it. It is therefore suggested that there is a focus to drive frameworks, strategy and structure that support access to information, organisational support, opportunity, and resources (Orgambídez-Ramos & Borrego-Alés, 2014).

7.3.1. Recommendation for HQ Managers

As discussed earlier, the internal structure on authority and internal policies are determined by HQ (Lunnan et al., 2019). It is therefore recommended that HQ leadership examine internal policies and practices to ensure that they facilitate empowering behaviour. This includes designing and implementing clearly understood rules of engagement and levels of autonomy. This applies across all four spheres of structural empowerment.

It is recommended that management focuses on the flow and patterns of information within the MNC to enhance subsidiary's decision making and bargaining power (Björkman et al., 2004). This can include internal digital channels (Karjaluoto et al., 2014), boundary spanners (Minbaeva & Santangelo, 2018) and in person communication platforms. Internal policies should clearly articulate how information will be shared and distributed to the subsidiary. These channels are recommended for the communication of strategy, strategy alignment, top management values and goals, career prospects and any other concerns that may be beneficial to the subsidiary manager.

With having access to a budget being highlighted as important to the subsidiary, it is recommended that where possible, budget disruption to the subsidiary should be minimised. Where there are constraints, these need to be communicated to subsidiary managers. This is extended to providing the subsidiary access to human resources to facilitate more transformational decisions by the subsidiary manager (Davis & Luiz, 2015).

In some instances, the subsidiary manager may propose an initiative to HQ manager that they believe is beneficial to the business. It is recommended that HQ managers support the subsidiary manager by allowing them the platform to voice their opinion on the initiatives that they would like to take (Hensmans & Liu, 2018). If they disagree, then feedback should be clearly articulated.

As there were some variations in the understanding how staffing takes place, it is recommended that the recruitment policy clearly defines this to include who should be informed.

It is also recommended that procurement decisions on resources such as technology need to be articulated. As the subsidiary is better informed on internal suppliers, it is recommended that they are involved in this process.

HQ managers can play a role in providing growth opportunities to the subsidiary manager to render services effectively and with the levels of performance efficiencies required by HQ.

It is recommended that internal HR policies on learning and development as well as talent mobility, are defined to ensure they enable career growth for subsidiary managers. A focus on learning and development initiatives can facilitate skills, competencies, and subsidiary growth (Saidani et al., 2012). Barring work permits and country specific legislation, it is important that HQ allows for

global career opportunities at a global scale. These must be communicated widely within the MNC (Newburry & Thakur, 2010), to allow subsidiary manager the opportunity to show their interest. Giving opportunities also includes reducing the dependency on HQ expatriates by developing subsidiary manger and giving them the opportunities, that would typically be assigned to expatriates (Newburry & Thakur, 2010). As employees become aware of this, it facilitates them taking ownership of their own career growth

The last recommendation for HQ managers is on recognition and reward to the subsidiary. It is recommended that this is embedded in the MNC culture as part of a formal and informal practice that recognises good work. This is allowing an increase in subsidiary manager autonomy (Ambos et al. 2014)

7.3.2. Recommendation for subsidiary managers

Hensmans and Liu (2018) hold the view of an existing joint responsibility between HQ and subsidiary in determining the level of decision making autonomy. Thus, subsidiary managers do have a role in accessing the required knowledge and information by connecting with other subsidiaries to exchange information that benefits them all (Strutzenberger & Ambos, 2014). It is recommended that they make use of existing channels to inform themselves of where there are gaps.

As scholars have shown that subsidiary resource allocation is awarded by HQ (Belenzon et al., 2019; Robinson & Stocken, 2013, it is this research's contribution that subsidiary managers align with HQ on required resources particularly on key projects, as, based on the result from this research, it seems that they are likely to be considered. Further once that resource is available to subsidiary manager, they need to ensure that they are aware of its purpose so it's to maximise the benefit (Birkinshaw et al., 1998) and make the appropriate decision.

Subsidiary managers should also align themselves with skilled professionals at HQ or existing centres of excellence as this is likely to influence their level of transformational decisions making authority (Davis & Luiz, 2015).

Should the subsidiary manager feel that they are lacking in resources that they need to make decisions, they can also look externally to their local environment to access these (Galli Geleilate, et al., 2020)

Subsidiary managers have the responsibility to seek out performance feedback from HQ as well the support that they may require on work initiatives. As this will support their decision making (Hensmans & Liu, 2018). They need to be convicted enough to make decisions on initiatives that

may not be initially agreed by HQ (Dut, 2017). Thus, is it their role to assert to HQ managers because the initiative is required so that they do eventually get buy-in.

