

FEEDBACK-SEEKING BEHAVIOR WITHIN MULTINATIONAL CORPORATIONS

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Notwithstanding their concern with intra-MNC control mechanisms, scholars have overlooked the complementary phenomenon of self-regulatory behavior by subsidiaries. In this paper, we take the first steps towards addressing this gap by advancing and testing hypotheses dealing with the determinants of a major element of self-regulatory behavior at the subsidiary level, i.e., the performance-oriented feedback-seeking behavior of subsidiary presidents. Utilizing data from 374 subsidiaries of 75 MNCs, we test hypotheses regarding the impact of subsidiary task and organizational context on the feedback-seeking behavior of subsidiary presidents. The results of this study can be summarized as follows: (i) subsidiary presidents do engage in proactive performance-oriented feedback-seeking behavior; (ii) they vary in the extent to which they engage in such behavior; and (iii) these variations in feedback-seeking behavior are at least partially systematic. Copyright © 1999 John Wiley & Sons, Ltd.

Ensuring that far-flung subsidiaries act in ways to support the parent corporation's worldwide strategic agenda has long been one of the central challenges in the management of any multinational corporation (MNC). Accordingly, the topic of coordination and control has received, and continues to receive, considerable research attention (e.g., Doz and Prahalad, 1981; Ghoshal and Bartlett, 1990; Ghoshal, Korine, and Szulanski, 1994; Gupta and Govindarajan, 1991; Martinez and Jarillo, 1989; Roth and O'Donnell, 1996). Virtually the entire body of this increasingly vast literature has focused on exogenous (i.e., external to the subsidiary) formal and informal mechanisms that can be established by corporate headquarters to govern subsidiary behavior. In particular, prior literature has examined the impact of control variables such as centralization, formalization,

socialization, reward systems and, more recently, procedural justice on the behavior of subsidiary managers (e.g., Kim and Mauborgne, 1991; Ghoshal and Nohria, 1989).

Notwithstanding the importance of exogenous variables, it is crucial to recognize that the behavior of any subsidiary, indeed any organism, is regulated by a combination of both exogenous and endogenous control mechanisms. In other words, the behavior of subsidiary presidents is a function of both headquarters-initiated (i.e., exogenous) control mechanisms as well as self-initiated (i.e., endogenous) control mechanisms. It is our contention that the absence of any examination of self-regulatory behavior by subsidiaries within MNCs represents an important omission. As cybernetic theory informs us, the behavior of any organism depends first and foremost on its own self-regulatory behavior and only indirectly upon exogenous regulatory mechanisms (Ashby, 1956). Thus, the effectiveness and efficiency of exogenous control mechanisms depends crucially on the extent to which they are able to shape appropriately the self-regulatory

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behavior of the organism being controlled. This general cybernetic argument also has been echoed in the organizational behavior literature; for instance, Ashford and Tsui have observed that:

It [is] difficult to specify precisely what managers should do at any point in time. Consequently, such traditional control mechanisms as job descriptions, standard operating procedures, and formal performance appraisal systems may only loosely control managers. Because organizational systems cannot be used to completely regulate managers, those who run organizations are dependent upon managers' self-regulatory activities in order to achieve control and coordinated action. (1991: 252)

Thus, exogenous control mechanisms, in and by themselves, are always indirect and incomplete. While this observation is universal, the following reasons lead us to suggest that the incompleteness of exogenous control mechanisms is likely to be particularly acute in the case of multinational corporations:

1. Home and host country operations are often separated by huge geographic, linguistic, cultural, and even socioeconomic distances. These distances can be expected to create significant information asymmetries between corporate headquarters and the subsidiaries.
2. As reflected in Hedlund's (1986) concept of the 'heterarchy,' there is an increasing trend within MNCs to devolve global responsibilities away from corporate headquarters to selected foreign subsidiaries. This devolution significantly increases the discretion awarded to foreign subsidiaries.
3. Many foreign subsidiaries are subject to pulls and pushes from multiple stakeholders such as joint venture partners or host country governments (Prahalad and Doz, 1987). These stakeholders may impose goals that at least partially conflict with the goals of the parent MNC.

