Employee engagement in MNEs: the HQ-subsidiary relationship

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Abstract

This research harnesses the employee engagement framework to investigate the impact that the Head Quarter (HQ)-Subsidiary relationship has on employees of South African subsidiaries to MNEs headquartered in advanced economies. In particular, it focuses on organisational justice as well as the paradoxical tensions that employees in subsidiaries might experience while trying to meet both local and global demands. Having a strong international strategy is a key differentiator for large organisations. There remains a substantial interdependency between countries that is unlikely to reduce over time despite pressures to deglobalise. Human capital in organisations remains one of the most important determinants of success, with employee engagement being strongly linked to company performance. In this light, this study sought to further understand employee engagement in subsidiaries as employee performance is a key performance driver for MNEs. A qualitative, exploratory research approach was used to gain deeper understanding and insights into some of the micro-dynamics that may influence employee engagement in this context. Data was collected through twelve in-depth, semi-structured interviews with subsidiary employees based in South Africa. The findings centre around procedural justice, communication and leadership.

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 Business Administration 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.

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Chapter 1: Definition of Problem and Purpose

1.1. Introduction and Description of the Research Problem

The relationship between Head Quarters (HQ) of Multinational Enterprises (MNE) and their subsidiaries is complex and may have an impact on employee engagement, particularly in the case where there are vast differences in geography and national culture. This research harnesses the employee engagement framework to investigate the impact of the Head Quarter(HQ)-Subsidiary relationship on employees of South African subsidiaries of MNEs headquartered in advanced economies.   In particular, it focuses on organisational justice as well as the paradoxical tensions that employees in subsidiaries might experience while trying to meet both local and global demands.

Human capital in organisations remains one of the most important determinants of success, with employee engagement being strongly linked to company performance (Kleine et al., 2019). The degree to which employees are engaged with their work is directly linked to the perceptions and feelings that they bring to work with them. Thus, employee-engagement is of prime importance to large organisations.

In recent times, the changing technological, sociological and institutional landscape has meant that there is a new way of operating for multinationals (Xu et al., 2021). As such, having a strong international strategy is a key differentiator for large organisations. Although there has been an increase in the idea of deglobalisation, there remains a substantial interdependency between countries that is unlikely to reduce over time despite pressures to deglobalise (Xu et al., 2021). In fact, some scholars have noted that there is likely to be an increase in the need for globalisation as the world emerges from COVID (Contractor et al., 2021).

Multinationals have the added complexity of needing to take into account employee engagement across multiple countries while balancing the need to standardise Human Resource Management (HRM) practices with the local nuances that contextualise subsidiaries, as well as subsidiaries' contribution to the global organisation value chain (Xu et al., 2021). This complexity is compounded by the fact that subsidiaries and HQ are often located in different countries. Thus, power

and hierarchical differences between different countries come into play at both the organisational and individual level (Hofstede, 2001). This research explores whether these geo-political complexities impact employee engagement, and thus firm performance (Boone et al., 2019).

In the HQ-subsidiary relationship there are multiple interrelated tensions that have an impact on performance outcomes. These concern trying to meet the - sometimes contrarian - goals of global alignment and local responsiveness (Ambos et al., 2020). Identifying moderators or conditions that contribute to meaningful work like organisational climate variables is important in the understanding of employee engagement in the context (Allan et al., 2015). The way that personal (for example, employee engagement) and organisational resources (for example, recognition and communication mechanisms) interact needs to be studied further (Basińska et al., 2020).

1.2. Purpose Statement

This research works to fill some of the gaps in research on the HQ subsidiary relationship at the micro level. It pays particular attention to the unique paradoxical pressures an employee at a subsidiary faces, the placement of the subsidiary in relation to the strategic importance of the subsidiary to the MNE as a whole, and how various factors of perceived organisational justice impact employee engagement.

To further understand the ways that individuals in subsidiaries of multinational organisations in emerging markets are engaged with their work, taking particular note of the dynamics of the relationship with the HQ in advanced markets. Employee engagement will be focused on the meaningfulness, and organisation justice aspects of employee engagement. International expansion remains a core strategy of practically all organisations in order to seek growth, employee performance is one of the main determining success factors of an organisation, employee engagement is a determinant of performance fact that the way an employee feels about their work is a big determining factor of their engagement, thus this study seeks to further explore the elements that might lead to employee engagement in the context of MNE subsidiaries in developing countries.

This paper will first look at the general theory of employee engagement, then will move to the macro-level understanding of MNEs, then some aspect of relationship dynamics that might be specific to MNEs, then will do a further analysis of micro-level of the individual influences that might be relevant in the context of employee engagement in MNEs. A deeper understanding of the micro-level of dynamics in MNEs has been identified as a knowledge gap (Basinska et al., 2020; Balogun et al., 2019).

Chapter 2: Theory and Literature Review

2.1. Employee Engagement

Employee engagement in the workplace is a well-documented and studied aspect of organisational performance (Schaufeli et al.,2003; Saks, 2019; Rastogi et al.,2018). The concept originates with Khan (1990) who posited that people bring varying degrees of engagement to their roles at work. The theory continues to describe three psychological conditions that influence employee engagement: meaningfulness, safety and availability. According to Schaufeli et al. employee engagement is defined as: "a positive, fulfilling, work-related state of mind that is characterised by vigour, dedication, and absorption" (2003, pp. 74). Various dimensions comprise employee engagement, including state, behavioural, affective commitment, autonomy, organisational justice, support and welfare (Saks, 2019). The underlying assumption is that employee engagement is directly proportional to employee productivity. Indeed, multiple studies link employee engagement to organisational performance (Kleine et al., 2019; Harter et al., 2020). As such, employee engagement is an important component to examine in highly productive organisations.

The relationship between HQs of Multinational Enterprises (MNE) and their subsidiaries is complex and may have an impact on employee engagement, particularly in the areas of perceived justice and meaningfulness at work (O'Connor & Crowley-Henry, 2019). Employees make decisions on a daily basis that have the potential to positively affect their organisations and, while some of these decisions might be managed by central control systems within the organisation, others relate to discretionary effort of employees driven by intrinsic motivators, and which can have a large positive impact on the performance of the organisation (Harter et al., 2020). Multiple factors contribute to an employee's discretionary effort, including how they are treated by others in the organisation, their sense of being valued within the organisation, how meaningful their work is, and the extent to which they perceive they are being given equal opportunities within a system of perceived organisational justice.

Harter et al. (2020) found that management can directly influence certain contributing factors that have the potential to increase or decrease employee

engagement. Clearly outlining expectations for employees so that they are able to effectively manage their work and obtain a sense of achievement is one such factor. Another is having intentional, objective recognition methods in place to reward and acknowledge efforts so that employees have a sense of meaning in their work. Providing mechanisms to ensure employees have a voice and ability to contribute to the decision making process, and ensuring employees have a strong sense of the meaning in their work by understanding how their work fits into the overall strategy of the organisation, are other ways management can help increase employee engagement.

According to Hooi (2021), besides providing employees with a conducive work environment, flexible work and task autonomy, specific HR systems can create signals to employees that they are valued. These include information-sharing practices, training opportunities, assurance of job security, and career progression opportunities. If employees feel that they are valued they are more likely to engage in discretionary efforts.

One well documented aspect of employee engagement is that of organisational justice (O'Connor & Crowley-Henry, 2019; Saks 2019). Organisational justice comprises distributive justice, procedural justice and interactional justice. Distributive justice and procedural justice speak to the fairness of resources distributed and the process through which they are distributed. There is a sense that differing distributions of resources are not necessarily deemed as unfair as long as the process for the differentiated distribution is perceived as fair. Interactional justice refers to employees' perceptions of fairness in the way they are treated in the process of distribution of resources. It relates to a feeling of being treated with dignity and respect by authority figures, as well as how well-informed the employees feel regarding decisions and processes that affect them. This suggests that the way in which employees are communicated with is of prime importance to the perception of justice (O'Connor & Crowley-Henry, 2019). Organisational justice has also been shown to increase vertical trust, which in turn increases employee engagement (Gupta & Kumar, 2014). Vertical trust in an MNE is significant because many MNEs operate in a top-down strategy framework, thus, if the employees do not trust the strategy coming down from HQ then they are likely to be less engaged.

2.2.   Macro Level

The term MNE refers to businesses that conduct operations across national borders (Bartlett & Beamish, 2018). It can also mean an organisation that engages in foreign direct investment (FDI) in a country other than its parent firm, and which has control over its resources and operations there. Subsidiaries are critical to a MNE's strategy in today's competitive business environment. MNEs obtain a competitive advantage by using a combination of the organisational unique value proposition, local embeddedness, and global value-chain integration of its subsidiaries (Sarabi et al., 2020). An organisation might choose to internationalise in order to access new customers, achieve lower costs through economies of scale or cheaper resources in other countries. Factors such as spreading business risk, being globally competitive or taking advantage of weak currencies also play a role (Bartlett et al., 2018).

Headquarters (HQ) is most often responsible for setting the direction of the organisation and filtering this down to the various subsidiaries across multiple countries, and ensuring that the group as a whole can benefit from the various competitive advantages each country might bring (Boone et al., 2019). Employees in the subsidiary are responsible for carrying out these strategies. The geographical location, and its accompanying socio-political milieu, of the headquarters (HQ) and subsidiary is of interest in terms of understanding the context of the HQ subsidiary relationship. According to Hofstede's (2001) cultural dimensions theory, the culture of a country can be analysed along four dimensions: National Power Difference (NPD), Individualism-Collectivism, uncertainty-avoidance and masculinity-femininity. By their nature, MNEs operate in more than one country, thus they must contend with sometimes vastly different cultural norms that have the potential to impact their operations (Boone et al., 2019). NPD describes the extent to which there is an expectation that authority should be followed and respected. This aspect of cultural dimensions theory, alongside social stratification, is of particular importance to this study. If there is a mismatch between NPD and social stratification within the HQ-subsidiary countries, it could cause tensions, particularly in the area of collaboration and communication. These tensions could have a negative impact on subsidiary employee engagement (Boone et al., 2019).

The environment of the organisation is an important influencing factor on employee engagement thus studying the specific aspect of the MNE context is pertinent to this study.

2.3.   The Meso Level

The relationship between a HQ of an MNE and its subsidiary is complex and is often characterised by conflict (Balogun et al., 2019). According to Meyer and Schotter (2020) it is a multi-level phenomenon that has not received enough attention. The performance of the subsidiary is influenced by several factors, including the context (culture, geography, political, resources and institutional environment) of the subsidiary and that of the HQ, (Sarabi et al., 2020) and the dynamic that exists between the two. The nature of the relationship with the subsidiary and the HQ depends largely on the role that the subsidiary plays. For example, some subsidiaries only serve their local market, or may contribute towards a specific part of an MNE's global supply chain while others work both towards local business as well as being part of the global supply chain (Sarabi et al., 2020). If the subsidiary operates in a hybrid role, their operating environment is more complex as they will have to balance sometimes contradictory demands. The subsidiary firms are foreign owned but must compete and collaborate with in-country organisations. In emerging markets, subsidiaries often need to fulfil both local market business as well as provide efficiencies for the global supply chain - for example, by providing access to cheaper human resources to physical resources that the global company needs (Meyer & Schotter, 2020).

Although much has been studied in terms of international business, less focus has been given to specific, in-country context or organisational variables such as clarity of strategy or organisational climate (Albrecht et al., 2015). Subsidiaries each fulfil specific roles in the global organisation, with each subsidiary taking on specific responsibilities of varying value. These roles are usually co-created, sometimes with intention and sometimes roles develop over time and are based on necessity due to variables such as technical ability, product type, location and resources (Ambos et al., 2020).

There might be multiple layers of complex hierarchy systems, differing national cultures, implicit and explicit differentiation or treatment between subsidiaries

(Balogun et al., 2019). This complex relationship impacts the happiness of employees, depending on their context (Basinska & Rozkwitalska, 2020). Subsidiary managers may spend large amounts of time and energy in managing HQ expectations, and applying for resources in order to enable local initiatives to run (Sarabi et al., 2020). This is done at the same time as needing to build legitimacy within the local market, as well as internally within the subsidiary in order to motivate subsidiary employees to follow the strategy, just juggling multiple stakeholders and often contradictory tasks. (Balogun, 2019) At the same time, HQ leaders focus on driving alignment throughout the organisation and ensuring that the business operates in the most efficient manner possible, thus pushing back on subsidiary leadership. This dynamic of constant negotiation between the subsidiary and HQ could cause tensions depending on the specific context of the MNE, such as size and differing work cultures.

HQs need to provide strategic leadership that enables the effective use of resources across all regions (Menz et al., 2015). With reference to Top Management Teams (TMTs) in MNEs, Boone et al (2019) note that diverse teams are more likely to lead to processes that support cooperation, creativity and knowledge exchange. These teams function best in the context of low levels of social stratification and where the NPD is low in the host country. If there are power or status differences based on nationality, this is likely to lead to negative team dynamics, animosity and political struggles (Boone et al., 2019). Because subsidiaries and HQs are in constant negotiation, having a diverse TMT might mean that subsidiary negotiation would be more effective if the TMT has representatives from a variety of contexts and backgrounds, enabling them to give voice to a wider range of contexts. Managers of subsidiary MNEs need to be particularly transparent in their communications and show genuine support and care for their teams in order to drive employee engagement, particularly in the context where organisational justice is under scrutiny due to differing resources across regions. Managers need to be able to speak in detail about the decision making process the MNE has taken in order to showcase that there has been fairness in the process (Zeidan & Itani, 2020).

Tippmann et al. (2018) reference coopetition which is where teams are expected to both co-operate with each other and simultaneously need to compete with each

other for resources. Coopetition is particularly relevant within the MNE space. The various subsidiaries may contribute different aspects to the global value chain and may be in competition with each other to gain more prominent positions in the global value chain, at the same time as needing to learn from and share resources with each other for mutual growth. Coopetition could be heightened in an MNE environment where the HQ gives differing resources to subsidiaries based on their relative contribution to the global value chain. When conflicting demands occur, even more skills may be required to navigate and thrive in the workplace. These can be broken down into personal resources and organisational resources (Bakker & Albrecht, 2018). If there is a lack of awareness of the need for these increased personal resources on the part of the MNE then frustration, a sense of reduced meaningfulness or injustice might occur on the part of the employee, in turn reducing employee engagement.

Personal resources are aspects such as self-efficacy, resilience, and optimism. But also, importantly, personal resources are beliefs the employee might have about how much control they have over their environment. The environment of the organisation can influence an employee's psychological safety and meaningfulness at work (Albrecht et al., 2015). These are key components of employee engagement. Meaningfulness, in the context of employee engagement, can be understood as not being taken for granted and feeling valued as an employee (Khan, 1990).

One signal to employees that they're valued by the global organisation is the organisational resources available to them. Organisational resources include amenities, training opportunities, access to budget for projects, but also personal and inte-relational aspects such as supportive leadership and autonomy (Albrecht et al., 2015). Supportive leadership in particular is connected to employees thriving in the workplace (Kleine et al., 2019). Supportive leaders share power and provide autonomy to employees, thus contributing to the employees' perception of meaningfulness at work. Career opportunities are a particularly important organisational resource for MNEs, is that of Indeed, perceptions of justice with regards to career advancement   may be highly scrutinised by employees (O'Connor & Crowley-Henry, 2019). Within an MNE there are often company-wide communications and job listings so employees are aware of what positions are

available. However, if one country seems to be given more opportunities and more senior or favourable positions then this has the potential to lead to perceptions of unfairness. To a degree, employees should be privy to the decision-making process for promotions in order to ensure that they remain engaged, even if the opportunities are not in their favour (O'Connor & Corwley-Henry, 2019).

Within a MNE, these resources may differ according to the context of the subsidiary and the relationship between the subsidiary and the HQ. This differentiation is moderated by aspects such as the subsidiaries relative strategic importance to the organisation, and other control mechanisms the HQ may employ across the organisation (Sageder & Feldbauer-Durstmüller, 2019). The perceived differences of resource distribution, whether actual differences exist or simply poorly executed company communique, can have a negative impact on the employees' experience of justice in the workplace (Hooi, 2021). According to Meyer (2020), managing subsidiaries is an iterative process that seeks to balance resources and activities for maximum output while taking local context into account. The HQ will need all divisions of the organisation to operate as efficiently as possible, while the local subsidiary might be negotiating for more resources in order to achieve local targets and to take advantage of local opportunities.

Paradoxical pressures refer to the tensions between a subsidiary needing to be globally aligned and integrated at the same time as being locally responsive (Festing & Tekieli, 2021; Ambos et al., 2020). Employees might feel that their roles and priorities are not clear in this instance, causing frustration and a lack of sense of achievement if they feel that they cannot win at either the global recognition level or the local success level. Although the MNE needs to drive standardisation and control mechanisms in order to function optimally as a whole (Feldbauer-Durstmüller, 2019), a high level of HQ involvement can cause frustration in subsidiaries - particularly if it gets in the way of achieving local business goals - and can thus be viewed as interference (Decreton et al., 2019).

MNEs have a particularly unique challenge in that they have to manage the distinctive tensions between local integration and global responsiveness and alignment. Local integration is the ability to adapt to the local context, in terms of local nuance, norms and strategic direction (Ambos et al., 2020). This ability to

adapt to local context is key to succeeding in the local markets (Beugelsdijk & Jindra, 2018). At the same time, MNEs also need to have some form of control mechanisms in place to bring global alignment amongst all their subsidiaries so that the organisation does not pull in multiple different directions (Sageder, & Feldbauer-Durstmüller, 2019). They also need to guarantee a level of standardisation that helps ensure quality, but which is also more realistic to manage. The control mechanisms used may change based on contextual factors specific to that region as well as nature of the business. For example, a financial services business would need to have more control mechanisms than would a technology company. This differentiation between regions and control mechanisms could cause tension between subsidiary units and may change the perceptions that the employee has about support from the organisation.