Hensmans and Liu (2018) recommend that subsidiary managers exert their capability. This will help position them in favourable light as holding company use capability to determine the opportunity to be given to subsidiaries (Birkinshaw & Hood, 1998). Further, when opportunities do arise, the subsidiary manager may need to ensure that their career objective is aligned to MNC strategy (Sinead & Kathryn, 2019). This can be done in formal and informal performance conversations where the subsidiary manager articulates their aspiration for career growth. This further adds to the view by Sinead and Kathryn (2019), who demonstrated a need for alignment between subsidiary and HQ managers on the end goal, if the subsidiary manager is to be supported by HQ in pursuing development opportunity, it is recommended that it aligns with HQ on expectations.

7.3.3. Recommendation for the MNC

It is recommended that change management interventions are introduced so that all stakeholders appreciated how to act and levels of authority.

The predominant culture influences the accepted behaviours (Fragkos et al., 2020) It is recommended that the promoted culture within MNC is on the empowerment of all including subsidiary managers. Most organisations run culture surveys on an annual basis and use these to compare current culture status with the desired status. This research thus recommends that as part of its culture analysis, that the state of internal empowerment is reviewed. This is based on Sashkin (2002) who promotes organisation being aware of how the prevalent culture contribute to levels of empowerment.

7.4 Limitations of the research

The following limitations were observed within the study

Sampling was the first identified limitation. The research was made up of a small sample size of 83. This can lead to the omission of statistically significant results (Hagerman et al., 2017). A larger sample size would yield a more comprehensive finding.

Snowballing was used to source the research reliance on referrals may have compromised the sample characteristics.

The research was limited to the scope of the M.Phil. requirements. The limited time reduces the observation on the unit of analysis to the study period only (Ditsa, 2014).

The research does not have a view of the represented industries and as such the findings are generalised across all industry. It is quite possible that some of the findings are applicable to some industry, and some may not be relatable.

7.5. Suggestions for future research

The following recommendation are made:

1. A future study should increase its sample size to enhance findings and recommendations.
2. The focus should be on a specific industry view to yield tailored results.
3. Expand the study globally and longitudinally by increase length of study to three to five to years as these results become more dependable and valid due to length of time of study.

7.6 Overall Conclusion

This research focused on the nature of the subsidiary manager's decision making and how it is impacted by the relationship between HQ managers and subsidiary manager. Kanter's structural empowerment theory was the underlying framework to support the research. The research findings showed the contribution that structural empowerment factors play in the empowerment of subsidiary managers on their decision making. The finding shows the key role that HQ manager have in their relationship with subsidiary managers.

The study found that subsidiary managers through their relationship with HQ managers, are empowered to make decisions, as a result to them having access to the four structural empowerment factors from Kanter's theory. The study also found alignment in the perception held by both HQ and subsidiary managers on the subsidiary manager's access to the structural factors for three of the constructs. There was however a difference in perception on the subsidiary managers' access to resources. They both agreed that access to these empowered the subsidiary manager's decision making.

Finally, finding of this research adds to the Kanter's structural empowerment theory within an international business context.

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Appendix List

1. Appendix 1: Ethical Clearance
2. Appendix 2: Survey Consent form
3. Appendix 3 :Code book

Appendix 1: Ethical Clearance

**Gordon Institute
of Business Science**
University of Pretoria

**Ethical Clearance
Approved**

Dear Seipati Tsotsotso,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

Appendix 2 Survey Consent

How the headquarter-subsidary relationship impacts on subsidiary decision making

I am conducting research on "How the headquarter-subsidary relationship impacts on subsidiary decision making".

To that end, you are asked to complete a survey relating to my topic. The survey should take no more than 15 to 20 minutes.

Your participation is voluntary, and you can withdraw at any time without penalty. Your participation is anonymous and only aggregated data will be reported.

By completing the survey, you indicate that you voluntarily participate in this research. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name: **Seipati Tsotsotso**

Email : 20820471@mygibs.co.za / Phone : +27 72 998 6129

Research supervisor name: Professor Albert Wocke

Email: wockea@gibs.co.za

To access the survey, click on : <https://www.surveymonkey.com/r/WQBMCKV>

Note that the full questionnaire was submitted as part of ethics clearance.