Motivated by the above observations, this study represents a first attempt to shed light on certain aspects of the self-regulatory behavior of subsidiary presidents. In particular, we draw on the emerging body of literature in the organizational behavior area that has focused on the performance-oriented feedback-seeking behavior (FSB) of

individuals as one important aspect of self-regulation. The concept of feedback-seeking refers to the 'conscious devotion of effort toward determining the correctness and adequacy of behavior for attaining valued end states' (Ashford, 1986: 466). Any control system represents a combination of three elements: standard-setting, discrepancy detection, and discrepancy correction. Accordingly, FSB constitutes the essence of the discrepancy-detection subprocess, a central aspect of any control system. Given the absence of any previous research on the self-regulatory behavior of subsidiary presidents, we view this study as an initial step and have chosen to focus exclusively on the topic of FSB rather than to examine all aspects of self-regulation. More specifically, we examine the impact of two sets of antecedent variables on the propensity of subsidiary presidents to engage in FSB: (i) the task context facing the focal subsidiary; and (ii) the organizational mechanisms that shape the subsidiary's linkages with the rest of the MNC network. Empirically, these hypotheses are tested after controlling for the effects of some important personal characteristics of the subsidiary president.

Data for this study were collected directly from the presidents of 374 subsidiaries belonging to 75 major MNCs headquartered in the United States, Japan, and Europe.

THEORY

Feedback as a valuable but costly resource

Reflecting the fact that feedback seeking is a conscious act that entails both direct and indirect costs for the focal individual, performance-oriented feedback rightly has been conceptualized as a potentially valuable resource for the individual engaged in feedback-seeking (Ashford, 1986; Ashford and Cummings, 1983; Ashford and Tsui, 1991; Bennett, Herold, and Ashford, 1990; Fedor, 1991; Northcraft and Ashford, 1990). In their pioneering essay which has continued to serve as a major platform for FSB research to date, Ashford and Cummings (1983) suggested the following as the major benefits of feedback-seeking for the individual concerned: (i) an increase in the accuracy of signals regarding the relative importance of various goals; (ii) a reduction in the uncertainty about issues surrounding goal attainment; and (iii) a better basis for the improvement

of one's own competence. On the other hand, some of the key costs associated with FSB are: (i) effort costs, i.e., costs incurred in obtaining the relevant information; (ii) inference costs, i.e., costs incurred in interpreting this information; and (iii) face loss costs, i.e., the personal and social-psychological costs associated with receiving potentially negative feedback or with being perceived as insecure. Thereby, the extent of actual feedback-seeking depends on the net outcome of the comparison between these benefits and costs in the specific situation facing the individual.

Ashford and Cummings (1983) have also suggested that individuals engage in feedback seeking through one or both of two mutually nonexclusive strategies: '*feedback-seeking through monitoring*' and '*feedback-seeking through inquiry*.' Feedback-seeking through monitoring 'entails observing the situation and the behaviors of other actors for cues useful as feedback . . . [and] . . . is thus a process of meaning construction, one that involves a fair degree of interpretation and inference' (Ashford and Cummings, 1983: 382–383). In contrast, feedback-seeking through inquiry 'is the individual's attempt to actually increase the amount of personally relevant data in his or her information environment by directly asking actors in that environment for their perception and/or evaluation of the behavior in question' (Ashford and Cummings, 1983: 385). As might be obvious, the benefits (and, in particular, the costs) of feedback seeking are expected to depend at least partially on the type of feedback-seeking strategy adopted. More concretely, while feedback-seeking through inquiry may, on average, yield clearer signals, it suffers from greater effort costs and potentially greater face loss costs; in contrast, feedback-seeking through monitoring has lower effort and face loss costs but suffers from higher inference costs. Further, as the FSB literature has argued and, as we argue in this paper, the benefits and costs of these feedback-seeking strategies depend not merely on the FSB strategy per se but, both directly and indirectly, also on task and organizational context variables which determine the potential to observe or obtain feedback information and the value placed on it and the costs perceived by the focal individual.