Part of this study investigates the tensions faced by subsidiaries when both trying to fit in with the local context and staying within global alignment, where sometimes the demands are at odds with each other. These tensions can be categorised into different types including the local-global logic, which refers to tensions centred on coordination, and the social-commercial logic, which is tensions related to strategy (Ambos et al., 2020). The social-commercial logic may cause heightened frustration for employees if it is not clear what is expected of them, especially in instances where they can only achieve one. This frustration is compounded when the alignment with social-commercial logic impacts their promotion opportunities.

Considering what is known about how employees need more personal and organisational resources in the context of complexity, it stands to reason that if these resources are unavailable employee engagement, and thus organisational productivity, would be impacted.

Adding another dimension to the HQ-subsidiary relationship is the aspect of decision-making autonomy, where some global management systems lead to less decision-making autonomy than others for the subsidiaries (Decreton et al., 2019). These top-down approaches can lead to frustration with employees. Some solutions are suggested to alleviate this negative dynamic, for example through the creation and communication of common global culture and rotation programs. However, efforts to create a global culture may not be as effective in cases where

common corporate culture is not a good fit with the HQ-subsidiary differences, especially in areas such as the NPD and Social Stratification. A simple example might be in the case where the global company culture is that of self-promotion in order to get a promotion. In certain contexts, this may not be in line with local modesty norms.

By their nature, MNEs employ people of multiple different nationalities and cultures. This creates a unique environment that may entail a specific skill-set in order for individuals to thrive in the workplace (Basinska & Rozkwitalska, 2020). According to Hobfoll et al. (2018) when the work environment is complex, employees may need additional personal and organisational resources in order to thrive in the workplace. The challenges that create complexity in the MNE context include differing languages, differing cultures, differing power dynamics, multi-layered decision making and sometimes conflicting or paradoxical strategies (Hobfoll et al., 2018; Tippmann et al., 2018; Ambos et al., 2020).

Adding to the tension of managing global responsiveness and local integration, is the reality that there may be subsidiaries in multiple regions, and these subsidiaries may have differing levels of power to negotiate with HQ. If a region is a high revenue-generating region, they may be more likely or able to negotiate with HQ, or even ignore HQ strategic direction (Ambos et al., 2020). This may have implications for the perceived support subsidiary employees have towards their HQ. This perceived support, or lack thereof, may have an impact on employee-affect towards the work environment, which would in turn impact their engagement.

Saks (2019) found that organisations can drive employee engagement in many ways including providing social support, ensuring that the MNE has sound procedural and distributive fairness policies that are clearly communicated, and a well-thought out rewards and recognition program. These actions are suggested as a remedy for reducing the negative implications of in-groups and out-groups.

Haq et al. (2017) study attention dissonance where the subsidiary perceives that there is a difference between what the HQ says is their strategy (attention perspective), and what their actions actually portray. When strategy in theory and practice do not match, subsidiary employees may struggle to get the resources

necessary for local initiatives. Local initiatives to take advantage of in-market opportunities are key to the competitive advantage of the MNE, thus not only is hindrance in this area negative from a firm performance point of view, it is also likely to have a negative impact on the employees' perception of justice in the organisation, leading to engagement issues. Witnessing this misaligned strategy may impact an employee's perception that their job is valuable.. Added to the notion of misaligned strategy is the potential for there to be inconsistent decision making authority which strains the relationship (Kostova et al., 2018). This is also likely to be a demotivating factor for employees as it may lead to employees not being willing to align themselves with the strategy as laid out by the HQ.

Decision making authority within a subsidiary refers to the degree to which a subsidiary is allowed or able to make decisions in terms of strategic, functional and operational areas independently of its HQ (Beugelsdijk & Jindra, 2018). Kostova et al. (2018) suggest that a great degree of decision making autonomy is needed in complex situations, and when local embeddedness is necessary for success.

Some subsidiaries may find themselves to be isolated, in a knowledge-sharing sense, from other subsidiaries and from the MNE HQ. This isolation can lead to underperformance (Monteiro et al., 2008). There may also exist "in-crowds" and the isolated minority, with knowledge transfer happening between the in-crowds and excluding the isolated minority. This isolation could be due to geographical distance or cultural or language differences but also through more sinister differentiation such as perceptions of capability across different groups. This isolation hinders performance as knowledge is not shared and resources can be more difficult to access in order to take advantage of in-market opportunities. The perceived injustice of this differential treatment by subsidiary employees holds the potential to damage employee engagement.

Influence is important in terms of getting strategy to be implemented by employees.. HQ needs to convince the subsidiary of a strategic direction. Implementers may be influenced in several ways, one of which is that the individual identifies with the influencer in the MNE context(Yuki, 2013). This may be problematic if the influencer is not of the same, or identifiable or respected culture. The employee could choose to comply with the requests made of them due to

compliance reasons - because they may either get a rewards or punishment if they don't do it, if they have internalised the request because it relates well to their own beliefs, values and self-image, or because the individual relates with to the requester in terms of identity. If a request, even if made by someone who is legitimately in power, seems to contradict the culture of the organisation then there may be elements of defiance or at least not full commitment to the task. In the context of an MNE, where there is often a top-down approach, the authority figure may not be relatable or in line with the local company culture. Sarabi et al. (2020) align with this contention in their research which finds that local leaders in subsidiaries with higher levels of discretion are able to take better advantage of local opportunities, and are also more likely to get commitment from their employees. Further, as communication is of particular importance in this environment, Hooi (2021) argues that in order for maximum performance to be achieved by MNEs, organisations need to prioritise management-development training as a means to unlock engagement potential within the subsidiary employees because it is likely that management will be taking place across various countries and cultures.

The approval of one unit by another is a factor in HQ-subsidiary dynamics (Balogun et al., 2019). If a subsidiary has a negative, or conflicted perception of the HQ, this may negatively impact their work engagement levels. This perception could have equal effect at the organisational or personal level. Similarly, if the HQ has a negative perception of the subsidiary or does not approve of the subsidiary, this could cause communication problems.

Penna's (2007) hierarchical model of engagement also shows employee engagement as containing various tiers or management levels. There are different factors of engagement at each tier (Dutta & Sharma, 2016). This model illustrates that, at the top of the pyramid, peak employee engagement entails finding meaning at work. In order for employees to be engaged in their work, leading to maximum performance output, they will need to find meaning in their work. Therefore, understanding ways in which the HQ-subsidiary dynamic provides meaningfulness (or not) to the subsidiary employee is of key importance in understanding subsidiary employee engagement.

2.4.   The Micro Level

Despite the fact that subsidiary management and performance are critical to a MNEs' strategic advantage, most of the existing literature on MNEs focuses on macro concepts and outcomes at the organisational level. Little attention has been paid to the micro-level, and specifically, individuals (Sarabi et al., 2020). Micro-level dynamics between MNEs and subsidiary relationships has been found to be an area where further research is needed (Balogun et al., 2019). The role of leaders within the subsidiary space is an important micro-level dynamic due to the role leaders play in connecting the local context, the local employees and the global strategy, they are in a position to negotiate for buy-in both to the HQ, as well as to the local stakeholders (including employees) (Dörrenbächer & Gammelgaard, 2016).

Employee affect matters in the workplace as it has an impact on work performance (Barsade & Gibson, 2007). Engagement and work performance have a well-documented positive relationship (Kleine et al., 2019; Sorenson, 2013). Sorenson (2013) argues that improving employee engagement in tough economic times is even more important as a key driver of organisational growth.

Meaningfulness is a dimension of engagement, with both the dimension and engagement itself associated with employee performance and intention to leave (Allan et al., 2019). Scholars conceptualise meaningful work as a psychological state that is linked to work performance, decreased turnover and higher job satisfaction. Ali et al. identified this in their Job Characteristics Theory (2014). For an individual employee to perceive that their job is worthwhile, important or valuable, there needs to be clarity as to why their work matters. Further to this, perceived organisational support can influence work engagement (Saks, 2019). If an employee in a subsidiary does not feel that the HQ is supportive of them, or of their region, the employee may begin to feel detached from the work at a psychological level. Indeed, there is an important relationship between thriving and perceived organisational support, leadership behaviour and coworker behaviour (Kleine et al., 2019; Imran et al., 2020).

Thriving at work can be linked to psychological capital and work engagement (Kleine et al., 2019). Shirin & Kleyn (2017) note that the quality of employer-

employee relationships are of great strategic importance in the context of corporate reputation and employee engagement. They also found that broken promises were an influencing factor in the quality of the relationship, this should be considered in light of attention dissonance as discussed by Haq et al. (2017). If the HQ is perceived to have attention dissonance, unjust treatment or favouritism between subsidiaries which breaks the trust relationship - then it will negatively impact employee engagement.

According to Job Embeddedness Theory, fit relates to employees' compatibility with the workplace culture (on-the-job) as well as the community (off-the-job) (Sender et al., 2018). Creating meaning is a social process, and this does not differ in the work context. Employees will use various clues to get an understanding of the value of their work roles (Allan et al., 2019). It therefore stands to reason that employees working in subsidiaries of MNEs may pick up clues that differ to the organisation's official stance on the value of all employees, or the value that the subsidiary brings to the global company. Employees' perceptions in this arena are likely to have an impact on their feelings of meaningfulness as part of the MNE as a whole.

In this study, particular focus will be given to the following areas of research which need further investigation:

1.   How the the micro-level dynamics of HQ-Subsidiary dynamic impact employee engagement with an interest in the relative strategic importance of the subsidiary to the HQ (Sarabi et al., 2020; Balogun et al., 2019)

2.   How interrelated tensions inherent in the HQ-subsidiary relationship impact performance and engagement for subsidiary employees, with a an interest in how the paradoxical tension of needing to be globally aligned and localled embedded contributes to the tensions (Ambos et al., 2020)

3.   How resource distribution, attention dissonance and promotion opportunities impact the perception of organisational justice of subsidiary employees and how this might impact their engagement with the organisation (Haq et al., 2017)

2.5.   Conclusion of Literature Review

As discovered in the preceding chapter, the HQ-subsidiary relationship provides fertile ground for further research, the full analysis of which is beyond the scope of this research project. This research works to fill some of the gaps in research on the HQ subsidiary relationship at the micro level. It pays particular attention to the unique paradoxical pressures an employee at a subsidiary faces, the placement of

the subsidiary in relation to the strategic importance of the subsidiary to the MNE as a whole, and how various factors of perceived organisational justice impact employee engagement.

Chapter 3: Research Questions

This research investigates the impact that certain dynamics inherent in the HQ-subsidiary relationship have on employee engagement focusing specifically on factors such as relative strategic importance, paradoxical tensions and organisational justice in subsidiaries in South Africa.

Primary Research Question: How does the HQ-subsidiary relationship impact South African subsidiary employee engagement?

Research Question 1: Do the specific paradoxical pressures of an MNE subsidiary influence employee engagement? In what ways does the paradoxical pressures of an MNE subsidiary impact employee engagement?

Research Question 2: How are organisational justice issues of employee engagement experienced in MNE subsidiaries?

Research Question 3: In what ways does relative strategic importance to HQ impact the subsidiary employee's experience of meaningfulness at work?

Each question has been derived from relevant knowledge gaps found in the literature, and is presented in Table 1.

Table 1: Mapping of Research Questions to Unique Knowledge Gaps

Unique Knowledge Gap (KG)	Research Questions (RQ)
KG 1: Sarabi, Froese, Chng and Meyer (2020) and Balogun, Fahy and Vaara (2019) identified that most studies on subsidiary performance are conducted at the organisational level with micro-level dynamics being under-researched	*RQ 1: In what ways does relative strategic importance to HQ impact the subsidiary employee's engagement?*
KG 2: It has been identified that there are multiple interrelated tensions in HQ-subsidiary relationships, and that the effects of this on performance outcomes has been under-researched. Of particular interest is in the area of paradoxical tensions, whereby the subsidiary both needs to be locally embedded and globally aligned and how this might impact engagement, and thus performance outcomes (Ambos, Fuchs & Zimmermann, 2020).	*RQ 2: In what ways does the paradoxical pressures of an MNE subsidiary impact employee engagement?*
KG 3: Haq, Drogendijk and Blankenburg Holm (2017) found that subsidiaries in emerging markets experience attention dissonance whereby the intention and actions of HQs towards subsidiaries in emerging markets is not aligned. This can lead to these subsidiaries struggling to get local business opportunities across to headquarters, and thus securing the resources necessary for local business opportunities. This might be linked to how an employee perceives the organisational justice of their organisation, which is a factor of employee engagement.	*RQ 3: How do subsidiary employees perceive the organisational justice of their MNE?*

Chapter 4: Research Methodology and Design

4.1. Introduction

This chapter outlines the rationale for the research design and methodology selected for this research study. The purpose of the study was to investigate the impact that certain dynamics inherent in the HQ-subsidiary relationship have on employee engagement with regards to factors such as relative strategic importance, paradoxical tensions and organisational justice in subsidiaries in South Africa. Given the research questions identified in Chapter 3, a qualitative, exploratory approach was used, where data collection was undertaken through in-depth, semi-structured interviews.

4.2. Choice of Research Design

The purpose of this research design was exploratory. Exploratory research focuses on discovering new ideas or understanding of a topic that is not yet clearly understood (Saunders & Lewis, 2018). While there has been much research done on employee engagement as relates to performance at an organisational level, there has been far less research on the micro-level of employee engagement factors in an MNE. The literature on employee engagement needs to be further expanded to include the specific dynamics of the interplay of employee engagement in the particular context of multinational organisations in emerging markets, which have unique contexts. These complexities and nuances of location and power difference are bound to impact employee engagement, and thus firm performance. In the HQ-subsidiary relationship there are multiple interrelated tensions that have an impact on performance outcomes, related to trying to meet the sometimes contrarian goals of global alignment and local responsiveness (Ambos et al., 2020). Further exploring conditions that contribute to meaningful work like organisational climate variables and intricacies of relationship dynamics necessitates an exploratory approach as there is more to discover that cannot be revealed through quantitative methods (Allan et al., 2019; Albrecht et al., 2015).

4.3. Philosophy

The philosophy used in this research was interpretivism. Interpretivism holds that reality is open to question and that there can be multiple interpretations to a single phenomenon. It is, therefore, suitably paired with an exploratory research design. It

posits that subjective views and opinions should not be discounted (Saunders & Lewis, 2018). This philosophy is relevant as the aim is to understand employee engagement from the perspective of the individual whereby their personal experience can and should be taken into account. This study is particularly interested in the individual lived experience of employees in the context of MNEs in developing countries that are subsidiaries to companies headquartered in developed countries. There might be multiple dimensions to the experience of engagement in this context, and there may be new areas and connections between aspects of employee engagement in this context. As such, interpretivism was an appropriate approach and the research philosophy was aligned with the purpose and outcome of the study.

4.4. Approach Selected

The study was inductive in approach as it sought to gather themes from individual level experiences and build up to theory (Saunders & Lewis, 2018). While being guided in its underpinning by established theories, the research focussed on recent knowledge gaps within the literature framed within the existing theory. The research aimed to make a small contribution in closing some of these gaps by making connections between existing constructs. The study did not attempt to develop new theoretical stances due to the constraints of the research time-frame.

4.5. Methodological Choices

The method was a mono study that utilised the qualitative paradigm. This paradigm was appropriate as it aids in exploring new phenomena to uncover potential new areas or angles to phenomena (Saunders & Lewis 2018). There are knowledge gaps in understanding the dynamic of HQ-subsidiary relationships particularly in so far as the experience of paradoxical pressures that could be experienced by employees in subsidiaries are concerned (Ambos et al., 2020). Of further interest is the impact this might have on employee engagement in subsidiaries, particularly around the dimension of perceived justice (Farndale et al., 2011). Lastly, the relationship dynamic where the subsidiary is in an emerging market economy and the HQ in an advanced market economy, is another underexplored area in light of the previously mentioned connections (Balogun et al., 2019). Because there are many underexplored relationships, a mono, qualitative paradigm was appropriate.

4.6. Strategy

The research strategy was a phenomenological study using interviews. Phenomenology looks at the essence of an individual's experience, which can then be extrapolated to understand a phenomenon as a whole (Cresswell et al., 2007). This fitted the research method as this research sought to identify and name experiences of employees in the South African subsidiary of multinationals, to identify whether there might be a common experience that contributes to the theory of employee engagement in this specific context. The whole study was geared towards looking at an individual's experience to identify if there are common themes of employee engagement in subsidiaries, particularly in the area of distributive and procedural justice. The former is an area which has received very little scholarly attention, thus necessitating this phenomenological approach to identify nascent themes that might exist.

4.7. Time Horizon

The study was cross-sectional, considering the limited scope of the research in terms of time available, the phenomenon will be looked at over a specific moment in time (Saunders & Lewis, 2018).

4.8. Population

A target population is the set of group members that are the focus of the study (Saunders & Lewis 2018). The population of the study was employees who work in South African subsidiaries of multinational companies, where the head office is based in countries with substantially higher GDPs and stronger currencies than South Africa. The significance of South Africa as a site of research is discussed at length in Chapter One of this study, as is the significance of the HQ vs Host Country dichotomy.

The reason that South Africa was chosen as the site of study relates to the need to have more research on micro-dynamics in developing regions as identified by Sageder and Feldbauer-Durstmüller (2019) who states that there exists little research of subsidiaries based in emerging markets besides China. South Africa is host to many subsidiaries, and is an attractive prospect for foreign direct investment

and a conduit to investing in Africa (Moneyweb, 2022). Some cited reasons that South Africa is recognised as a strong contender for FDI, especially in the services sector, is due to the favourable exchange rate leading to lower labour costs, infrastructure, central time zone and broadly well-spoken English language with a neutral accent, and a skilled workforce (BPESA, 2021).