Appendix 3 CodeBook

Variable	SPSS Variable Name	Coding instruction	Scale
Location	DEMLOC. I currently work in:	Subsidiary / Country division = 1	1
Ownership		Head office / Headquarter (HQ) = 2	2
	DEMOWN. The relationship between HQ is subsidiary is a:	Wholly owned subsidiary = 1	1
		Partially owned subsidiary company = 2	2
		Joint Venture = 3	
Reporting	DEMREP The subsidiary reporting line:	Subsidiary leaders report directly to HQ = 1	1
		Subsidiary leaders have a dotted reporting line to HQ = 2	2
		Subsidiary leaders report directly to the subsidiary structure = 3	3
		Other = 4	4
Work Type	DEMWT: The nature of work that I do:	Leadership = 1	1
		Managerial = 2	2
		Specialist = 3	3
		Operational = 4	4

Variables	Variables	Coding Label	Scale				
			None = 1	2 = 2	Some = 3	4 = 4	A lot = 5
A. Opportunity for Growth : How much of each opportunity from HQ do subsidiaries have in their role?	OPPF1	Challenging work that allows independent decision making					
	OPPF2	The chance to gain new empowering skills and knowledge					
	OPPF3	Access to training and development programs within the Group					
	OPPF4	The opportunity to learn how the overall business works					
	OPPF5	Initiatives that use one's skills, experience, and knowledge					
	OPPF6	The chance to advance one's career not only in within the immediate subsidiary but within the Group					
	OPPF7	The chances to assume different roles not related to current job within the Group					
Variables	SPSS Variable Name	Coding Label	Scale				
			No Knowledge = 1	2=2	Some Knowledge = 3	4=4	Knows a lot = 4
B. Knowledge & Information How much access to knowledge and information from HQ do subsidiaries have on the following, to allow them to make independent decisions?	KNIN1	The current state of the overall business					
	KNIN2	How the subsidiary's objective aligns to the group objective					
	KNIN3	How others in similar roles, perform their role					
	KNIN4	Top management (i.e HQ Exco) values					
	KNIN5	Top management goals (i.e. HQ Exco)					
	KNIN6	This year's business strategic plan					
	KNIN7	How salary decisions are made					
	KNIN8	How the subsidiary is viewed by HQ					
Variables	SPSS Variable Name	Coding Label	Scale				
			None = 1	2 = 2	Some = 3	4 = 4	A lot = 5
C. ORGANISATIONAL SUPPORT How much access to support from HQ do subsidiaries have to help them make decision?	ORGSUP1	Specific information about initiatives that are done well					
	ORGSUP2	Headquarter feedback on things that can be improved					
	ORGSUP3	Helpful hints or problems solving advice					
	ORGSUP4	Information or suggestion on career prospects					
	ORGSUP5	Discussion on development or learning possibilities					
	ORGSUP6	Support when there is a work crisis or a challenging situation					
	ORGSUP7	Assistance to access people from HQ who can support work initiatives					
	ORGSUP8	Help by HQ in getting materials and tools to progress in one's job					
	ORGSUP9	Rewards and recognition from HQ for a job well done					
Variables	SPSS Variable Name	Coding Label	Scale				
			None = 1	2 = 2	Some = 3	4 = 4	A lot = 5
D. Access to resources How much access to resources from headquarter do subsidiaries have in their present job to allow decision making on key initiatives?	ACCRES1	Having budget to execute on certain deliverables					
	ACCRES2	Adequate time to plan for key business projects					
	ACCRES3	Adequate time to accomplish key business projects					
	ACCRES4	Acquiring temporary help when needed					
	ACCRES5	Influencing decisions about obtaining human resources for your unit					
	ACCRES6	Influencing decisions on obtaining resources for your unit					
	ACCRES7	Influencing decisions about obtaining infrastructure / technology for your unit					

			None = 1	2 = 2	Some = 3	4 = 4	A lot = 5
E. In my work setting/ job: (JAS)	DM1	The amount of flexibility that subsidiaries have in their role due headquarter influence is					
	DM3	Subsidiary reward for innovation from headquarter is					
	DM5	The number of HQ approvals needed for subsidiary non-routine decisions are					
	DM6	The relation of responsibilities in my role to current problem areas in my organization is					
	DM8	Subsidiary participation in business wide problem solving task forces or project teams is					
			None = 1	2 = 2	Some = 3	4 = 4	A lot = 5
FF. How much opportunity exist for these activities in the present subsidiary role: (ORS)	REL1	Collaborating on work or projects between subsidiary and HQ					
	REL2	Subsidiary receive relevant feedback from HQ					
	REL3	Subsidiary being sought out by HQ for key information					
	REL4	Subsidiary receive recognition from HQ					
	REL5	HQ ask for subsidiary opinion on matters					
	REL6	Subsidiary being sought by HQ for strategy contribution					
	REL7	Immediate HQ reporting-line ask for subsidiary opinion					
	REL8	Subsidiary obtain timeous information on upcoming changes in work area from your HQ reporting line / manager					