In the rest of this section, we develop two sets of hypotheses: the first pertaining to the impact of subsidiary task context and the second per-

taining to the impact of organizational context on FSB. The logic for our hypotheses is rooted in the premise that certain characteristics of task and organizational contexts have an important bearing on the relative costs and benefits of feedback-seeking and would, therefore, influence FSB. It should be noted that, given the first-cut nature of our research on self-regulatory behavior within MNCs, we do not view this as an exhaustive study of the antecedents of subsidiary presidents' FSB. Instead, we focus on a few selected variables pertaining to the subsidiary's task context and organizational context. The following three criteria guided our choice of the selected variables: (i) on a *prima facie* basis, within the domain of MNCs, the selected variables should have high salience for the subsidiary's task and organizational context; (ii) there should exist a high likelihood of significant intersubsidiary differences along the selected variables; and (iii) there should exist strong *ex ante* logical reasons for anticipating an impact of each of these variables on the benefits and/or the costs of feedback-seeking.

Impact of subsidiary task context on feedback-seeking

It is now well accepted that the MNC should be viewed as a network of differentiated subsidiaries and that there exist significant differences in the task contexts facing different subsidiary presidents (Ghoshal and Bartlett, 1990; Roth and O'Donnell, 1996). Three important drivers of these differences are: (i) heterogeneity across countries; (ii) heterogeneity across the strategic charters assigned to various subsidiaries; and (iii) heterogeneity in the consensus and clarity of the roles assigned to subsidiary presidents. We examine the implications of heterogeneity across countries by focusing on the culture distance between the 'host' country of the subsidiary and the 'home' country of its parent (Kogut and Singh, 1988). Similarly, we examine the implications of heterogeneity in strategic charters by focusing on the breadth of the subsidiary's value chain scope (Porter, 1986). Finally, we examine the implications of heterogeneity in role consensus and role clarity by focusing on the role conflict and the role ambiguity faced by the subsidiary president (Rizzo, House, and Lirtzman, 1970).

Culture distance

Culture refers to the shared cognitive maps that guide inferences, decisions, and actions of a society of people (Pettigrew, 1979; Schein, 1985). Thus, we can expect that the greater the culture distance between the home and the host countries, the greater would be the differences in (i) cognitive maps between subsidiary managers and their superiors at HQ, and (ii) behaviors and organizational practices between the host and home countries (Kogut and Singh, 1988). These differences will create uncertainty and conflicts about which values, norms, individual behaviors, and organizational systems are appropriate for managing the subsidiary. Accordingly, greater culture distance can be expected to increase the value of (a) signals about the relative importance of various organizational and individual goals, as well as (b) appraisal information regarding how well the individual is achieving those goals. In short, we would predict that culture distance between home and host countries will be positively related to FSB:

Hypothesis 1a: The greater the culture distance between 'home' and 'host' countries, the higher will be the extent of feedback-seeking through monitoring by the subsidiary president.

Hypothesis 1b: The greater the culture distance between 'home' and 'host' countries, the higher will be the extent of feedback-seeking through inquiry by the subsidiary president.

As a caveat, we should note that, as culture distance increases, the greater informational benefits of FSB are likely to be at least partially neutralized by greater information collection and inference costs. *Ex ante*, the extent of such neutralization appears to be largely an empirical question.