4.9.   Unit of Analysis

The unit of analysis was the individual employees both at junior management, and more senior, decision maker level. The intent was to understand if employee engagement trends are different in these two groups as the levels of responsibility differ, thus if leaders feel more disengaged because of the paradoxical tensions they are facing, it might be linked to the level of responsibility they have as inherent to their roles which might increase the sense of perceived injustice they feel in the HQ-subsidiary dynamic.

4.10.   Sampling Method, Size and Criteria

Considering that the research utilised the phenomenology method, it was initially expected that 12-15 individuals would make up the sample size, depending on at what point themes start and stop emerging from the interviews (Cresswell et al., 2007). When considering how many interviews are enough for a qualitative sample, between 12 to 15 interviews was often found to be sufficient to achieve data saturation (Guest et al., 2006). This study comprised twelve respondents. The sampling method was non-probability, purposive sampling. The sample was drawn from the researcher's personal network. It was imperative that the sample met the criteria which is why this sampling method needs to be used. The sample needed to be:

1.   Employees at a South African subsidiary of a multinational where the head office was in a so-called 'developed' country

2.   The sample was two-tiered, half of the sample were junior managers who do not hold decision-making authority. The other half were senior managers who are expected to have a degree of decision-making authority

3.   Not part of the global leadership team or C-Suite as it was assumed that members of the global leadership team have more influence over decision-making

(especially in a centralised decision making context) and thus might not be as affected by perceived organisational justice issues

4.   Responsible for meeting performance targets for the South African region

5.   Organisation size were substantial, upwards of 50 team members located in South Africa

6.   Employees were not   contract/freelance workers as freelance workers working for global companies will not generally be part of organisational culture, so will be less affected by the aspects of employee engagement being explored in this study.

4.11. Sample Frame

The ideal sample consisted of a senior leader and a junior manager at seven different organisations. No more than two employees from each organisation were interviewed. All organisations had to be subsidiaries of MNEs where the head office is in a 'developed' country. Table 1 indicates the intended participants based off of the researcher's network, displaying a broad range of industries. The final list of participants differed from the proposed, and is presented in Chapter 5.

Table 2: Detailed Description of Proposed Sample

Industry / Sector	Organisation	Respondent Position Description	No. of Respondents
Professional Services	Organisation A	Managing Director: South Africa	1
		Junior Manager: Business Development	1
Banking	Organisation B	Vice President: Solutions	1
		Assistant Vice President: solutions	1
Renewable Energy	Organisation C	Project Developer	1
		Head of Projects	1
Technology	Organisation D	Specialist Lead	1
		Head of Region	1
Telecoms	Organisation E	Senior Engineer	1
		Head of Region	1
Insurance	Organisation F	Head of Region	1
		Account Executive	1
Retail	Organisation G	Head of Buying	1
		Junior Buyer	1
Total			14

4.12. Measurement Instrument

Semi-structured interviews were conducted, either face-to-face or conducted via Microsoft Teams, Google Meet or Zoom depending on the interviewees' preferences. The interviews were confidential and semi-structured with the use of an interview guide. This was due to the fact that there already exists a fair amount of literature that gave rise to some ideas for interview questions, particularly from employee engagement research in general. The interview guide also aided in ensuring that the respondents did not depart too far from the topic at hand and ensured generalisability and transferability of the study as each participant answered the same questions, in the same order. Simultaneously, it allowed for unanticipated lines of enquiry. The questions were open-ended and probing, with the goal being to uncover unique insights. Considering that the purpose of the study was to find new themes and connections to add to the existing theories, the interviews were not completely structured as there needed to be a freedom for participants to go in unexpected directions.

The interviews were expected to last approximately forty five minutes each. It was important that the interviewee felt comfortable to answer questions candidly, even if it meant casting their organisation in a negative light. Thus the researcher spent sufficient time building trust and assuring the interviewee of confidentiality in the beginning of the interview (Jacob & Ferguson, 2012).

A Pilot Study was successfully conducted with one test interview and revealed that the questions were indeed open ended and easy for the participant to understand.

4.13. Data Gathering Process

Relevant participants were contacted to ask for agreement to be interviewed, supplying relevant information about the study and the researcher. Each interviewee was asked to sign a consent form for their participation. The in-depth interviews were conducted using a recording device, namely Otter.ai, even in the case that the interview was conducted in person. A backup method of using the "Voice Memos" recording on iPhone was also utilised in case of technological failures which did occur due to loadshedding. The transcription was necessary as the data was analysed in text format, which is in line with the recommendations

from Saunders and Lewis (2018) for qualitative research. The respondents were identified by numerical identifiers in order to maintain confidentiality, which was an important aspect of building trust with the participants.

4.14. Analysis Approach

The analysis approach used was thematic analysis. Thematic analysis is used to identify and analyse patterns which are appropriate for this exploratory study. The raw interview transcript data was processed by way of identifying and coding (Jacob & Furgerson, 2012). Salient quotations were pulled out that began to highlight themes. Codes were used to first identify sub-categories then themes which were then built into the final theory. Deductive analysis was used as the study aimed to obtain greater construct clarity in relation to the study's identified knowledge gaps. The study overall was inductive in approach, whereas the analysis approach was necessarily deductive in approach (Evans & Lewis, 2018). Atlas.ti, software that aids qualitative data analysis was used to analyse the data (Saunders & Lewis, 2018).

4.15. Quality Controls

It was important that the data collected was accurate and dependable and repeatable (Zikmund et al., 2013). Considering that qualitative research is subjective, quality controls were a necessary component of this study. The credibility of the study was ensured through triangulation, namely through multiple theory comparison in the literature review and in preparing the interview questions (Saunders & Lewis, 2012). Triangulation was also attempted through the sample selection, where half of the sample was junior managers, and half was senior decision makers in the local subsidiary including managing directors, regional commercial leads etc. The sample was thus intended to have two tiers. Respondents were from multiple industries in an effort to further triangulate the data. The interview questions were tested by way of a pilot interview with one participant to ensure that the questions were open-ended and exploratory in nature, and to correct any overly theoretical lines of questioning. Interviewer bias was managed by way of using the same interview questions for each interview to try and mitigate the impact of the interviewer pushing a certain agenda during the

process, and questions were phrased in such a way that did not presuppose outcomes.

The data gathered has an audit trail to ensure that it can be verified. The sample criteria was also made clear so as to reduce sampling bias. The interviewer avoided leading questions. (Rubin & Rubin 1995).

4.16. Ethical Considerations

Confidentiality of the sample was ensured in order that the interviewee felt comfortable to openly share any thoughts they might have about the HQ relationship, even if negative. Numerical identifiers were utilised in the study in order to accurately refer to each participant, without giving away their identity.
Digital versions of the transcripts will be stored by The University Of Pretoria for ten years.

4.17. Limitations

The sample is limited to South African businesses only, thus cannot necessarily be applied to other emerging markets. Especially considering that micro-dynamics such as NPD were taken into account, these would vary widely across developing countries. Considering the researcher is South African and works in a multinational, there was a risk of confirmation bias in that interviewees may have been led to certain responses that the researcher was anticipating from her own research.

Chapter 5: Results

5.1. Introduction

This chapter presents the results of the in-depth interviews that were conducted with subsidiary employees. The interview questions were developed through the alignment of the identified knowledge gaps in Chapter Two, and research questions in Chapter 3. The consistency matrix (Appendix B) was used to verify the alignment of the knowledge gaps, research questions, data collection, and analysis. An inductive, iterative approach was used while analysing the data where codes were developed based on the content of the participants, with particular signals being identified based on the research questions at the same time as allowing scope for other themes to emerge based on the responses from the participants. The codes were reduced from 230 to 116 through merging codes and improving accuracy as interviews progressed and a better understanding was formed. These codes were then reduced to 11 code groups and remapped back to research questions in order to understand emerging themes. The full list of codes and their frequency can be found in Appendix C.

Besides using code frequency to develop insights, patterns between codes were also utilised to draw meaning and connect research questions. The Atlas.ti code co-occurrence table was utilised to investigate particular connections between codes, as well as the code co-occurrence explorer to uncover unexpected code combinations. Connections across research questions, combined with code frequencies of more than 12 uses, where they appeared across three participants or more were used to develop patterns. In the case of outliers, investigate the particular reasoning behind this outlier. For example, there was one instance where a code was present in one participant only. In this instance the research made inferences based on criteria such as size of company or seniority. Participant 3 was the only participant in a company of less than 1000 employees so when codes were present or absent in their interviews an enquiry was considered as to whether company size had something to do with the outlier code.

5.2. Description of Participants and Context

Non-probability, purposive sampling using the researcher's personal network was utilised to conduct a total of twelve semi-structured interviews. The interviews were

conducted online using Google Meet, Zoom or Microsoft Teams, with the exception of two interviews which were held in person according to the participants preference. Interviews were recorded and transcribed using Otter.ai in order to conduct thematic analysis using Atlas.ti. The average length of the interviews was 47 minutes, with the total time for all interviews being 572 minutes. The shortest interview was 35 minutes, this was due to the fact that the participant, although being part of an MNE, was not affected in any real way by this structure, to the degree that they felt like they were working for a local company, thus rendering many of the questions irrelevant.

Frequency of codes, saturation across the participants and their level of seniority, and sales or non-sales were analysed to develop a view of various themes that emerged from the various participants. The sample was heterogeneous by design as the interest was in discovering emergent themes across industries and job roles, with a special interest in what differences might come up with differing levels of seniority and with regards to job roles, particularly whether that job role entailed a local remit for business development or customer management. This area of interest was based on the assumption that the experience of paradoxical tensions might be felt more strongly with employees where the remit was to win and keep business within South Africa. Size of company and location of HQ is also included in Table 1. All participants were located at subsidiaries based in South Africa, where the HQ of the MNE was outside of South Africa.

The sample was evenly split with regards to sales and non-sales oriented roles. However, the split was more weighted towards middle level roles, thus the level of seniority initially desired was not acquired. This occurred due to the fact that some roles seemed senior on paper, but when conducting the interview the researcher discovered that in some cases the actual context of the participant was not related to their local seniority.

Differences between the proposed sample and the actual sample are listed in the table below. Primarily they are:
1.   It was not possible to get access to two participants in each organisation as desired.

2.   The level of seniority was not acquired: while titles were senior the roles were sometimes specialist and did not entail much negotiation with HQ.

3.   Some proposed industries were not represented (for example, retail).

Despite this, sufficient insights could be drawn from the sample in order to address the research questions.

Table 3: Summary of the List of Actual Participants

Participant code	Industry	Remit* & Seniority	HQ Size & Location
Participant 1	Telecommunications	Sales, Mid-Senior	197000; Shenzhen
Participant 2	Financial Services	Non-sales, Middle	220000; New York
Participant 3	Renewable energy	Sales, Middle	Under 1000; Oslo
Participant 4	Technology	Sales, Middle	156000; San Francisco
Participant 5	IT	Non-sales, Middle	40,000; London
Participant 6	Financial Services	Non-sales, Middle-junior	83,000; London
Participant 7	Marketing	Sales, Middle	3000; London
Participant 8	IT	Non-sales, Middle	40,000; London
Participant 9	Pharmaceuticals	Non-sales, Senior	50,000; Chicago
Participant 10	Mining	Non-sales, Middle	90,000; London
Participant 11	Fintech	Sales, Middle	4000; Wellington
Participant 12	IT	Sales, Senior	107,000; Walldorf

Remit either sales or non-sales, sales would also imply customer management. This is specifically where the sales role has a remit for a South African base only.

5.3.   Results: Research Question 1

In what ways does relative strategic importance to HQ impact the subsidiary employee's engagement?

The main motivation for research question 1 was to ascertain whether having a sense of their subsidiary's relative importance to the global business has an impact on their engagement, by way of revenue or other resources as part of the global value chain. The researcher explored this by attempting to, first of all, investigate

whether or not the employee actually understood the strategic contribution their subsidiary has to the overall company. The secondary purpose was to sense whether the employee had any strong feelings about their subsidiary's position within the broader company, and how this might contribute to their sense of belonging and value within the business. The inadvertent result was that this section helped to ascertain the level of seniority or extent to which the participant dealt with HQ, and whether or not they were really impacted by the subsidiary's level of importance. These questions also drew out whether there was any sense of frustration with their MNE, which would later feed well into Research Question 3, which relates to perceived levels of justice.

Table 4: Codes, Frequencies and Themes for RQ1

Theme	Codes	Frequency
Reasons to be in South Africa	Gateway to Africa	18
	High Value	18
	SA Skills & resource	17
	Issues in South Africa	9
Impact of communication on strategy clarity	Communication skills	32
	Advocacy	19
Individual dynamics	Promotion opportunities	45
	Feeling valued	19
	Exposure	15
Subsidiary dynamics	Local knowledge	27
	Emerging Markets	13
	Low revenue	12
Resources	Recognition	30
	Less Resource	19

	Global resources	14

5.3.1. *Reasons to be in South Africa*

Of the 'Reason to Be in South Africa' theme, it is worthwhile to note two codes in particular, Gateway to Africa, and High Value. Both of these codes appeared eighteen times, with Gateway to Africa appearing across eight out of twelve participants, and high value appearing in 10 out 12. For the most part, participants had a fairly good understanding of why their company operated in South Africa and that the subsidiary was ostensibly of high value to the MNE. For the majority, the reason for the MNE operating in South Africa was the fact that South Africa provided an access point into Africa for MNEs, and that Africa was a high value, or at least high potential continent for the MNE to operate within. Many participants opined that their organisations had very strong, clear reasons to be operating in South Africa. This was the case even while some participants were slightly less aware of where exactly they sat in the global MNE value chain, besides being a gateway to Africa, Africa being a continent that had high growth potential, and that South Africa offered a cheaper labour force.

Participant 3

And then what it also does for them is that from a strategic point of view, they utilize the South African office to be able to then look for and either acquire or greenfield projects within the SADC region as well.

Participant 4

There is high potential because of volumes of people in the market, that potentially are unreached by anyone else yet.

Participant 6

And from being in such a developed country, your growth markets, you don't really have many very, very many left [...] I also think that the UK needed to kind of drastically absorb a new regional risk because they were under severe pressure to

grow. [...] South Africa at that point, still had the best credit rating and has the best infrastructure still, and was a very good starting point and like barometer for the African footprint.

Participant 9

And South Africa is super strategic in terms of entering African countries. So we don't have any other affiliates. [...] So South Africa, I think is strategic in terms of access to the African market. And I just think from like a strategic point of view, it wouldn't be very strategic to have offices everywhere and not have anything in a footprint in Africa.

Participant 11

So I think we're trying to expand that where they didn't have that channel in before. And as I've mentioned, I think they've pretty much got sort of offices, on all the continents bar maybe Africa and this was a way in, a conduit

Participant 12 brings in a new theme in referencing both the future value of Africa, and the actual current, key high resource value to MNEs and how getting a foothold in Africa early is a key competitive advantage. They also make mention of the fact that it is a strategy that is worthwhile, despite the difficulties in region:

Well, in all instances, businesses are looking for growth, right. So they're looking for new markets. They're looking for markets, which have good margins, they are looking to make sure that you know, they take advantage of emerging opportunities, particularly the emerging markets. [...] Now if you don't go and play in the market, which is going to be the largest population block in the planet in the future. Your products are going to be locked out. So you got to go in there and even if it's not perfect initially, with time, if you establish yourself, you're in a relaxed foothold in those markets, you have a future growth prospect.

Participant 12

… the growth, which was being driven by growth in emerging markets, in general, was quite significant. [...] It takes time to build it to that point, but it's money. It's good money, good margins. So it's good business. Let's put it this way.

This theme also came through strongly for participant 1 and 3 whose organisations held the South African subsidiary in high regard, either because of the ranking it held with regards to global revenue or because of the fact that South Africa had a specific resource that the MNE needs:

Participant 1

Okay, so it just won one of the biggest offices in the world last year in terms of revenue, and in terms of profit margin. [...] So, South Africa is very strategic to their offering and because they have some of the segments here, some of the flagship networks like 5g here in South Africa. So that contributes a lot to their GDP margins.

Participant 3

The unique dynamic that exists between the South African team and the Norweigen front office is that the majority of the skill set sits here in South Africa. So for all the projects that X actually owns and runs around the world all the design and engineering components of it are actually designed here in South Africa. [...] We do have development arms that exists obviously in Brazil, and in India and Egypt and all those places around the world, but they're much smaller teams. So they have quite a heavy reliance on the resources in South Africa. [...] And, and so the South African market now represents I do not know the exact percentage, but I would say by far the most significant I'll say well over 50% of the gigawatts that is owned and managed by X resides in South Africa. And also in terms of growth as well. The region itself presents the biggest opportunity for growth for them.

Interestingly, although Participant 10 belongs to an organisation that also relies heavily on South African resources, they were one of the participants that expressed the highest levels of frustration and dissatisfaction with their

organisation. In the example below, they make reference to the fact that there seems to be an inequality with how the MNE is handling the energy crisis in the UK vs in South Africa, and that there is unequal attention given to the South African office despite its relative importance to the global business:

Participant 10

So for South Africa, platinum, we are the biggest platinum producer globally, in the platinum industry, but also within Company Y's portfolio. South Africa is the only place that we mine platinum. So I think in that way, maybe that's part of the reason why we get left to our own devices a little bit because platinum is a like independently run subsidiary. So I mean, platinum is the namesake for the company..[...] So like now with the energy crisis that's happening in the UK there, the company is looking at stepping up and providing some like, financial relief, because of those, you know, the rising inflation and that kind of thing, but then you hear after the fact that it's that's only applicable to like the UK markets. So, they don't implement that globally, which definitely, that definitely causes issues. And I think, yeah, there's a lot of stuff specifically in the South African market where its like: We're rolling this all out except in South Africa. I think we almost run semi-independently or it feels that way a lot of the time.

What was noteworthy about this participant's experience was that they are part of a large, complex MNE, and the South African office is a key contributor to the global organisation - so much so that they are almost run completely separately. However, in some instances, global has certain overall communication mechanisms (like town halls) and processes that they enforce. This participant is getting caught in the tension of being both an important part of a larger organisation - thus able to almost run independently, but still subjected to sometimes frustrating overarching policies and being exposed to potentially unfair regional nuances. There is a crossover theme of "impact of communication" which is relevant in this instance, as with many other participants. For this particular participant, being neither in a situation of centralised or decentralised decision-making was a cause for frustration, and also caused a lack of a feeling of organisational justice due to the participant witnessing and hearing communications from the global company, they state: I think basically everyone wants to feel like they're being treated equally.

South Africa's provision to global organisations of relatively cheap labour was one of the most common reasons referenced by participants about why their MNEs chose to operate in South Africa . There was no particular sentiment towards this particular strategic intent, besides in some instances providing positive promotion opportunities for the participants.

Participant 1

So for them if they able to get good local resources, and a pipeline of local talent to be able to replace the Chinese and give the same quality of work, it saves them a lot of money.

Participant 4

And scaling that kind of stuff. And I think a lot of it's, it's discussed often that a lot of international companies find South African labour pretty good because of the, the relative balance between like skills, cost and and your ability to speak English pretty understandably

Participant 7

So our most strategic contributions would be our resource, our bums and seats from an actual execution of services.[...] So our team contributes to you know, global work whether it be in APAC, EMEA, wherever they are usually the guys who are really running and working on those big accounts. So yeah, I'd say our main focus is absolutely our resource as well as probably our administrative roles. So there's been quite a big drive within the business to get global administrative roles filled here because we are a low index market.

Participant 11

no one's ever said this, and I don't see it in steps or whatever else, but I suspect that we're slightly cheaper labour.

Linked to the theme of reasons to be in South Africa was that of issues MNEs experienced in operating in South Africa. Indeed, this theme was brought up offhandedly in six out of twelve interviews. On the one hand, issues or challenges faced in South Africa were referenced either as an explanation as to why the MNE did not focus on South Africa as a high revenue-generating region, or as linked to other problems that made operations in South Africa difficult. Often, HQ was insensitive to the issues being faced in South Africa, or alternatively, the participant just noticed substantial differences between the HQ operations and South African operations when they visited HQ.

Participant 5

It is that it has been very difficult to get business in South Africa. And you know, it's the politics and so forth.

Participant 6

It was people that were just very competent where they were and I enjoyed that kind of took away the political noise of what we faced in South Africa.

Further, participant 11 felt a sense of injustice in their organisation's "back to the office" policy which they attempted to roll out globally despite the COVID situation, and the fact that general operating conditions of the South African office were different to that of the European counterparts:

Participant 11

[...] so so your your beginner positions in the company that are now carrying laptops, but potentially using public transport, which in South Africa, is not safe [...] and some people that felt that the rent in Joburg itself was a little bit higher than what it needed to be so they've moved to outskirts like Hamanskraal or something like that. So to take a taxi or public transport for two hours in the morning. Two hours back very different way of working

It became important to note whether the MNE showed enough commitment to Africa to want to remain and build the business despite the difficulties, and that there was no sense of underlying resentment inherent in the unofficial communications:

Participant 12

Yeah, so those are the strategic elements that you might want one would consider for going to the markets, even if it's difficult, you go in there.

5.3.2. Impact of Communication

This brings in the theme of 'Impact of Communication'. Of particular interest is the code 'advocacy', which appeared 19 times across 10 participants. It seemed that there was a positive influence when the leadership was able to advocate for the South African office to the HQ, and could similarly bridge the gap back to the subsidiary employees to make clear how the South African office was strategically valuable. On the other hand, if the person (e.g. head of a grouped region i.e. EMEA) doing the communicating in the real, everyday sense - was not an effective leader, had a negative view of South Africa, or seemed to lack understanding of the local context, employees may attribute those sentiments to the stance of the MNE as a whole, not just of the one leader who is communicating the incorrect message. Further, the nationality of the leader came up regularly and employees favoured leaders that were South African or from another emerging market like India. There was also reference to the fact that due to there being a greater distance from HQ, the ability to communicate effectively became even more important:

Participant 4

It's just your willingness to to get that information out to the right people, which again, you might not be as close to proximity wise so it's a bit harder to understand the chain of, of communication.

And how the larger an organisation is, the more opportunity there is for communication breakdown:

Participant 10

funnily enough, I think the communication down from like, the head office, from the Global Head Office to local head office and local head office to our like GM and our senior management's on site that is all aligned. You know, they're like, Yo, cool, cool, we'll do it. But from like, our GM implementing down onto the base layer. There it gets some there's definitely some dissatisfaction with how things get done

Participant 3

So my direct manager now used to report directly to the guy who is now the CEO of the company. So I feel like there is a better relationship for South Africa. And if there was a scenario that required any sort of attention from that perspective, I feel like South Africa does get heard more than other countries do. Yeah. Again, that's just that's more of a feeling than it is anything.

Participant 5 makes mention of the fact that the CEO needed to visit from the USA in order to assuage the South African employees who were feeling anxious about their jobs and the value the local office was adding to the company, this CEO is from India, and that was cited as a positive thing for this participant:

Participant 5

Because they do recognise the value that sits in South Africa, but then at the same time, the big issue, you know, there's no business you know, so it is something that, you know, our right now with our new CEO, he understands what is happening. He's an Indian guy who grew up in the US but he was born in India. So maybe that helps because he understands, you know, the likes of the emerging countries, right. And then the, and then our previous CEO, he understood very well because he was South African, which was quite nice. And at some stage, the region felt lonely, like there's no one you know, something is going to happen in the business going down and there's uncertainty and all of that. So now it took our

CEO currently to come down from the Americas and to speak to everyone locally and to say exactly that. Africa is still very much part of the strategic plan.

Negative:

Participant 12

By the way, they are people who look at things and say, we have got the wrong people here. They're killing people in the subsidiaries because the subsidiaries complain a lot. This person you put in this role is messing up with our plan. [...] Yeah, so now it looks like head office is has problems but it's just a person who is the who is messing up at least in the culture of the company

Participant 6

when the person isn't fair and they command that much respect and then not well suited for the job then they can cause so much damage. Very demotivating damage. Yeah, because you feel like even places and all the controls and human resource and different managers and different groups. Yet if they don't like you, then you they can still make your life hell like that. I don't understand how that works.

Participant 12 brings in the suggestion that in order to counter the inherent tensions existing due to these communication breakdowns, MNEs should have a Top Management Team that is as diverse as the regions it represents:

Participant 12

the other challenge that a multinational sometimes face is that they sometimes they lack diversity at head office. So this is also one of the one of the potential remedies to these challenges [...] my argument is that the strategic intent of the multinational on a good day, it is not inconsistent, right. But the issue is who we put in the in charge of delivering that strategy absolutely is the one that creates these tensions [...] Diversity at in head office and regional offices address the issue of of implementation of the strategy of the mne, but I can bet you these emerging

markets in my experience, emerging markets are very important for for multinational, even when they're faced difficulty. Yes, they've gone in, they have come back in they've done this because they realise that is there's good money in those markets. So strategically, there's no issue there.

5.3.3. Individual Dynamics (Promotion Opportunities)

As a means to dig deeper into the employee's understanding of where the South African subsidiary sat in the global value chain, the researcher shifted focus towards the ways in which the subsidiary's contributions were recognised, and the inherent fairness therein. She also posed questions regarding differing resources and opportunities. One way of phrasing the question was "If someone doing your exact job was sitting in the HQ office, how do you think your opportunities or recognition would differ?" A major theme that surfaced was the individual dynamic of promotion opportunities. This code surfaced 45 times, and across every participant. This was an unintended finding for this section. It surfaced as the interviews developed because the original line of questioning, which focused on general ways in which contributions were recognised, was not generating much insight. Thus, the researcher began to integrate promotion opportunities in all interviews going forward.

The researcher identified a tension in the respondents in that, for the majority, there was a sense that promotion opportunities within an MNE were positive because of the size. However, the general feeling was, almost conclusively, that one would have to move to HQ in order to get real recognition and that there was a definite ceiling in the South African office. A sub-theme that emerged along this line of thinking was that proximity to decision makers was a key factor in achieving promotions. Although this topic emerged at first without any sense of frustration overall, as the interviews progressed, the topic came up in various ways and the matching between the promotion opportunities (45) code and justice: negative (32) codes had a lot of co-occurrences (11). Proximity (18) co-occurred with promotion opportunities 8 times. It seemed as though the participants hadn't necessarily actively thought about it, or let it bother them, it was just a fact of working at an MNE.

Participant 9 refers to how South Africans have a positive reputation with other offices, and that it had become a trend for South African employees to emigrate to the HQ country:

Participant 9

So if you asked me this question eight years ago, I would have said there is a difference, but something has been happening in the past 6 years. And I think maybe there's there's many reasons for that. But the South African people have become very, very attractive. So in the last four years, we've had probably like 10 people who have moved to HQ to you know, been promoted to HQ. So I think being South African has just, we are almost becoming like a talent exporter.

Participant 1 was in a unique position in that there is a ceiling in terms of promotions due to nationality, in other words, you cannot be at senior level if you are not HQ nationality (Chinese), the participant would need to move to another company as promotions are not a possibility within his current organisation, as far as he sees it:

Participant 1

And so if there are a lot of people who cannot fit into their culture, they don't see you as trusting you to be able to handle key positions. So the growth prospects of locals are difficult [...] I think that's what really triggered the MBA, because at a point in time it's difficult to climb and to have like an autonomous way of doing things. It's it's quite difficult. So the only way for you personally to grow is maybe you need to change jobs

Participant 1 was the only participant who's HQ was in China, and the only participant who actively suggested that promotion at the senior level was limited due to cultural differences. Others simply referred to proximity or location reasons.

<p style="text-align: center;">Participant 3</p>

I feel like there's a particular ceiling that can be reached here purely because the absolute senior seniors all reside in Oslo, the controlling arm again still is Oslo.

Multiple participants brought up the fact that proximity to decision makers was a hindrance to their promotion opportunities:

<p style="text-align: center;">Participant 2</p>

100% question myself all the time that I'm possibly in the wrong location because it's taking so long to get my promotion. So I think by virtue of the fact that you sit there, the big bosses are there, you can get recognised much more easily.

<p style="text-align: center;">Participant 4</p>

I definitely think there are more or the feeling is that there is more opportunity that you know, based upon proximity to larger more developed regions, whether it is HQ or not, whether it is the offices here or not [...] And I think more on a comms level and proximity to higher in the hierarchy to like individuals and decision makers. Yeah, that physical proximity, I think is quite a big thing. So I don't think it's intentional barriers, if you know what I mean.

<p style="text-align: center;">Participant 6</p>

So the promotion opportunities, generally because it was parent UK, they were, I mean, listen, I don't have the numbers. But the impression we always got was that they would always first look to fill the role from the talent pool in the UK. And then they would come down to you

Participant 7 brings in the topic of not being part of an "in-group" and that this culture of being "clicky" in HQ would likely negatively impact the participants promotion opportunities:

Participant 7

Um Its very clicky. So I think yeah, if I was if I was in the UK based in UK but but managing South Africa, for example, I think there would be a lot more recognition and a lot more. I guess promotion of me as a individual.

Participant 10

Yes, sure. I mean, there's different and I feel like you can't be naive in thinking that you don't. Your position will give you exposure to certain people. So like, sitting at head office, I sat right next to the smelting and refining manager just by virtue of where I was. And so the level of exposure to the people that I got, just because I was in that environment, the proximity, the networking it was just so much better. [...] if you were going to get a job in the UK, it would be at the head office. It's the only other place you could really get a job there directly. And I think just by virtue of being there, you're being exposed to the level of people there I just think your opportunity is better. Yeah, that's my perception.

Participant 11

I think the biggest difference for me is that before with the smaller, smaller fishpond, your personal brand and how your reputation you know, got around, whatever it was a huge help, whereas, a lot of the promotions that they're doing at the moment, a lot of the new people being promoted are not necessarily from South Africa, at that higher level, right [...]That's how long she's been here. So technically, *twenty two years. And even she the other day had said to me, I've been I'm being treated like I'm a newby I have to explain and re establish myself*

Respondents may make decisions about what work to prioritise based on whether they feel that their promotion opportunities lie within the work that will be recognised by HQ.

5.3.4. Subsidiary Dynamics: Local Knowledge

Local knowledge appeared 27 times across 10 participants. The reference was mostly regarding how local knowledge of the market was a key reason their

subsidiary was strategically important to the HQ, and that the MNE could not operate in market without this local knowledge:

Participant 3

and understanding that is massively key to us being successful. And because we deal with governments, so that people generally speaking , sign these PP PBS, PS IPs, yes. Having national governments and understanding them and getting to a point where you're able to be in a position where you are in a room to be able to sign one that is massively key. So I think they've had to learn very quickly.

Participant 9

Our company is very, it's very like the local people know best, you know, because when you're in global you, you don't understand the intricacies of what's happening in the markets. And like I say the global team probably has best knowledge on the big markets, but they don't really know their small markets, you know, because I mean, there's 140 countries, the global team does not handle 140 countries in that much detail. So we treat our local teams as a subject matter experts.

5.3.5. HQ Dynamic: Recognition (30)

The most regularly referenced code for recognition was awareness, where employees felt the value of their work, and their subsidiaries work being acknowledged. Noteworthy with regards to recognition, is that some organisations seemed to successfully bucket subsidiaries together so that recognition was fair, and not comparing an emerging market with a developed market. This worked particularly well when the verbiage of what the company said matched the actions it took to recognise subsidiaries. Another relevant tactic was when MNE's recognised subsidiaries not based on their benchmark against other divisions within the organisation, but against where they sat in the market within which they operated:

Participant 9

[...] they've got large business units which compete amongst each other. And they have medium sized business units which compete against each other and have small business units which compete against each other so that you can compare apples with apples because otherwise, if you don't do that, you're gonna be comparing apples and pears. So South Africa has got an opportunity to win in their small business units because then they compare South Africa with countries like their own and not with a big business unit. [...] So you would know if you are obviously in commercial, you would know that our contribution is small, but remember that the average employee is not comparing themselves with an employee in the UK or in Spain or in France, they're comparing themselves with their competitors locally.

Townhalls and other types of all-company communication platforms were referenced regularly by participants, mostly as a positive component of recognition:

Participant 10

And then obviously, like in a global platform, you know, when you're sitting there and they're broadcasting to the entire company, and they're speaking very specifically about your region, like, that feels quite prestigious, right? Like they're acknowledging you as an area and as a region and the kind of work that's being done. And in certain platforms, you'll have the opportunity to present you know, if you're doing a really interesting project or something that's really high on the company's radar, you know, you'll be given a platform to present and talk about the work that you're doing under certain circumstances. So I think that's from that perspective, that recognition

Participant 2

we rely strongly on them because I mean, I think they're a stronger force to be reckoned with than us.

Participant 4

I mean, just having a bigger company's name behind you does give you more credibility and legitimacy.

5.3.6. Conclusion

The main findings that surfaced out of this section was that employees had a good sense of the value that their subsidiary had relative to the global organisation. There were often global methods of giving recognition to the employees, however, proximity to HQ came up as a reason that promotion opportunities were sometimes unfair. Overall, relative strategic importance was not directly associated with lower engagement in participants, if the strategic intent of why the MNE was operating in South Africa was clear and not contradicted through actions. It was important to participants that their local knowledge was utilised and that they had leaders that could advocate on behalf of the subsidiary well with effective communication, and could in turn also convey subsidiary strategic intent effectively to the subsidiary employees. If there was poor leadership, or poor communication, or unfair recognition practices, relative strategic importance did not matter to the employee.

5.4.   Results: Research Question 2

In what ways does the paradoxical pressures of an MNE subsidiary impact employee engagement?

This section sought to explore the ways in which employees might be impacted by juggling the paradoxical tensions of needing to be both globally aligned and locally embedded, where local priorities and global priorities may not align well to each other. This section touches on an emerging theme which is there being a difference between what the MNE says its strategy and vision for the subsidiary is, and the signals that are picked up by the employees that may contradict this. It also looked to further unpack how the participants felt towards the HQ, and whether this tension had an impact on the way they felt about their work, the locus of control they had over their tasks and how their job role and remit had influence over the tensions that they experienced.

Table 5: Codes, Frequencies and Themes for RQ1

Theme	Codes	Frequency
HQ Dynamics	Complex HQ	20
	Clear Strategy	12
HQ-Subsidiary Dynamics	Paradoxical Tensions	38
	Global Alignment	20
	Localisation	18
	Proximity	18
	SA small	18
	Prioritisation	15
	Superiority	14
	Attitude to Africa	12
Locus of Control	Centralised process	17
	Semi-decentralized decision making	16
	Autonomy	12
Impact of Leadership	Personal network	22
	Advocacy	19
	Damaging Leaders	18
Job roles	Sales	6
	Non-sales	6
	Remit	12

HQ dynamics refers to all those aspects of strategic choices of the MNE, for example what area they chose to operate in and how clear and intentional they were about being in each region. HQ-subsidiary dynamics refers to all aspects of how the HQ and subsidiary relate to each other, for example whether they follow a centralised or decentralised decision making process, linked to that, locus of control is how much the employee felt that they had autonomy in their work. Impact of leadership relates to all aspects where leadership might have a positive or negative effect on the employees and how they dealt with and experienced these tensions particularly in the effectiveness of communication of the strategic choices of the HQ to the subsidiary.