Value chain scope

Due to differences in industry characteristics and country-level comparative advantages, different subsidiaries often have different strategic charters with respect to the scope of value chain activities that they perform (Kogut, 1985; Porter, 1986). In this study, breadth of value chain scope reflects the number of the following primary functions performed within the subsidiary's own bound-

aries: research and development, manufacturing, and marketing and sales. Thus, a broader value chain scope implies that the subsidiary is likely to be more self-contained with respect to various functional resources and to thereby experience lower resource dependence *vis-à-vis* the rest of the MNC network (Ghoshal and Bartlett, 1990). Lower resource dependence upon peer units and corporate HQ implies that the subsidiary president is likely to have greater discretion in managing the subsidiary and to be held more fully accountable for the subsidiary's performance (Hambrick and Finkelstein, 1987). The value of performance-related feedback is likely to be higher in contexts characterized by greater managerial discretion and greater accountability. Further, on a *prima facie* basis, there is no reason to expect any association between value chain scope and any of the costs associated with FSB. Thus:

Hypothesis 2a: The broader the value chain scope of a subsidiary, the higher will be the extent of feedback-seeking through monitoring by the subsidiary president.

Hypothesis 2b: The broader the value chain scope of a subsidiary, the higher will be the extent of feedback-seeking through inquiry by the subsidiary president.

Role conflict

Role conflict refers to the degree of incompatibility between the different expectations associated with a work role (Rizzo *et al.*, 1970). In the MNC context, many subsidiaries are subject to pulls and pushes from multiple stakeholders (e.g., the parent corporation, the local government, a joint venture partner); depending on the extent to which these stakeholders' goals are in conflict, subsidiary presidents can experience varying degrees of role conflict. When attending to a task involves conflicting goals and behaviors, it creates uncertainty about the manner in which goals should be prioritized, and the appropriate behaviors needed to achieve results. Feedback information can help reduce uncertainty by: (a) signaling which goals are more relevant than others; and (b) providing referent and appraisal information about appropriate behaviors for task completion (Ashford and Cummings, 1983; Greller and Herold, 1975). Thus, we expect

that the benefits of feedback-seeking are likely to be extremely high for subsidiary presidents who perceive greater role conflict.

Focusing now on the costs of FSB, we would expect that, *ceteris paribus*, role conflict would (a) have no impact on effort costs, (b) tend to increase inference costs because of the need to reconcile conflicting signals, and (c) tend to decrease face loss costs because face loss costs are minimal when conflict is inherent in the role itself rather than a reflection of individual insecurities. Thus, on balance, we expect that, as role conflict increases, the net benefits from FSB through both monitoring and inquiry modes are likely to increase. We, therefore, hypothesize that:

Hypothesis 3a: The greater the role conflict facing a subsidiary president, the higher will be the extent of feedback-seeking through monitoring.

Hypothesis 3b: The greater the role conflict facing a subsidiary president, the higher will be the extent of feedback-seeking through inquiry.

Role ambiguity

Ashford and Cummings (1985: 68) have stated that: 'for many individuals uncertainty is a fact of organizational life,' i.e., many employees lack clear information about task objectives, role expectations, and scope of responsibility and authority, and thereby experience ambiguity in their job definitions. Ashford and Cummings (1983) hypothesized that greater role ambiguity will lead to increased feedback-seeking due to the resulting uncertainty reduction and signaling benefits. However, empirical results have not fully supported this hypothesis; while Ashford and Cummings (1985) found that role ambiguity had a significant (moderated) impact on feedback-seeking, Bennett *et al.* (1990) found that it does not affect the extent of monitoring or inquiry. Unlike these authors, we predict asymmetric effects for this variable on feedback-seeking through monitoring and inquiry. While we concur that higher role ambiguity would increase the value of feedback, we would argue that, when the role is rife with ambiguity, the inference and interpretation costs associated with the monitoring mode (but not the inquiry mode) are likely to become particularly high. Therefore, we expect

higher role ambiguity to be associated with less monitoring but more inquiry. More formally:

Hypothesis 4a: The greater the role ambiguity facing a subsidiary president, the lower will be the extent of feedback-seeking through monitoring.

Hypothesis 4b: The greater the role ambiguity facing a subsidiary president, the higher will be the extent of feedback-seeking through inquiry.