5.4.1. HQ Dynamic: Clear Strategy and Company Identity

The experience of most participants was that the company had a strong identity and a clear strategy, that was at least at a high level communicated to the employees fairly well. In many instances, this stance benefited the individual as they knew what was expected of them and where their priorities should lie, thus they were not torn by not being able to be everything to everyone, even when local demands might have otherwise placed pressure on them. This theme also ties in well with "reasons to be in South Africa", if the strategy was clear, and the reason to be in South Africa was equally clear with the required level of autonomy given to get the job done, minimal frustration was expressed by the participants.

Participant 2 does not struggle with not being able to deliver on certain client demands in market, even when other banks might win the business over her organisation, because they know that they do not need to business at all costs:

Participant 2

[...] and we're not trying to be everything to everyone. So we have a very specific target market and risk acceptance criteria [...] And like, I mean, I've taken months ya to make sure, and even if we still want the business or not, because like I said, we're not everything to everyone, whereas a local bank, yes. If you're a cash cow, you bend over backwards, your risk appetite is much bigger than ours. So we will, I would say, break it to the client as nicely as possible and be nice about it. Yes, we'll look into it. But the system still stands.

Participant 3 has a unique experience in that the South African subsidiary is the most important office to the MNE outside of the HQ, and so the strategy is not only exceptionally clear but the South African strategy and HQ strategy are completely aligned:

Participant 3

I think we have quite a clean sort of a clear mandate in terms of what it is that we have to do, and to some varying degree. Head office lets us do it. And sometimes they're there to support us doing that. Again, yeah, it really has a lot to do with the

fact that again South Africa is a strategic player for them, a major strategic player for them.

Participant 7 has a good understanding of when they can pursue local business as opposed to helping with global business pursuits, their mandate is to handle South African business, but only when it is above a certain level, in this way Participant 7's organisation has a very clear strategy and this assists the participant:

Participant 7

Yeah, as long as you have context and I don't think let's just say I've never I've never been told off or told I should have gone for a global opportunity rather than a local and I mean, like I said, they've got to be pretty massive. It's got to be a pretty massive local opportunity to prioritise it over a global opportunity. And so yeah, I'd make that call. I can quite easily make that call. So yeah, it's hasn't been frowned upon. As long as you know you are I guess adhering to that.

Participant 9 touches on the fact that there is sometimes outcry from local team members when certain opportunities cannot be pursued, but that the company remains steadfast in their decision:

Participant 9

And some of our competitors, they did a biosimilar of their own drug. And that kind of thing would have made sense for like small countries because we could like defend, and the company was just like, No, that is not what we're doing. That is not our DNA, we do not do that. And I mean, there was a lot of outcry, whatever, and they were just like that is not the DNA of the company. We're an innovative company. We don't make any genetics. So you can see in that way, the decision was just like, This is how we're going. This is what we're doing. So you can definitely customise but it has to make sense for your global team.

5.4.2. HQ-Subsidiary dynamics

This theme deals with certain aspects and decisions of the MNE and how they relate to their subsidiaries in areas such as the expectation of whether decisions can be handled in a centralised, semi-decentralised or decentralised manner. This dynamic was explored through questioning how the participant felt about whether a task from global was more compelling to the participant, or a local task. The majority of participants experienced a semi-decentralised strategy whereby the major strategy would be filtered down from HQ and split out into local tasks. Almost all participants had to do some degree of tasks or comply with certain processes or join certain communication broadcasts that were mandated by HQ. They experienced varying degrees of frustration with this, depending on how the mandates were communicated, their job role and remit and whether they felt the content of the communication or policies were fair.

5.4.3. HQ-Subsidiary Dynamics: Paradoxical Tensions

The code Paradoxical Tensions appeared 39 times, it co-occurred 8 times with the code frustration, 4 times with centralised process / centralised decision making twice with autonomy and 4 times with leadership themes. It refers to the tension experienced between an employee who has to juggle both local tasks and processes, including local customer demands, and global processes, tasks and strategies. The participants struggled with this to varying degrees, linked to whether they had a local or global remit and whether or not sales or local customer satisfaction had a direct impact on their job.

Participant 12 was the most senior person that was interviewed, they have held senior positions at two very large tech MNEs. They had a pragmatic perspective on the reasons that MNE's operate in the way that they do, with centralised processes:

Participant 12 (sales, local remit)

but it was typically a resistance to remember what I said about they want to keep everything standard, right? So you don't deviate. So, so the tension here is we don't want to have something which is so customised its difficult for us to manage.

On the flip side, participant 11 who's South African organisation was acquired 18 months ago by an MNE speaks about how needing to have standardised processes can negatively affect local customer relationships, and how the HQ started off by being accommodating to the tensions experienced by the change, but steadily became more rigid in the enforcement of the global process:

Participant 11 (Customer management, local remit)

I think the biggest difference between our model and theirs is we did a lot of bespoke solutions. We did a lot of get the job done. And pander for different clients and we'll change this for this client will do this for this client because it was all about accommodating clients, and we want their business and it was a lot of like that. Whereas their sort of thing is 'we offer this solution'.[...] So to now try and retrofit all those bespoke solutions into a one size fits all has proven difficult and at first it was like, oh, no, we'll see what we can do. And now it's, it's sort of like it's an irritation, perhaps where this is what we've got. This is what we're doing. We need to get everyone on board. But it makes it very difficult when you're managing relationships that are gonna go back after the fact and be like, Look, you know, you know, you want us to do escalations within an hour. Well, according to head office, we have 24 hours so we'll get back to you in 24 hours

Similarly, participant 1 spoke about how it is a struggle to both keep in line with global best practices, like "no purchase order, no work" as well as keep clients happy in order to build healthy long term relationships in order to ensure that there were enough projects for themselves and their team, they also mention their frustration in not being able to exercise their local knowledge and have autonomy, but having to follow a global process that jeopardises their local client relationships. At the same time as managing all of this, they also have to keep their team motivated:

Participant 1 (sales, local remit)

some time you do because you see they are very strict on rules as well. But then you need to give tangible reasons for such deviations. And if it costs the company a lot of money then there'll be warning letters they'll have to issue and also for

example, there's the strict rule for no purchase order no work. So you can't go on. Also you can't be strict with the customer sometimes because you feel you need to help them to create lasting relationships and think about the future and how the future will work. HQ is nowhere he doesn't know what happens on the ground. [...] So some of them you get touched because there's a point where you don't have the power because you feel like there is a force behind it and you can't make those decisions because thats what HQ is enforcing HQ, those are HQ's rules. So those ones will make you feel very bad. And as I said, in the initial stages that you also always need to make sure you have projects, because once there is a decline in projects also, I told you is a project based company, so you have to start letting people go and if you're not on top of your game in terms of getting projects as well, and you let some people go that also impacts the morale of the of the team

Participant 4 expresses frustration with the fact that they are sometimes held accountable for product roll outs that are not relevant for the region, they do however mention that it is possible to explain the situation to global with "real reasons", indicating the role of negotiating with HQ in order to get them to understand local context:

Participant 4 (sales, local remit)

This definitely there are definitely, like, there are those feelings because there are a lot of like, globally mandated solutions or globally recommended, like projects that the region is too nascent for, number one, or it doesn't make sense with the kinds of clients you've got or even to the point where it's something that is like you'll be measured on rolling this thing up. But all we've promote this thing being rolled up, but it's not available in the region yet.[...] because they're actually pretty open if you actually have real reasons and can explain away you know, why you chose to focus local. But yeah, there's a lot of stuff that is communicated at too mature a level for our region. So there is quite a contradiction.

They also go on to say that, although there is an expectation of roll out that the local subsidiary will be held to account for, there is not necessarily equal support from the team

and you're speaking to like an engineering team, or, you know, hey, like, when can we get this? If you're not on the roadmap, it's very much feels like falling on deaf ears or it's like, it's about it's solely about like the outcome monetarily, whether to throw resources into developing that kind of solution.

All the participants who held sales or customer management positions with a South African remit felt the pressure more.

In this instance, participant 5 who holds a global role, previously used to help out the local subsidiary, however, her non-local manager could not deal with the tension of needing to provide a solution for a South African subsidiary that could not fit in with the budget requirements she was accustomed to at a global level:

Participant 5 (non-sales, global remit)

But yes, I used to get called quite a lot in the local project, [...] And then also I recall. Like, sometimes I'll be just be dragged in, because they've never, they don't have and they've never had a specialised insite function. So that's how I'd get pulled. And I recall before 2016 It used to happen and I wouldn't have a problem helping out. But after my new boss came, it was like, No, but you work for group you know then there'll be that fight between the region and the group, you know, office.

I've noticed my manager couldn't take it. It was too much for her. [...], so yeah, it was so frustrating because they would come for local insights. What we did not have, and at the same time when we asked for the budget, they wouldn't also show up with the budget, because we'd be like, we happy to help. But do you have the budget? Then we can find someone and we can work with those people

This seems relevant to a consulting type of company whereby projects that are run for clients in a region need to have the matching budget from that region, without being able to pull on global resource pool. In other words, there is a global team but that does not mean that the global resource pool is indiscriminately available.

Participant 6 deals with a situation whereby they have local knowledge that the HQ does not have, the HQ does not seem to be willing to understand or hear the local context and tries to apply global standards to a local process, causing the participant some frustration and unnecessary stress in the system:

Participant 6 (non-sales, local remit)

[...] but it's certain risks where there's certain risks that you see when certain payments are late that I know are not really risk, I've covered my bases. That's fine. Yeah. And I think although with the British system, it's like if you don't receive the payment on the date, the invoices you receive those it's like high alert, yet we know that money from Ghana to South Africa will take five days minimum to clear so it's I think it was just a very big I think they took on a huge exercise that they didn't realise how difficult it would be to fit into the British mould.

Participant 7 references how there is a lot of business lost in South Africa due to the global standard applied of an "ideal client", they comment on how this leads to the organisation having a certain reputation in market, and they further comment that they feel that it comes across as being offensive to the local market, however there was not too much frustration expressed as this participant was able to pull from other regions to meet his sales targets, not just South Africa. So although he can recognise how the global decisions were jeopardising local business, it did not personally affect him:

Participant 7 (sales remit, South African + global)

I think another global thing that maybe doesn't help us is our whole ideal client kind of qualification in that a client has to spend a significant amount of money in order to be a Jellyfish client. And so, in doing that, we obviously turn away a hell of a lot of business. I know again, our remit is not only new business inSA. But you know, we are now we now get a reputation in market to be extremely expensive, unable to work with because you don't spend X amount. So again, it's a little bit of a dig at the culture, at the the local businesses

Participant 4 and 12 specifically speak a lot about how change can happen to global processes if local leaders make the effort to advocate for why a certain process doesn't work or needs to change, this is also linked to the advocacy code, in the theme of Impact of Communication and Impact of Leadership:

Participant 3

So my direct manager now used to report directly to him that used to be his direct boss, and now he is the CEO of the company. So I feel like there is a better relationship for South Africa. And if there was a scenario that required any sort of attention from that perspective, I feel like South Africa does get heard more than other countries do. Yeah. Again, that's just that's more of a feeling than it is anything.

Participant 4

but it's a very difficult uphill battle when it's globally rolled out standard, because a lot of rules are kind of like umbrella rules that it's like this covers any everyone and just they'll deal with the brunt of the individual cases where things don't work. So if things needed to be changed, or if they actually get to the point of being changed after a long road of a lot of complaining and hard work.

Participant 6 calls out the fact that the effectiveness of the advocacy in terms of being heard is largely dependent on how well respected the local leader is by the HQ:

Participant 6

I think their response would depend how informed and how well connected in terms of respected the leader was, but it would actually, your challenges would be heard as strong as your line manager is escalated them. And that is to be dictated by are: they seen as somebody that's competent, and we value their viewpoint.

Participant 11 mentions advocacy too, but that their managers are trying but not always succeeding to negotiate with HQ:

Participant 11

so our sort of leadership team so like, my boss and his boss's boss are doing a lot of trying to to help the relationships internally to try and make them see you know, those sorts of things, but I don't think they're always given the time to, to present or express those which then means it's a little bit more cutthroat than potentially what we're used to in South Africa

Participant 12 brings up the fact that some people will not be able to handle the pressure of needing to advocate and educate HQ, and end up leaving the company, but states that persistence eventually pays off if the leader is able to effectively convey why the local context is important:

Participant 12

So the initial reaction is usually a resistance. No, we will not accept it. So we never do it that way. So yeah, those challenges are always there. And then what typically, what this local subsidiary would do if it's if it's if it's smart is to educate the HQ to say, This is why we do it this way. And this is how Why its necessary for us to do it? [...]it can cause a lot of anxiety and a lot of people have left because of that, but unfortunately, you know, over time the multinational realise Oh, we got to change and they do change and somebody else who comes in afterwards enjoys the fruit. This is what happens. I can tell you this, you know. Yeah, so, you know, it is frustrating, [...] This is exactly you either take it or leave it right. Yeah. Yeah, it's so yeah, but it's frustrating for the person who is doing it in the moment, but the people who will come after you and everyone is now agreed that's the most practical and harmonious way to move forward.

Participant 1 speaks of the frustration they feel when the mandates from HQ change at the same time as local context changing, and the challenges experienced in needing to continuously align their team with the changing priorities,

and needing to motivate their team while at the same time not having much autonomy:

Participant 1

the local task keeps changing because you might find out that HQ is not around and you are dealing directly with your suppliers and customers around you. So sometimes you need to tailor some of the requirements or the ambitions to the local context. you need to keep on aligning your your team to new ways of doing things, which takes time and you know, when people keep on changing views, it might come across that there is no direction but then in the management level, you're trying to hold on to two pillars that are coming in. So it does affect my my people, because it's you just need to always change strategies and if there's no alignment, you need to get them to fall back in line in some of the changes. So some of them you get touched because there's a point that where you don't have the power because you feel like there is a force behind it and you can't make those decisions because thats what HQ is enforcing HQ, those are HQ's rules. So those ones will make you feel very bad.

5.4.4. HQ-Subsidiary Dynamic: Priorities

Of interest was that when most participants were asked the question on whether they would feel more compelled to action a local or a global task, they would say global as a knee jerk reaction and almost always laugh at themselves and try to course correct there after. This compulsion to focus more on global asks than local sometimes had to do with ego, sometimes with compliance, and sometimes to do with recognition and promotion opportunities:

Participant 3

But yeah, your first initial instinct is to try to shift whatever the local component actually is out a little bit.

Participant 6 speaks about how prioritisation can be skewed because local managers want to get personal recognition from the HQ, and how this caused chaos and fractured operations in the local subsidiary:

Participant 6

A global ask. That was when our managers got all excitable and had to do that, that was actually the one time that I got given priorities. [...] because I think in that role to also just from an ego perspective, when global asks, there would be a specific MD or specific manager in charge of it and when they were given like a specific requests, it was seen as like a real moment of pride. So they wanted they rode us harder than their own initiatives, because that would probably mean easier bonus for them because they were told to do something and if they pull it off, well, their profile was elevated in the company

Participant 12 expands on this and explains as manager how they experienced this tension of trying to meet KPIs but also manage localisation:

Participant 12

And, as I say, you know, because I have conflicting objectives, right? I'm trying to do good in my organisation so that I can I can be successful in my career. So in having I've been given objective KPIs and targets and so on. At the same time, I have challenges of localization and so in which prevented me from doing that in so it's a stressful situation

5.4.5. Impact of leadership

Across all participants, there were indicators that the leadership could help smooth over, or make the tensions experienced by employees better or worse. A large part of this leadership ability is in understanding local context and working to get buy-in from HQ:

or to give employees a longer term perspective to say, Okay, we'll work it out. But you know, what it needs to be done this way. There's, there's a very much a short termism put this way. So the people who are driving the strategy may have a long term view. Yeah, the people who are implementing this strategy have a short term view, this is where the tension is.

Participant 1

But then that was prior communication, which was something different. So that means you have to spend more a lot of time communicating rather than moving forward with stuff. And sometimes if you're not lucky, you might find out that you delay in some of the tasks because you changed the task. And then this puts a lot of pressure on the team to work on the new task and becomes exhausting. So you need to find ways to keep the team motivated within that space.

Participant 6 illustrates the level of frustration and chaos that ensues when a leader does not bridge this gap between managing expectations from the HQ and local priorities:

Participant 6

Very fractured and like chaotic, completely put on ice something you've been working on for up to four months. Yeah, because somebody in the UK had a thought that maybe this would lead to something. Yeah. And I used to find it very strange, even then, strategically. Yeah. Whenever we would then drop everything on many occasions rush back and give them the detail. For them. It was almost like an ancillary task. It didn't mess up what they were doing. They were like, okay, cool, useful thanks, and might use that information six months down the line. Yet, we used to prioritise it and treat it as time sensitive, when it was to them like an interest group. [...] And it was just by virtue of the fact that like the UK holds the power they make the decisions so anything they say, whereas I almost wish my line manager had said to that boss in the UK, okay, what are your expectations for

this, is it urgent, we've got some deals busy closing, where does it rank and they never did that. They expected us to be able to do that.

On negotiation with HQ regarding the tensions experienced by subsidiary employees, it is noted that the tension can be smoothed over with the right level of communication with HQ, leading them to be agile:

Participant 4

because they're actually pretty open if you actually have real reasons and can explain away you know, why you chose to focus local.

However, this negotiation can come with frustration if the employee feels like they are constantly fighting battles when the South African office is the outlier:

Participant 4

but there definitely is a times a feeling of demotivation or you know, when it comes to fighting against the largest system specially when there aren't the same problems elsewhere, because then it's you're the outlier, not you know, often.