Impact of organizational context on feedback seeking

The term "organizational context" refers to the combination of structure and process mechanisms that link any particular subsidiary to the rest of the global network. In this study, we focus on four variables pertaining to organizational context: two structure variables ('HQ-subsidiary centralization' and 'use of lateral integrative mechanisms') and two process variables ('HQ-subsidiary communication' and 'use of socialization mechanisms'). As we argue below, on theoretical grounds, these variables can be expected to have high salience for subsidiary presidents' FSB.

Centralization

The concept of centralization has received extensive attention in the literature on MNC coordination and control (Gates and Egelhoff, 1986; Martinez and Jarillo, 1989). In fact, MNC researchers have argued that centralization is 'one of the fundamental dimensions of organization design' (Egelhoff, 1988: 129). Notwithstanding the importance of centralization as an element of organization design, no empirical investigation of its impact on FSB has so far been conducted. In the context of the current study, we would argue that, *ceteris paribus*, (i) the lower the centralization, the greater would be the extent to which the subsidiary president is held directly accountable for the subsidiary's performance, and that (ii) the value of performance-related feedback is likely to be greater in contexts characterized by greater accountability. Further, there is no *prima facie* theoretical reason why high or low centralization should have any impact on the costs associated with feedback-seeking. These arguments yield the following hypotheses:

Hypothesis 5a : The lower the extent of HQ–subsidiary centralization, the higher will be the extent of feedback-seeking through monitoring by the subsidiary president.

Hypothesis 5b: The lower the extent of HQ–subsidiary centralization, the higher will be the extent of feedback-seeking through inquiry by the subsidiary president.

HQ–subsidiary communication

Subsidiary presidents have varying degrees of opportunities to interact formally and informally with executives from corporate HQ (Gupta and Govindarajan, 1991; Martinez and Jarillo, 1989; Nohria and Ghoshal, 1994). In this study, we define HQ–subsidiary communication as the frequency of personal interactions between the subsidiary president and parent company executives. These interactions include face-to-face meetings, telephone conversations, routine and periodic formal reporting, and written letters and memos. There do not appear to be any *prima facie* theoretical reasons to expect HQ–subsidiary communication to have an impact on the value of performance-related feedback. However, we would argue that a higher frequency of HQ–subsidiary communication is likely to significantly lower the costs associated with securing such feedback through both the monitoring and the inquiry modes. First, effort costs are likely to be lower because subsidiary presidents would have a greater amount of readily available information to monitor as well as greater access to HQ superiors to engage in inquiry. Second, greater HQ–subsidiary communication should also imply greater experience on the subsidiary president's part in interpreting implicit and explicit information from corporate HQ, thus lowering inference costs. Finally, *ceteris paribus*, greater HQ–subsidiary communication is likely to be associated with greater interpersonal trust, thereby lowering face loss costs. Therefore:

Hypothesis 6a: The higher the frequency of communication between a subsidiary president and corporate HQ executives, the higher will be the extent of feedback-seeking through monitoring.

Hypothesis 6b: The higher the frequency of communication between a subsidiary president

and corporate HQ executives, the higher will be the extent of feedback-seeking through inquiry.

Lateral integrative mechanisms

Galbraith (1973) and Nadler and Tushman (1987) identified liaison positions, task forces, and permanent committees as important formal mechanisms for integrating multiple units of an organization. In this study, we focus on those lateral integrative mechanisms which ensure coordination among peer subsidiaries in different countries. Since lateral integration creates channels for information exchange and information processing among subsidiaries, greater use of such channels implies increased access to and interaction with peers. Paralleling the arguments pertaining to the impact of HQ–subsidiary communication on FSB, we would expect that, while increased interaction with peers is not likely to have an effect on the value of feedback, it should result in lower effort, inference, and face loss costs. Thus:

Hypothesis 7a: The greater the reliance on lateral integrative mechanisms linking a subsidiary to peer subsidiaries within the MNC, the higher will be the extent of feedback-seeking through monitoring by the subsidiary president.

Hypothesis 7b: The greater the reliance on lateral integrative mechanisms linking a subsidiary to peer subsidiaries within the MNC, the higher will be the extent of feedback-seeking through inquiry by the subsidiary president.

Socialization mechanisms

Van Maanen and Schein (1979: 221) defined organizational socialization as the process by which 'an individual is taught what behaviors and perspectives are customary and desirable within the work setting.' Edstrom and Galbraith (1977) and Ouchi (1979) have argued that socialization of managers can be a powerful mechanism for building identification with and commitment to the organization as a whole. In the MNC context, corporate socialization has been recognized as an important mechanism by which subsidiary managers' values and interests can become closely aligned with those of the parent

corporation (Gupta and Govindarajan, 1991; Martinez and Jarillo, 1989; Nohria and Ghoshal, 1994). We expect that subsidiary presidents who have been involved in a greater number of socialization mechanisms will have a better understanding of corporate goals for the subsidiary (and for the MNC as a whole) and a greater commitment to the realization of these goals (Nohria and Ghoshal, 1994). Given greater commitment to goal realization, such executives are also likely to place a greater value on the benefits of performance-related feedback. In addition, paralleling the arguments given above regarding HQ–subsidiary communication and lateral integration, we expect socialization mechanisms to be associated with lower effort, inference, and face loss costs. Thus:

Hypothesis 8a: The greater the extent to which a subsidiary president has participated in corporate socialization mechanisms, the higher will be the extent of feedback-seeking through monitoring.

Hypothesis 8b: The greater the extent to which a subsidiary president has participated in corporate socialization mechanisms, the higher will be the extent of feedback-seeking through inquiry.

Control variables

Country of origin

There already exists a large body of both theoretical and empirical literature dealing with the fact that country of origin has a major impact on the propensities of MNCs *vis-à-vis* the choice of global strategies, organizational structures, and control systems, as well as internal corporate cultures (e.g., Bartlett and Ghoshal, 1989; Egelhoff, 1988; Franko, 1976; Hedlund and Nonaka, 1993; Porter, 1994; Yip, Roos, and Johansson, 1994). Accordingly, all of our hypotheses were tested after controlling for the effect of country-of-origin of the MNC.

Individual characteristics of the subsidiary president

Prior studies have indicated that certain individual characteristics can have a significant impact on

FSB. For instance, Ashford (1986) found that the value placed by individuals on feedback decreases with the number of years spent on the job. In light of this and other studies which have focused on the impact of individual characteristics on FSB, we test all of our hypotheses after controlling for the potential confounding impact of the following three demographic characteristics: nationality, age, and job tenure of the subsidiary president.

METHOD

Sample

Data for this study were collected through a combination of questionnaire surveys and secondary sources. The following steps guided the development of the questionnaire instrument: (i) interviews with subsidiary presidents and corporate-level executives in six MNCs to understand and clarify the phenomenon of interest; (ii) a review of previous research to locate, wherever possible, measures that would appropriately capture the constructs under study; and (iii) a pretesting of the questionnaire for clarity and face validity through face-to-face interviews with four subsidiary presidents (two American and two non-American).

The pretested questionnaires were mailed to the heads (variously titled as presidents, managing directors, or general managers) of 987 foreign subsidiaries of major MNCs headquartered in the United States (407 subsidiaries of 19 MNCs), Japan (270 subsidiaries of 41 MNCs), and Europe (310 subsidiaries of 15 MNCs). Subsidiary presidents within Japanese MNCs received both an English and a Japanese language questionnaire; initial interviews with the European companies indicated that only the English-language questionnaire would suffice. The U.S. sample was drawn from the list of the largest U.S.-based MNCs contained in the International Directory of Corporate Affiliations (National Register, 1991); this was also the approach used for developing a list of subsidiaries for nine out of the 15 European MNCs. In the case of the other six European MNCs, the list of subsidiaries was drawn up in cooperation with the senior-most corporate executive in charge of strategic planning, an approach also used in the case of all of the Japanese MNCs. Given the constraints of time and funding and given the need to obtain access, it was not