Participant 10 describes a situation where the leadership of the MNE made a decision about a certain safety process, coming into conflict with local experience that had already considered this process and discarded it. The HQ took a completely top down approach, ignoring the history with how the subsidiary had journeyed with this topic historically, causing unnecessary frustration with the way that the decision was made, which meant that the subsidiary employees struggled to get behind the idea. Furthermore, the way of communicating the decision was completely dictatorial:

Participant 10

had a whole thing with like reverse parking, so as a company we used to reverse park as its supposed to be safer to leave. And then they got rid of that because they're like, No, we don't have to do that anymore. And now they've come back, like yesterday said, like, no, actually, we're going to reverse park again. And people like

lost their mind over the fact that they've been asked to reverse park. Yeah. And they were like, what value does it add, like, justify to us why we're doing this and they're like, no, no, it's a compliance thing. Actually, I don't think they even said that I think, I think people might have been like okay about it. The issue was just like, because we said so! And that never goes down well.

5.4.6. Conclusion

This section sought to explore the ways in which employees might be impacted by juggling the paradoxical tensions of needing to be both globally aligned and locally embedded, where local priorities and global priorities may not align well to each other. It was found that this tension only caused frustration where the organisation did not give clear mandates about how to prioritise, or did not appear to take local context into consideration. When the MNE's official stance on the importance of the South African subsidiary did not align well with their actions, such as not taking local context into account, heightened levels of frustration were experienced as a signal to the employee that they were not valuable. Finally, it was noted that if the employee had a sales oriented role, a local remit and these disparate signals from the HQ, that the highest levels of frustration were caused.

5.5. Results: Research Question 3

How do subsidiary employees perceive the organisational justice of their MNE?

This section sought to connect the way that the employees felt about the various decisions, opportunities, resources, recognition and processes that they experienced in their organisations, with a particular focus on the justice of the experience as it related to the rest of the organisation. The queries centred around how HQ responded to local barriers in order to explore how the employees experienced the potential injustice or frustration with this response as well as any barriers or benefits being part of an MNE afforded them.

Table 6: Codes, Frequencies and Themes for RQ3

Theme	Codes	Frequency
Employee Emotions	Sense of justice: negative	32
	Frustration	32
	Feeling valued	19
	Admiration for HQ	14
	Sense of justice: positive	12
	Willingness to understand local context*	15
Culture	Cultural differences	27
	Familiarity	9
Resources	Less Resource	18
	Global resources	14

Influencing factor: Willingness to understand local context is actually a feature of HQ dynamics, but is featured here as it influences the employee's emotions.

5.5.1. Employee Emotions and Resources

There was a high co-occurrence between resources, justice negative and frustration, with a common topic coming up that resources were more constrained in the subsidiary context particularly from a human resources point of view, even though, in some cases, the subsidiary was of high value to the MNE:

Participant 2

So South Africa is like Africa's shining child, basically, it's it's our largest revenue business in the cluster. So it comes with that if you're talking like Africa Middle East and Africa, you know, there's, it's South Africa is automatically by default, this shining stars I think we kind of fortunate in that sense. [...] There's a lot of pressure

in the system. And I wanted to say, we take so long to replace people that have left, the system is just so like, choked that it takes that long. But even when we fill it, we're still not at capacity, we're still stretched. [...] It's quite stretched. But like in other markets, [...] which has a lot of people like the UK or HQ. [...] , but I think they have more bandwidth.

Participant 10 ideates over the reason why the issues in the UK might get more support or attention from HQ than those in South Africa, she starts off by describing the unfair treatment, and the thoughtless way it was communicated :

Participant 10

Whereas, you know, the conversation was slightly different. When they were chatting about the cost of inflation in the UK and the rising cost of power, then they're discussing like, somehow providing some relief, or coming up with some sort of Finance to facilitate their UK based employees. So I think from that perspective, it feels like same sort of issue. Like we have a power constraint that is affecting our living condition and our like, general happiness. And they're like, cool. You guys need to sort it out. You know, it sort of felt like that.

I don't know if it's because it's like, first world, Third World, I don't know if it's because of government policies that are in place

After spending time rationalising it, they go on to express how it impacts them and their colleagues, and how this impacts their sense of being valued:

I think at the end of the day, you can rationalise this and you can talk through it, but at the end of the day, you do get that feeling of like, I go without or I'm maybe not as important I don't get the same level of inputs.

Participant 6 also references a difference in the resources available to HQ in comparison to the subsidiary, and how this gets in the way of doing their job

effectively, made worse by the fact that they are aware of the resource available in the UK due to their secondment there:

because the resources were always concentrated in London and then filtered into SA. I found people in the UK were allowed to just be good at their jobs.[...] and in the UK also just found that access to resources was incredible. And by that, I mean, legal that just did their job. Access to reading materials resources in terms of credit rating agency reports, things that in South Africa would have to request my line manager would have to approve the cost and then I'd have to wait two weeks

This theme is linked to the theme of Impact of Communication, where in all aspects, it seems like there has either been careless communication about resource differences, or no communication or explanation at all, just a latent awareness on the part of the employee that there is a difference between their situation and those of their counterparts located in the HQ, or other developed countries.

Participant 4 talks about how emerging markets are on lower on the priority list in terms of product roll outs:

It's very much opinion and and qualitative. So of course, we are categorised under emerging markets which makes us you know, lower. Inadvertently, I guess lower priority just because of the the short term to medium term monetary gain and opportunities in the market [...] Yeah, I mean, especially in Company W, I mean, it's pretty common knowledge that the emerging markets with some products get lower priority on rollout and they have less resource and that kind of stuff.

They go on to talk about how this can affect their motivation, due to always needing to fight for resource with HQ:

but there definitely is a times a feeling of demotivation or you know, when it comes to fighting against the largest system specially when there aren't the same problems elsewhere, because then it's you're the outlier, not you know, often.

65

On the other hand, there was a lot of positive sentiment around the access to global resources, particularly training and a global support team that made the participants feel valued and that they were on the cutting edge of global knowledge.

Participant 2

Like I mean, I've been signed up to global programmes, training initiatives, whatever you want to do, stick up your hand and the opportunities that you try and keep so that's the culture is like it's pretty consistent across the board.

Participant 9

Honestly, I enjoy working for multinational and I think a lot of people enjoy working for a multinational because you have a lot of support. You know, so you might be small in South Africa, but you know, that there's a big organisation that's behind you. And, you know, there's a lot of resources you can tap into, which I think you know, like maybe the local companies don't have, you know, we have a lot of resources that we can tap into, and also in my role now working across different regions and different countries.

Participant 12

I went to all the events in all the trainings that we offered to all other managers I was never left out. I received fantastic training. There is no other place where I would have worked which I would have received, the level of experience and expertise and exposure that I got. I am going to be very honest with you. Those people know how to train people. They invested so much money in me as an individual into growing me and my capabilities.

5.5.2. Culture & frustration (& acceptance)

Although there was an overall feeling of acceptance from the participants on the fact that, if you work in a multinational you just need to accept the good with the bad, participants did bring up issues such as resentment for the reverence held towards the HQ culture, differences in working styles and decisions made by HQ:

Participant 10

Sometimes it is the kind of thing where you've chosen to work for a multinational global corporation and that they have rules and regulations and standards and so go work for smaller independent to, you know, you can like have a say and you can kum bae ya or whatever. I don't know.

Participant 11

I think there's a sense that you must fit into the culture or you must go which is with most jobs you either you either in or out, but I feel at the moment there's not enough understanding of our culture you know, you learn it as you go. [...] and the message was well get on board or get out.

Participant 7

Okay. So, you know, there's certain ways of engaging or doing business locally, that doesn't fit a what they do in the UK or the US. So, in terms of, you know, the take the US for example, I mean, they are gung ho for like cold calling, or, you know, they're not scared to just chat to a prospect on a very cold basis, whereas in South Africa, it's not really something that's done, you're not going to pick up the phone and in contact, you know, the CMO is going to sign off on budget. That just doesn't happen here.

Participant 6

it would also then be very strange because people would take such pride and it was almost like, like the China that you never use it your grandmother's house when somebody from the UK came to the office, everyone would have the best suit and they always treated that there was a weird mix of resentment, but admiration at the same time

Yeah, so do you feel like for the younger or the newer staff members, there's a sense sometimes that it's not fair. Like, it doesn't make sense. It's not fair. There's a sense of frustration about the decisions.

When it came to the topic of culture and how this fitted in with the employees feeling of justice, topics such as in-groups and out-groups came up, as well as the HQ making the effort to understand local culture and nuances before making sweeping process decisions.

Participant 11 is in the unique position of their organisation having recently been acquired by an MNE, they references more than once the way in which the MNE is losing patience with the subsidiary. They feel that HQ is not taking enough time to understand the culture in which they are now operating:

Participant 11

I think there's a sense that you must fit into the culture or you must go which is with most jobs you either you either in or out, you don't, but I feel at the moment there's not enough understanding of our culture you know, you'd like you learn it as you go. You feel it

Participant 12 makes mention of the difference between a large brand setting up a small office in another region, vs. a company that grows through acquisitions, and how this impacts cultural difficulties:

Participant 12

[...] they spin out you know, a subsidiary, typically we go and we acquire, yeah, now we are getting into a organisation which already is got a set culture and all that and all those things. So re-wiring that organisation to look like the mothership is far much more difficult than coming in with a small vision of the mothership and growing it. So there's a different experience.

Participant 1 works in an MNE where it was a large global brand that expanded into South Africa (so the former example from Participant 12, that should be easier than doing an acquisition) but the cultural difference between the HQ and the South African office was so vast that there was a major effect on the sense of justice and frustrations experienced by the employees:

Yeah, so do you feel like for the younger or the newer staff members, there's a sense sometimes that it's not fair. Like, it doesn't make sense. It's not fair. There's a sense of frustration about the decisions. But then as I said also you need to adhere closely to the culture because Sunday meetings, midnight meetings if you are not geared up for those you will not be able to rise within the space

5.5.3. Willingness to understand local context

Across respondents, what seemed to be an influencing factor on their perception of justice was the degree to which the MNE made the effort to understand the local context, and create their strategies accordingly, including taking into account local difficulties or complexities that might be very unique to South Africa, such as load shedding and BEEE. It seemed that the organisations that both understood the local context, and were willing to adapt to it, reduced the level of frustration experienced or perceived injustice on the part of the employee. This was also related to whether the MNEs developed their strategy in a collaborative manner, or whether it was truly a centralised strategy.

Positive:

On planning together with HQ, participants 1, 9, 4 and 3 all referenced the positive process of being included in a global roll out plan that allowed for localisation:

Participant 1

So the good thing is we look at it from a macro level every year. So we're always able to understand what is happening within a country.

create your forecast and you know, understand your business and then also then you have to present it to global but those kind of understanding your business, understanding your market and creating those things is actually helping you in your local business, right, because you need to do those things right. So there is also benefit for you locally, to be able to do that. And then also there is a cycle when the global team will create brand plans, like strategic plans for the brands and bring it down to the affiliate. And affiliate has to localise and they have to send it back to global for global to be able to to validate

Negative:

On speaking about some difficulties experienced with the centralised "blanket" approach the MNE introduced, Participant 11 referred to COVID back-to-office protocols and what was working in European Summer in a low COVID period did not make sense in the South African context where a COVID wave was being experienced, and it was the middle of winter, however the CEO seemed to want to apply a blanket approach on getting everyone back into the office: "and he felt that oh, you know, Europe is opening up therefore, we must all go back to the office." This brought up feelings of frustration and a sense of injustice for the participant.

Participant 7 references BEEE and the negative reaction their HQ has to it, as well as how much effort goes into trying to position it:

Participant 7

Can I swear? Yeah. The reaction is mostly of like, why does that exist? There's a big misunderstanding. [...] Yeah, I mean, BEEE is a perfect example. They can't understand how BEEE is put in place. They also don't understand how because our CEOs is mixed race. They like well, he should count and when you explain everything. They don't really understand it. So I think the biggest response you get

is a lack of understanding and lack of education and just constant questioning,
questioning, questioning the process of questioning, questioning it. [...]

There is a frustration in that the subsidiary is expected to understand the global way of doing business, with a particular focus on the way things are done in the HQ's home country, but there is not a reciprocal level of understanding:

A little bit frustrated? Well, we, you know, we have to almost understand and learn the ways that they do business and yeah, the things within their business that maybe we don't have to deal with here. Yeah, we at least, are open to learning about it with teams like they're very shut off. There's a bit of an ego play I think, where yeah, it's just just the more different, bigger and better I think that you know, they're in a more mature market there in a market that you know, maybe a year or two ahead of us in terms of strategies and in terms of budgets in terms of maybe even skill level

This willingness to understand local context was also relevant at the individual level, where one gatekeeper or leader's personal view that their culture was superior, might influence how an employee in the subsidiary thinks that organisation as a whole percieves their subsidiary or country, damaging the relationship between the subsidiary and the HQ:

Participant 7

so, there's always that kind of like, I'm better than you kind of attitude.

Participant 12

But what happens sometimes people will come from head office and don't embrace the culture. They always think they're coming from a better culture. Yes, well, they they tend to behave in a way which is not productive. [...] But the issue is who we put in the in charge of delivering that strategy absolutely is the one that creates

these tensions and it then looks as if now the impression which I as an employee with the MNE sitting here, is that I don't matter I'm not important.

Participant 4

Yeah, I mean, I can just tell you from a general feeling like of course, it is a feeling that we are in a small region that's less important. Whatever the reason is being, that's not always acted out by an entire company, but sometimes just the, the individuals you're working with can represent an entire company, which is also a frustrating part because it's not necessarily the entire organisation against you. So it could just be an individual's opinion that just happens. To be a gatekeeper or, you know, a higher in the hierarchy or something like that, or closer proximity to the the headquarters.

In seeking connections in the way that subsidiary employees felt about the various decisions, opportunities, resources, recognition and processes that they experienced in their organisations, this section found that participants experienced a dissonance with regards to what the MNE communicated about the subsidiaries and their strategic value in comparison to certain observed discrepancies. This was particularly in relation to human resources - i.e. the same amount of work was expected to be done with less people in South Africa as well as certain negative leadership communications and activities and willingness for the HQ to truly understand local context. These factors brought up feelings of injustice and frustration on the part of the participant, which were in some cases off-set by the other opportunities the participants were afforded in being part of an MNE, like amenities and training opportunities.

5.5.4. Conclusion

This chapter presented the results of the in-depth interviews that were conducted with subsidiary employees. An inductive, iterative approach was used while analysing the data where codes were developed based on the content of the participants, with particular signals being identified based on the research questions at the same time as scope being allowed for other themes to emerge based on the responses from the participants. The codes were reduced from 230 to

116 through merging codes and improving accuracy of codes as interviews progressed and a better understanding was formed. Using patterns and common themes, based on a frequency of 12 or higher, with at least three participants showing the code, themes were mapped against the research questions to develop connections between respondents.

Chapter 6: Discussion of Results

6.1. Introduction

The previous chapter presented the results from the semi-structured interviews that were based on the research questions identified in Chapter 3. This chapter will present a detailed discussion on the findings on each research question and correlate the findings to the literature review conducted in Chapter 2, highlighting similarities or new findings. The research was conducted to explore how the various HQ subsidiary dynamics impact employee engagement in MNEs.

6.2. Research Question 1

In what ways does relative strategic importance to HQ impact the subsidiary employee's engagement?

Because the literature found that most studies are conducted at the organisational level, not at the level of micro dynamics, this research question aimed to hone in on one potential micro level dynamic; that of relative strategic importance in order to delve into a specific area of the relationship between subsidiaries and their HQs (Sarabi et al., 2020; Balogun et al., 2019). According to Ambos et al. (2020), subsidiaries are often in multiple regions, and by virtue of the different values, location or proximity to HQ, these subsidiaries may have more or less power to negotiate with HQ. If a region is a high revenue generating region, they may be more likely or able to negotiate with HQ, or even ignore HQ strategic direction (Ambos et al., 2020).

The basis of exploring relative strategic importance was in understanding various aspects of employee engagement, one being the employee having a sense of meaningfulness in their work (Khan, 1990). Employees will use various clues to get an understanding of the value of their work roles, thus an inquiry into whether a perception of having relatively lesser global importance in terms of revenue or other strategic contributions might make the employee feel that their work had less value and thus less meaning. The perceived lesser value of the subsidiary and the actions that may or may not originate in this prioritisation might serve as a clue to employees to give them an understanding of the value of their work (Allan, 2019).

This research confirmed that, for the most part, employees had a good sense of the value that their subsidiary had in relation to the HQ, but it seemed that this sense operated at the rational level only with certain signals contradicting the official stance of the value of the subsidiary to the HQ.

Reason to be in South Africa

This study found that most participants had a good understanding of the strategic value that their subsidiary brought to the global organisation, and for the most part the organisation communicated this value well through recognition programs and company communication mechanisms. This meant that most participants felt that their organisation had a clear strategy. Thus, even if the South African office contributed less in terms of revenue, many companies were proficient at communicating the value that the subsidiary added, whether it was because they needed to have a footprint in Africa, or the subsidiary offered cheaper labour to the global business, or some other resource. Theoretically, there was a strong understanding of the value added by the subsidiary to the global company. Having a clear understanding of why the MNE operated in South Africa, however, did not seem to resolve some of the frustrations experienced by the employees. These frustrations included concerning relative inferiority / superiority and how this played out in areas such as promotion opportunities, access to resources and policies, which did not take the South African business and socio-economic environment into account. According to Allan et al. (2019), meaning generation is a social process, and employees pick up on various clues that convey meaningfulness about the value of their work. Thus, these contradicting clues that the participants picked up regarding the value of their roles may have a negative impact on their sense of meaningfulness in the organisation.