possible to use a random sample either from the entire universe of MNCs or from the entire subset of MNCs headquartered in the United States, Europe, and Japan. Nonetheless, given the diversity of industries in which the sampled firms operate (food products, industrial machinery, computers, telecommunications, pharmaceuticals, automobiles, chemical production, electronics, consumer durables, consumer nondurables, etc.), there is no *prima facie* reason to expect any systematic bias in the findings from subsidiaries within these firms.

A personalized cover letter accompanying each questionnaire explained the purpose of the study and provided assurances regarding the confidentiality of collected data. In order to minimize response bias, the participants were also provided with pre-addressed envelopes to enable them to return the completed questionnaires directly to the researchers without any risk of perusal by others in their firms. A total of 374 questionnaires (38%) were returned—a response rate that compares very favorably with past survey-based research studies in international business, organizational theory, and strategic management. The number of respondents for U.S., Japanese, and European MNCs were 117 (28%), 112 (41%), and 145 (46%), respectively.

For the subsidiaries in our sample, median number of employees per subsidiary was 350, and median worldwide revenues and median number of total employees for the parent corporations were \$5.8 billion and 32,100 respectively.

Measures

Feedback-seeking behavior

In order to measure the two dependent variables, feedback-seeking through monitoring and feedback-seeking through inquiry, we adopted the items developed by Ashford (1986) and used in other feedback-seeking studies (Ashford and Tsui, 1991; Fedor, Rensvold, and Adams, 1992; Morrison, 1993). Since Ashford (1986) had developed the scales for middle-level managers and lower-level employees, we made minor modifications in wording to make the items more suitable for the subsidiary presidents in MNCs. Utilizing a 7-point Likert-type response scale (ranging from 'very infrequently' to 'very frequently'), the following question was posed to each respondent:

'In order to find out for yourself how well you are performing in your present job, how frequently do you: (i) Observe what performance behaviors your superiors reward and use this as feedback on your own performance, (ii) Compare yourself with executives at your level in the organization, (iii) Pay attention to how your superiors act toward you in order to understand how they perceive and evaluate your performance, (iv) Observe the characteristics of executives rewarded by your superiors and use this information, (v) Seek information from your colleagues about your work performance, (vi) Seek feedback from your superiors about your work performance, and (vii) Seek feedback from your superiors about your potential for advancement within this corporation?'

Responses to the first four items were averaged to yield a composite measure of 'feedback-seeking through monitoring' (mean = 3.75, S.D. = 1.38, Chronbach alpha = 0.83). Similarly, responses to the last three items were averaged to yield a composite measure of 'feedback-seeking through inquiry' (mean = 2.92, S.D. = 1.34, Chronbach alpha = 0.76).

It should be noted that, in keeping with all previous research on FSB (e.g., Ashford, 1986; Ashford and Tsui, 1991; Morrison, 1993), we regard 'feedback-seeking through monitoring' and 'feedback-seeking through inquiry' as conceptually distinct (albeit related) variables. Nonetheless, in order to test for discriminant validity of these two feedback-seeking strategies, we subjected the data to confirmatory factor analysis. This analysis provided significant support for the distinctness of the monitoring and the inquiry modes of feedback-seeking (details regarding this confirmatory factor analysis may be obtained from the authors). Furthermore, it should also be noted that, consistent with virtually all previous research on feedback-seeking, for our sample too, the frequency of feedback-seeking through the monitoring mode significantly exceeds that through the inquiry mode (at $p < 0.001$) thus reconfirming earlier findings that, on average, 'individuals are reluctant to incur the direct costs of social inquiry' (Morrison, 1993: 582).