Promotion Opportunities

The theme of promotion opportunities came up in almost every interview, when exploring whether or not there was equal recognition across the various subsidiaries. Although the employee might feel a sense that their subsidiary was highly valued to the global company, they simultaneously felt that their ability to get promoted was hindered due to them not being in close proximity to the decision

makers at the highest level. This tended to have a negative impact on how the employee felt in terms of their own value to the company as a whole. This finding is supported by Saks (2019) who found a link between employee engagement and opportunities for development and rewards within the MNE space.

Attention Dissonance

Another finding that emerged out of this section was that participants did experience attention dissonance. The HQ would communicate certain aspects of strategy that conveyed the high value of the subsidiary. However, this stated strategy would sometimes be paired with contradictory actions, such as less promotion opportunities, resources, or willingness to understand local context within the South African subsidiary space. According to Haq et al. (2017) attention dissonance is "where the subsidiary within a headquarter-subsidiary relationship feels that headquarters' attention at the cognitive level, reflected in its strategic intentions (attention perspective), is not aligned with the routine actions the headquarters performs vis-à-vis the specific subsidiary (attention engagement)." Pg 1. This dissonance caused frustration on the part of the participants in that they sense in this an inherent injustice that, in some instances, could be seen as a signal to mistrust the HQ in their stated high regard for the subsidiary.

Impact of Communication

Although most organisations communicated a clear message of why the South African subsidiary was of value to the overall organisation, certain communications of policy roll-out displayed a tone deaf approach to issues faced in South Africa, and tended to not address the inherent sense of unfairness that senior positions would not be held in South Africa. It also became apparent that in order for the employee to feel valued and heard, the subsidiary relied heavily on a local leader being able to advocate for the South African subsidiary to the HQ. There was a sense from the participants that the leader would do a better job if they were from South Africa, or another emerging market country. This echoes what Boone et al. (2018) write that leadership diversity in top management at HQ is a key success factor in ensuring innovation performance in MNEs. This ability to unlock performance includes being able to lead highly engaged employees in subsidiaries.

The leader needs to be able to convey value, present local issues and opportunities to HQ and, at the same time, communicate back to the subsidiary its value and explanations for why the decisions were being taken in order to get buy-in.

Added to this, it is noteworthy that most participants felt that their subsidiary had a better chance of being heard if they had a leader that the subsidiary employees could identify with. This is echoed by Yuki (2013) who posits that influence is more easily achieved in the context of having the same, respected or identifiable culture. This is likely a complicated balance to achieve in the context of the MNE, which is by nature made up of multiple nationalities. The leadership team would both need to be identifiable by the subsidiary employees as well as identifiable or respected by the HQ leadership team. If a request, even if made by someone who is legitimately in power, seems to contradict the culture of the organisation then there may be elements of defiance or at least not full commitment to the task.

MNEs need to provide strategic leadership that enables the effective use of resources across all regions (Menz et al., 2015). These findings support Boone et al that diverse teams are more likely to lead to processes that support cooperation, creativity and knowledge exchange. Because subsidiaries and HQs are in constant negotiation, having a diverse TMT might mean that subsidiary negotiation would be more effective if the TMT has representatives from a variety of contexts and backgrounds, enabling them to give voice to a wider range of contexts. Managers of subsidiary MNEs need to be particularly transparent in their communications and show genuine support and care for their teams in order to drive employee engagement, particularly in the context where organisational justice is under scrutiny due to differing resources across regions. Managers need to be able to speak in detail about the decision making process the MNE has taken in order to showcase that there has been fairness in the process (Zeidan & Itani, 2020).

6.2.1. Conclusion

The findings from research question 1 showed that the impact on employee engagement was less about actual levels of value the subsidiary added to the organisation and more about the ways in which the value was communicated or

contradicted through various actions and leadership structures. These actions include:

1.   Less promotion opportunities: past a certain point, participants felt that they would need to relocate to HQ to gain true seniority

2.   Insensitive or thoughtless company-wide communication which was not inclusive and unaware of the inherent injustice of certain support mechanisms given to some countries and not others

3.   Not having a proficient advocate for the local region representing to HQ

6.3.   Research Question 2

In what ways does the paradoxical pressures of an MNE subsidiary impact employee engagement?

This section sought to explore the ways in which employees might be impacted by juggling the paradoxical tensions of needing to be both globally aligned and locally embedded, where local priorities and global priorities may not align well.(Ambos et al., 2020). In emerging markets, subsidiaries often need to fulfil both local market business as well as provide efficiencies for the global supply chain - for example, by providing access to cheaper human resources and physical resources that the global company needs (Meyer & Schotter, 2020). This means that many emerging market subsidiaries would experience the tensions that come with global alignment and local embeddedness. In this study, the researcher discovered that the majority of the organisations the participants belonged to did in fact need to juggle both requirements. The degree to which the participants felt the tension of this juggle was dependent on their job role and remit.

This study looked to further unpack how the participants felt towards the HQ, and whether this tension had an impact on the way they felt about their work, the locus of control they had over their tasks, and how their job role and remit had influence over the tensions that they experienced. Decision-making autonomy is an aspect that has been shown to produce some tension in HQ-Subsidiary relationships, where some global management systems lead to less decision-making autonomy than others for the subsidiaries (Decreton et al., 2019), which may cause frustration

for subsidiary employees. Kostova et al. (2018) suggest that a great degree of decision-making autonomy is needed in complex situations, and when local embeddedness is necessary for success. This makes sense in terms of this study where participants with a local remit and job role that entailed being embedded in the South African business environment were more frustrated at needing to align with global processes.

The experience of most participants was that the company had a strong identity and a clear strategy, which was, at least at a high level, communicated to the employees fairly well. In many instances, this stance benefited the individual as they knew what was expected of them and where their priorities should lie, thus they were not torn by being unable to be everything to everyone, even when local demands might have otherwise placed pressure on them. There was generally a fair level of decision-making autonomy across participants within the confines of global processes, so this did not seem to cause much consternation - as long as there was a clear logic behind the processes and the participants felt that local nuance was taken into account.

This theme also ties in well with the 'reasons to be in South Africa' theme. If the strategy was clear and the reason to be in South Africa was equally clear, with the required level of autonomy given to get the job done, participants expressed minimal frustration. The researcher found that this tension only caused frustration when the organisation did not give clear mandates about how to prioritise, or did not appear to take local context into consideration. When the MNE's official stance on the importance of the South African subsidiary did not align well with their actions,for example if the MNE didn't take local context into account, then employees experienced heightened levels of frustration as this signalled to the employee that they were not valuable to the company. Finally, it was noted that if the employee had a sales- oriented role, a local remit and disparate signals from the HQ, then the highest levels of frustration were caused.

At the same time, MNEs also need to have some form of control mechanisms in place to bring global alignment amongst all their subsidiaries so that the

organisation does not pull in multiple different directions (Sageder et al., 2019). Further, the control mechanisms used may change based on contextual factors specific to that region. This differentiation between regions and control mechanisms could cause tension between subsidiary units and may change the views the employee has about support (perceived) from the organisation. The disparity of tensions between global alignment and local embeddedness may be amplified if the MNE does not sufficiently understand the local context, is not willing to understand or does not have respected regional representation at high levels in the global organisation.

Clear strategy & company identity

The experience of most participants was that the company had a strong identity and a clear strategy. in many instances this stance benefited the individual as they knew what was expected of them and where their priorities should lie, thus they were not torn by not being able to be everything to everyone - even when local demands might have otherwise placed pressure on them.   However, most participants experienced levels of frustration as related to difficulty in obtaining resources and in conveying local context to HQ in order to ensure that alignment could be maintained.

Paradoxical tensions: local knowledge, job role

Subsidiaries need to spend time negotiating with HQ in order to gain resources necessary for local business. At the same time, the MNE needs to push for global alignment in order to make sure the various parts of the organisation are working together effectively (Balogun, 2019). An organisation's ability to deal with the tension between local embeddedness and global alignment is dependent on their plan to navigate these tensions.

The participants struggled with global alignment to varying degrees, linked to whether they had a local or global remit and whether or not sales or local customer satisfaction had a direct impact on their job. If their remit was a local one, in other words their success and day to day activities are linked to the South African market, their experience of paradoxical tensions was higher as they needed to

negotiate more in order to get their job to fit in with the global processes and decision making. Similarly, if their job role was around winning local business, or managing client relationships locally, they would experience heightened tensions in this area as they would be caught between needing to meet local KPIs, while fitting this in with sometimes prohibitive global processes.

If the local context is heard out and incorporated into strategy, tensions are diminished. If employees do not feel that their local knowledge is being taken into consideration, their sense of frustration is likely to be heightened as they then have to execute on a process that does not make sense to them. Ambos et al. (2020) posit that there are tensions experienced when strategies seem to be conflicting.

Leadership & advocacy

This section further highlighted the need for strong leadership representation from the local subsidiary to the HQ in order to assist with prioritisation and advocate for local adjustments to strategy thus reducing the pressures encountered through paradoxical tensions. Balogun (2019) comments on how the HQ-subsidiary dynamic is inherently made up of micro-political negotiations, with subsidiary leaders needing to be adept at obtaining multiple levels of legitimacy. This research infers that there is a link between a lack (or presence) of skill required by subsidiary managers to be able to negotiate sufficiently and subsidiary employee engagement.

Further, Harter et al. (2020) found that management can directly influence certain contributing factors that have the potential to increase or decrease employee engagement. One such contributing factor is in providing mechanisms to ensure employees have a voice and ability to contribute to the decision-making process in order to ensure that employees have a strong sense of the meaning in their work through understanding how their work fits into the overall strategy of the organisation. Thus, this study drives home the fact that the role of leadership and advocacy is essential in the MNE space.

6.3.1. Conclusion

This section uncovered that although paradoxical tensions do exist in most participants' experience, the pressure is either heightened or lessened due to a few factors. These include:

1.	How clear the strategy is for why the subsidiary is in operation. This allows employees to understand what they need to prioritise and reduces frustration.

2.	Job role and remit play a part in determining frustration levels regarding paradoxical tensions. If the job role is oriented towards a local sales or customer service role and their main remit is South African, the employees are likely to experience more frustration.

3.	Leadership and advocacy is a key component in determining priorities and integrating local context in order to reduce tensions experienced.

## 6.4.	Research Question 3

How do subsidiary employees perceive the organisational justice of their MNE?

In seeking connections in the way that subsidiary employees felt about the various decisions, opportunities, resources, recognition and processes that they experienced in their organisations, there was an attempt to understand what the participants' views were on the organisational justice of their organisation. Certain negative leadership communications and activities, willingness for the HQ to truly understand local context when creating global processes and strategy, and resource distribution were all themes that came up for the participants in this study. These factors brought up feelings of injustice and frustration on the part of the participant, which were in some cases off-set by the other opportunities and benefits afforded to the participants by virtue of being part of an MNE, such as amenities and training opportunities.

Organisational justice is an aspect of employee engagement (O'Connor & Crowley-Henry, 2019; Saks 2019). Organisational justice consists of distributive justice, procedural justice and interactional justice. Organisational justice has also been shown to increase vertical trust, which in turn increases employee engagement

(Gupta & Kumar, 2014). Vertical trust in an MNE is significant because many MNEs operate in a top-down strategy framework. If the employees do not trust the strategy coming down from HQ, then they are likely to be less engaged.

According to Hobfoll et al. (2018) when the work environment is complex, employees may need additional personal and organisational resources in order to thrive in the workplace. The challenges that create complexity in the MNE context include differing languages, differing cultures, differing power dynamics, multi-layered decision-making, and sometimes conflicting or paradoxical strategies (Hobfoll et al., 2018; Tippmann et al., 2018; Ambos et al., 2020). All of these complexities were found across the participants even though they came from a broad range of industries and levels of seniority. This indicates that a high degree of personal and organisational resources are required in order to manage the complexities inherent in MNEs successfully, while maintaining employee engagement.

Haq et al. (2017) found that subsidiaries in emerging markets experience attention dissonance whereby the intention and actions of HQs towards subsidiaries in emerging markets is not aligned. This can lead to these subsidiaries struggling to get local business opportunities across to headquarters, and thus securing the resources necessary for local business opportunities. Most participants in this study experienced attention dissonance with regards to what the MNE communicated about the subsidiaries and their strategic value in comparison to certain observed discrepancies. This was particularly true when the HQ failed to heed the nuances of the local market, thus resulting in the subsidiary spending much time trying to convince and educate HQ. This all in light of the fact that, across the board, the subsidiaries were either implicitly or explicitly told of their value to the MNE as a whole. This unequal distribution of resources was particularly noticed in relation to human resources in this study, with fewer people being expected to do the same amount of work in South Africa compared to the HQ.

Resources, Justice & Frustration

'Resources' was a common theme within this section with a frequent refrain that resources were more constrained in the subsidiary context, particularly from a human resources point of view. This, in spite of the fact that, in most cases, the subsidiary was of ostensibly high value to the MNE. This theme is linked to the theme of 'Impact of Communication' where, in instances of perceived injustice, it was not the unequal distribution of resources so much as careless communication about resource differences, or no communication or explanation at all, that was cause for upset. This resonates with the distributive / procedural justice dimension of organisational justice, which maintains that justice is less about the actual distribution of resources (as long as there is a level of fairness) and more about a fair, transparent, and well-communicated process of distributing the resources (O'Connor & Crowley-Henry, 2019).

Distributive justice and procedural justice speak to the fairness of resources distributed and the process through which they are distributed. There is a sense that differing distribution of resources is not necessarily deemed as unfair, as long as the process for the differentiated distribution is perceived as fair.

Culture & Frustration (& Acceptance)

Although there was an overall feeling of acceptance from the participants of the fact that working in a multinational comes with both positive and negative attributes, participants did bring up issues such as resentment for the reverence held towards the HQ culture, differences in working styles, decisions made by HQ, and that there did not seem to be the same level of respect for all cultures across the MNE.

Balogun et al. (2019) note that the perception of HQ by the subsidiary or specifically the approval of one unit of a company by another has an impact on relationship dynamics and engagement levels. If a subsidiary has a negative or conflicted perception of the HQ, then this may negatively impact work engagement levels. Similarly, if the HQ has a negative perception of the subsidiary then it may influence their ability to be inclusive and communicate effectively, particularly in the case where the HQ employees feel superior to the subsidiary employees or

subsidiary country. This study uncovered this dynamic, whereby it was noted across almost all participants that there was some superiority / inferiority dynamic at play, causing varying degrees of a sense of injustice.

This type of injustice experienced can be linked to interactional justice which focuses on the perception of fairness the employee has of whether the way they are treated in the process of distribution of resources is fair. It relates to a feeling of being treated with dignity and respect by authority figures, as well as how well informed the employees are regarding decisions and processes that affect them. This suggests that the way in which managers communicate with employees is of prime importance to the experience of justice (O'Connor & Crowley-Henry, 2019).

Willingness to Understand Local Context: Positive & Negative

Across respondents, the degree to which the MNE made the effort to understand the local context, and create their strategies accordingly was an influencing factor on their perception of justice. This included taking into account local difficulties or complexities that might be very unique to South Africa, such as loadshedding and BEEE. It seemed that the organisations that understood the local context and were willing to adapt to it reduced frustration levels or perceived injustice on the part of the employee. This was also related to whether the MNEs developed their strategy in a collaborative manner, or whether it was truly a centralised strategy.

The point made by various participants that all it would take to ruin the employees' sense of feeling valued could be one leader's opinion about the South African office was of particular importance and interest. If that person were a gatekeeper, access to resources could be limited, and overall their communication could do damage to the way the employees felt about their role and value within the organisation as a whole.

6.4.1. Conclusion

The participant's experience of justice in their workplaces was nuanced and dependent on a number of factors. Primary findings were:

1.   The method of communication was of prime importance in the experience of justice.

2.   Whether there was a superiority / inferiority dynamic between the HQ employees and subsidiary employees and the degree to which the organisation corrected or did not correct this dynamic played a part in the experience of justice

3.   Collaboratively developed strategies that took local nuances into account helped reduce a sense of injustice.

6.5.   Conclusion of Chapter 6

In the complex dynamic of the HQ-subsidiary relationship, it is of prime importance to focus on the way information is communicated in order to ensure that decisions regarding potentially unequal resource distribution, including promotion opportunities, do not lead to feelings of injustice for the subsidiary employees. It is also of prime importance that the correct leaders are put in place to effectively bridge the gap between the HQ and the subsidiary to ensure effective strategy execution, a high level of engagement from subsidiary employees and effective negotiation for reasonable localisation. Effective leadership (particularly diverse top management teams at HQ), communication, and a commitment to collaborative strategy are key drivers in having an engaged subsidiary workforce. Particular attention should be given to employee engagement levels with sales or customer service-oriented role employees who operate in the local market, these employees will be a good barometer of subsidiary employee engagement considering that they are in the roles most likely to experience the pressure of paradoxical tensions.

Chapter 7

7.1. Introduction

This research harnessed the employee engagement framework to explore the impact of various micro-dynamics inherent in the HQ-subsidiary relationship. The focus was on employees of South African subsidiaries of MNEs headquartered in advanced markets. In particular, it focused on organisational justice as well as the paradoxical tensions that employees in subsidiaries might experience while trying to meet both local and global demands.

7.2. Principal Conclusions

In Chapter 6 the results of the research were compared to the findings discovered in the Chapter 2 literature review. The primary findings of each research question were confirmed by literature.

Research question one focused on the particular micro-dynamics within the HQ-subsidiary relationship that centred around relative strategic importance and its impact on individual employees. The findings showed that the impact on employee engagement was less about actual levels of value the subsidiary added to the organisation, or about the official stance the HQ communicated on this value add, and more about the ways in which the value was communicated or contradicted through various actions and leadership structures. These included less promotion opportunities, insensitive or thoughtless company-wide communication that was not inclusive, and not having a proficient advocate in leadership in order to represent the subsidiary to HQ. These factors impacted the participant's sense of the meaningfulness of their work, which has an implication for employee engagement.

Research question two sought to explore the ways in which employees might be impacted by juggling the paradoxical tensions of needing to be both globally aligned and locally embedded, where local priorities and global priorities may not align well to each other. This section uncovered that although paradoxical tensions do exist in most participants experience, the pressure is either heightened or lessened due to a few factors: how clear the strategy is for why the subsidiary is in

operation as this allows employees to understand what they need to prioritise and reduces frustration; job role and remit play a part in determining frustration levels regarding paradoxical tensions, if the job role is oriented towards a local sales or customer service role, and their main remit is South African, the employees are likely to experience more frustration; leadership and advocacy is a key component in determining priorities and integrating local context in order to reduce tensions experienced.

Research question three sought to connect the way that the employees felt about the various decisions, opportunities, resources, recognition and processes that they experienced in their organisations, with a particular focus on the justice of the experience as it related to the rest of the organisation. The queries centred around how HQ responded to local barriers in order to explore how the employees experienced the potential injustice or frustration with this response as well as any barriers or benefits being part of an MNE afforded them. Primary findings were that:

1. The method of communication was of prime importance in the experience of justice

2. Whether there was a superiority / inferiority dynamic between the HQ employees and subsidiary employees and the degree to which the organisation intervened in this dynamic impacts perceptions of justice

3. Collaboratively developed strategies which took local nuances into account helped reduce a sense of injustice.

In the complex dynamic of the HQ-subsidiary relationship, it is of prime importance to focus on careful, thoughtful communication particularly as regards to resource-distribution. To this end, the correct leaders should be placed; ones that are effectively able to both advocate both for the subsidiary and gain alignment from subsidiary employees to follow global strategy. It is recommended that the leadership of the Top Management team is diverse and able to effectively represent emerging market economies through collaborative strategy development.

7.3. Theoretical Implications

Identifying moderators or conditions that contribute to meaningful work like organisational climate variables is important in the understanding of employee engagement in the context (Allan, et al., 2019; Albrecht, et al., 2015). Considering that various micro-dynamics and environmental factors are under- researched in the HQ-subsidiary relationship, this study made a modest contribution to illuminating these micro-dynamics. These included the ways in which employee engagement might be impacted within the context of relative strategic importance of the subsidiary to the HQ (Sarabi et al, 2020; Balogun et al, 2019). This study found that communication and leadership were the most important factors regardless of the subsidiary's relative strategic value to the HQ.

Further, considering that subsidiaries experience the tension of being required to fulfil sometimes paradoxical demands of global alignment and local embeddedness (Ambos et al., 2020) together with the impact on this tension on employee engagement, this study contributed by identifying that job role is a key factor in understanding the impact of these tensions, and that clarity of strategy (and the required leadership to execute on it) is required to reduce frustration and drive engagement.

Considering that organisational justice is a key factor of employee engagement (Haq et al., 2017; O'Connor & Crowley-Henry, 2019; Saks, 2019) this study identified that within the context of the HQ-subsidiary relationship, transparency and careful communication is necessary particularly with regards to procedural resource distribution is pivotal in ensuring employee engagement.

7.4. Implications for MNEs

In the growing "work from anywhere" trend, and with South Africa being a preferred talent pool for remote work, as well as South Africa providing useful step in to the African continent, businesses need to ensure that their leadership is effective enough to ensure that employees in all regions feel valued, and engaged in order to ensure high performance.

Recommendations for MNEs Looking to, or Already Operating in South Africa:

1.	Ensure that the Top Management Team is as diverse as the region(s) it represents in order to ensure that the regions will be advocated for effectively so that local nuance can be taken into account and so that local employees have a leader that they can identify with (Boone et al., 2019)

2.	Create employee engagement metrics as part of the performance criteria for managers who are in charge of overseeing subsidiaries at a grouped level to ensure that employee engagement in subsidiaries is a primary business concern

3.	Ensure company-wide communications are checked for inclusive language and that particular attention is given to communications around differentiated resource distribution in order to create and not contradict signals to employees that they are valued (Hooi, 2021)

4.	Ensure that priorities are clearly communicated and that communication and action match in order to reduce the paradoxical tensions the employees might experience (Harter et al., 2020).

5.	Ensure that there are mechanisms in place to ensure that the employees have a voice, and communicate how their work is contributing to the organisation as a whole (Harter et al., 2020).

6.	Measure the engagement of employees who have a local remit in job roles that entail local sales or customer service as a barometer to assess whether the pressures of global alignment and local embeddedness are having a negative impact on the engagement.

## 7.5.	Limitations for the Research

This research was focused on employees of South African subsidiaries of MNEs with HQs based in advanced economies. It centred on the impact the HQ-subsidiary dynamic might have on these employees through the employee engagement lens. This lens was further narrowed down to look at perceptions of organisational justice, paradoxical tensions and relative strategic importance and the contribution of this to meaningfulness. Thus, there were several limitations due to the confines of this study:

1.   The sample was not role, industry or company size specific, thus there could not be inferences made on any of these dimensions

2.   Findings may have been different if the sample was more senior as some participants did not really need to negotiate with HQ directly in their day to day jobs so the impact of the relationship was more indirect.

3.   The research did not use a scale for employee engagement so the findings could not be matched exactly to employee engagement, more to certain signals or aspects of it.

7.6.   Suggestions for Future Research

Future research could approach a longer-form study that applied quantitative and qualitative methodology to continue exploring the micro-dynamics of the HQ-subsidiary relationship, and from the exploration developing a quantitative study to compare various relationships for example: company size to leadership diversity to employee engagement; job role to employee engagement; HQ based in South Africa with South African and non-South African subsidiaries, and employee engagement.

Future research could also take a more in-depth look at the various geo-political and social nuances that might cause unequal power dynamics thus contributing to the mindsets that lead to the poor communication, lack of leadership representation, and unequal resource distribution and attention.

7.7.   Conclusion

This research harnessed the employee engagement framework to investigate the impact of various micro-dynamics inherent in the HQ-subsidiary relationship on employees of South African subsidiaries of MNEs headquartered in advanced markets.   In particular, it focuses on organisational justice as well as the paradoxical tensions that employees in subsidiaries might experience while trying to meet both local and global demands. This research worked to fill some of the gaps in research on the HQ subsidiary relationship at the micro level. It pays particular attention to the unique paradoxical pressures an employee at a subsidiary faces, the placement of the subsidiary in relation to the strategic

importance of the subsidiary to the MNE as a whole, and how various factors of perceived organisational justice impact employee engagement.

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Appendices

Appendix A: Ethical Clearance

Gordon Institute of Business Science
University of Pretoria

Ethical Clearance Approved

Dear Caitlin Gevers,

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

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

Knowledge gap	Research Question	Interview Questions
KG 1: Sarabi, Froese, Chng and Meyer (2020) and Balogun, Fahy and Vaara (2019) identified that most studies on subsidiary performance are conducted at the organisational level with micro-level dynamics being under-researched.	*RQ 1: In what ways does relative strategic importance to HQ impact the subsidiary employee's engagement?*	What are your region's most important strategic contributions to your global organisation? In what ways are your region's contributions recognised? What differences exist (if any) between resources and opportunities allocated to your region vs other regions outside of HQ? Do these align with your region's strategic objectives to the organisation as a whole? *What about promotion opportunities?*
KG 2: It has been identified that there are multiple interrelated tensions in HQ-subsidiary relationships, and that the effects of this on performance outcomes has been under-researched. Of particular interest is in the area of paradoxical tensions, whereby the subsidiary both needs to be locally embedded and globally aligned and how this might impact engagement, and thus performance outcomes (Ambos, Fuchs & Zimmermann, 2020).	*RQ 2: In what ways does the paradoxical pressures of an MNE subsidiary impact employee engagement?*	How are work priorities established in your role? To what extent do you or your team formulate your local regional strategy vs. centralised direction from HQ? How much time is spent on global alignment vs. your local activities and priorities? If you have to choose between two conflicting priorities (global ask vs local ask) which one do you feel more compelled to action? Why? Does this need to manage competing priorities affect you or your team's commitment to the goal at hand? In what way?
KG 3: Haq, Drogendijk and Blankenburg Holm (2017) found that subsidiaries in emerging markets experience attention dissonance whereby the intention and actions of HQs towards subsidiaries in emerging markets is not aligned. This can lead to these subsidiaries struggling to get local business opportunities across to headquarters, and thus securing the resources	*RQ 3: How do subsidiary employees perceive the organisational justice of their MNE?*	What is the response of HQ when confronted with potential local barriers to global established practice? Can you tell me about a time when needing to be globally aligned worked in your favour in a local context? Can you tell me about a time when needing to be globally aligned worked against you in a local context? How did you or your team react to the perceived fairness or inequity implicit in HQ's response to (7) or (8)? *How does this response make you feel? What was the result of this at a subsidiary level?*

necessary for local business opportunities. This might be linked to how an employee perceives the organisational justice of their organisation, which is a factor of employee engagement.		

Appendix C: Interview Guide

Preamble Questions:

1. Where do you work?
2. What is your job title?
3. How long have you worked there?
4. Where is your company's HQ?
5. Have you ever been there?
6. Where is your direct line manager based?
   a. What nationality are they?
7. Where is your bosses boss based

Interview Questions & Prompts

Researcher prompts	Research Question	Interview Questions
Look out for any type of variance, recognition programs are usually company-wide, need to dig a bit deeper. Look out for participant's level of understanding of the strategic value of their org. Ask about job role a bit more here & interaction with global team.	**RQ 1:** *In what ways does relative strategic importance to HQ impact the subsidiary employee's engagement?*	What are your region's most important strategic contributions to your global organisation? In what ways are your region's contributions recognised? What differences exist (if any) between resources and opportunities allocated to your region vs other regions outside of HQ? Do these align with your region's strategic objectives to the organisation as a whole? *What about promotion opportunities?*
Explain paradoxical tensions first. Dig into the global / local compulsion and the reasoning. Get a sense of what specifically causes frustration, if anything.	**RQ 2:** *In what ways does the paradoxical pressures of an MNE subsidiary impact employee engagement?*	How are work priorities established in your role? To what extent do you or your team formulate your local regional strategy vs. centralised direction from HQ? How much time is spent on global alignment vs. your local activities and priorities? If you have to choose between two conflicting priorities (global ask vs local ask) which one do you feel more compelled to action? Why? Does this need to manage competing priorities affect you or your team's commitment to the goal at hand? In what way?

Use this section to dig deeper into any areas where justice, positive or negative, may have be experienced.	**RQ 3:** *How do subsidiary employees perceive the organisational justice of their MNE?*	What is the response of HQ when confronted with potential local barriers to global established practice? Can you tell me about a time when needing to be globally aligned worked in your favour in a local context? Can you tell me about a time when needing to be globally aligned worked against you in a local context? How did you or your team react to the perceived fairness or inequity implicit in HQ's response to (7) or (8)? *How does this response make you feel? What was the result of this at a subsidiary level?*

Appendix D: Code Book

Code	Frequency	Groups
○ Justice	57	HQ-Subsidiary dynamics
○ Promotion opportunities	45	Individual dynamic
○ paradoxical tensions	39	HQ Subsidiary Dynamics
○ frustration	33	Employee Emotions
○ Recognition	30	HQ Dynamic, Resources
○ Strong strategy	29	HQ Subsidiary Dynamics
○ communication	29	Impact of Communication
○ leadership skills	29	HQ-Subsidiary dynamics
○ local knowledge	27	Subsidiary Dynamics
○ global alignment	20	HQ Subsidiary Dynamics
○ feeling valued	19	Employee Emotions
○ global processes	19	HQ Subsidiary Dynamics
○ advocacy	19	Impact of Communication, Impact of leadership
○ less resource	19	Resources
○ Localisation	18	HQ Subsidiary Dynamics
○ proximity	18	HQ Subsidiary Dynamics
○ SA small	18	HQ Subsidiary Dynamics
○ bad leadership	18	Impact of leadership
○ gateway to Africa	18	Reason to be in (South) Africa
○ high value	18	Reason to be in (South) Africa
○ Cultural differences	17	Culture
○ centralized process	17	locus of control
○ Semi-decentralized decision making	16	HQ Subsidiary Dynamics
○ opportunity	16	Individual dynamic
○ personal network	16	Individual dynamic
○ priortisation	15	HQ Subsidiary Dynamics
○ willingness to understand local context	15	HQ Subsidiary Dynamics
○ exposure	15	Individual dynamic

○ admiration for HQ	14	Employee Emotions
○ anxiety	14	Employee Emotions
○ superiority	14	HQ Subsidiary Dynamics
○ global resources	14	Resources
○ clear strategy	13	HQ Dynamic
○ Large HQ	13	HQ Dynamic
○ global team	13	HQ Subsidiary Dynamics
○ micro-dynamics	13	HQ Subsidiary Dynamics
○ SA Cheap Resource	13	Reason to be in (South) Africa
○ emerging markets	13	Subsidiary Dynamics
○ engagement factor	12	Employee Emotions
○ attitude towards Africa	12	HQ Subsidiary Dynamics
○ revenue	12	HQ Subsidiary Dynamics
○ personal aspirations	12	Individual dynamic
○ autonomy	12	locus of control
○ commitment to Africa	12	Reason to be in (South) Africa
○ SA key resource	12	Reason to be in (South) Africa
○ low revenue	12	Subsidiary Dynamics
○ pressure	11	Employee Emotions
○ standardisation	11	HQ Subsidiary Dynamics
○ change management	11	Impact of Communication
○ tension	10	Employee Emotions
○ SA positive	10	HQ Subsidiary Dynamics
○ centralized decision making	10	locus of control
○ centralized strategy	10	locus of control
○ Customer Centricity	10	Subsidiary Dynamics
○ Culture: working styles H1	10	Culture
○ familiar culture	9	Culture
○ global compelled	9	Employee Emotions
○ distance from HQ	9	HQ Subsidiary Dynamics

○ localisation key to strategy	9	HQ Subsidiary Dynamics
○ Issues in SA	9	Subsidiary Dynamics
○ local execution	9	Subsidiary Dynamics
○ expatriate strategy	8	HQ Subsidiary Dynamics
○ highly invested	8	HQ Subsidiary Dynamics
○ negotiation	8	Impact of Communication, Impact of leadership
○ leadership network	8	Impact of leadership
○ job loss	8	Individual dynamic
○ moving to HQ	8	Individual dynamic
○ local business	8	Subsidiary Dynamics
○ pride in MNE	7	Employee Emotions
○ complex HQ	7	HQ Dynamic
○ reporting structures	7	HQ Subsidiary Dynamics
○ trust	7	HQ Subsidiary Dynamics
○ growth in emerging markets	7	Reason to be in (South) Africa
○ Skills in SA	7	Reason to be in (South) Africa
○ less personal	6	Employee Emotions
○ M&A Anxiety	6	Employee Emotions
○ diverse TMT	6	HQ Dynamic
○ conflicting priorities	6	HQ Subsidiary Dynamics
○ benefits of MNE	6	Individual dynamic
○ network	6	Individual dynamic
○ non-sales	6	Individual dynamic
○ sales	6	Individual dynamic
○ access to budget	6	Resources
○ superior resources	6	Resources
○ risk appetite	5	Culture
○ demotivation	5	Employee Emotions
○ benefit to MNE	5	HQ Dynamic
○ complex structure	5	HQ Dynamic
○ M&A	5	HQ Dynamic

○ leadership fit	5	HQ Subsidiary Dynamics
○ cognitive dissonance	5	Impact of leadership
○ job roles	5	Individual dynamic
○ SA resources	5	Reason to be in (South) Africa
○ Sa large	5	Subsidiary Dynamics
○ motivation	4	Employee Emotions
○ company identity	4	HQ Dynamic
○ Mature MNE strategy	4	HQ Dynamic
○ new business orientated strategy	4	HQ Dynamic
○ collaborative strategy	4	HQ Subsidiary Dynamics
○ in-groups and outgroups	4	HQ Subsidiary Dynamics
○ performance breakdown	4	HQ Subsidiary Dynamics
○ decentralized decision making	4	HQ Subsidiary Dynamics, locus of control
○ global role	4	Individual dynamic
○ interpersonal skills	4	Individual dynamic
○ seniority	4	Individual dynamic
○ SA established	4	Reason to be in (South) Africa
○ push for resource	4	Resources
○ isolated	3	Employee Emotions
○ educate HQ	3	Impact of leadership
○ Seniority: junior	3	Individual dynamic
○ job role resources	3	Resources
○ Sa as leader	3	Subsidiary Dynamics
○ altruistic strategy	2	Reason to be in (South) Africa
○ high training standards	2	Resources
○ senior	1	Individual dynamic

Appendix E: Letter of Informed Consent

Dear Madam / Sir

My name is Caitlin Gevers. I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA. I am conducting research on HQ-subsidiary relationships and employee engagement in Multinational Enterprises in South Africa. The purpose of the study is to help further the understanding of employee engagement in the specific context of Multinationals with subsidiaries based in South Africa.

I would sincerely appreciate your time should you choose to participate. The interview will be semi-structured in format, with open-ended questions. It will last between 45-60 minutes. With your permission, I request that the interview is recorded and transcribed in order to capture the content of the interview. The interview will be kept strictly confidential, with no source, individual or organisation identifiable in the final report.

With your permission, the interview will be transcribed for academic analysis. Please note that all data used in the report will be reported and stored without identifiers to ensure confidentiality. On request, a copy of the research findings will be made available to you. With your permission and by signing below, you give your consent to participate.

Your participation is voluntary, and you can withdraw at any time without penalty. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name Caitlin Gevers
Researcher email address 21819115@mygibs.co.za

Signature of Researcher: _____

Date: _____

Research Supervisor: Colin Rowley
Email: colinrowley@vodamail.co.za

Signature of participant: _____

Date: _____