Culture distance

This measure was based on Hofstede's (1980) four indices of national culture: power distance,

individualism, masculinity, and uncertainty avoidance. Following Kogut and Singh (1988), we utilized the following Euclidian distance formula to compute a composite measure of culture distance (CD) between each subsidiary's 'host' country and its particular 'home' country:

$$CD = \sum_{i=1 \text{ to } 4} \{(D_{i,\text{host}} - D_{i,\text{home}})/V_i\}/4$$

where $D_{i,\text{host}}$ represents the host country's value on cultural dimension i , $D_{i,\text{home}}$ represents the home country's value on this cultural dimension, and V_i is the variance in this cultural dimension across all countries. Summary statistics on this variable are: mean = 1.74, S.D. = 1.47.

Value chain scope

Each subsidiary president was asked to provide 'yes' or 'no' answers to three quite straightforward questions: (i) 'Does your subsidiary have one or more research and development facilities?' (ii) 'Does your subsidiary have one or more manufacturing facilities?' and (iii) 'Does your subsidiary have one or more marketing and sales facilities?' For each respondent, the total count of 'yes' responses was treated as a measure of value chain scope (range = 1 to 3; mean = 2.21; S.D. = 0.81).

To test for construct validity, each respondent was asked to answer the following two questions: (i) percentage of the subsidiary's total sales accounted for by internal exports to sister subsidiaries ('product outflows'); and (ii) percentage of the subsidiary's total cost of goods sold accounted for by purchases from sister subsidiaries ('product inflows'). The sum of the answers to these two questions represented a measure of product flows between the focal subsidiary and the rest of the corporation. As expected, the measure of product flows correlated negatively with the degree of value chain scope ($r = -0.20$, $p < 0.001$).

Role conflict

Role conflict was measured through a 5-item instrument adapted from Rizzo, House, and Lirtzman (1970). On a 7-point Likert-type scale (ranging from 'strongly disagree' to 'strongly agree') each subsidiary president was asked to indicate the degree of his/her agreement with

each of the following statements: (i) I do assignments that are apt to be accepted by one executive and not by others; (ii) I receive incompatible requests from two or more executives; (iii) I work with two or more subsidiaries who operate quite differently; (iv) I receive an assignment without adequate resources to complete it; and (v) I have to do assignments that have to be done differently. Responses to these five items were averaged to yield a composite measure of role conflict. Summary statistics on this variable are: mean = 3.48, S.D. = 1.13, Chronbach alpha = 0.53.

Role ambiguity

Role ambiguity was measured through a 4-item instrument also adapted from Rizzo, *et al.* (1970). On a 7-point Likert-type scale (ranging from 'strongly disagree' to 'strongly agree') each subsidiary president was asked to indicate the degree of his/her agreement with each of the following statements: (i) I feel certain about how much authority I have on my job; (ii) there are clear planned goals and objectives for my job; (iii) I know that I have divided my time properly on my job; and (iv) I know exactly what is expected of me on my job. Responses to these four items were averaged to yield a composite measure of role ambiguity. Summary statistics on this variable are: mean = 2.44, S.D. = 0.96, Chronbach alpha = 0.73.

Headquarters-subsidiary centralization

Following Vancil (1980), each respondent was provided with the following list of nine strategically relevant decisions: (i) formulation of your subsidiary's annual budget; (ii) discontinuing a major existing product or product line; (iii) investing in major plant and equipment to expand capacity for existing products; (iv) developing a major new product line; (v) increasing (beyond budget) the level of expenditure for advertising and promotion; (vi) changing the selling price on a major product or product line; (vii) increasing (beyond budget) the level of expenditure for research and development; (viii) buying from an outside vendor when the items required could be supplied by another unit of the company; and (ix) increasing (beyond budget) the number of personnel employed by

your subsidiary. Using an approach similar to Hofstede (1967), for each of these decisions, each respondent was asked to indicate, on the following 5-point Likert scale, the typical influence that they had in affecting the outcome of the decision: (1) proposal by you, followed by consultation with superior, with your opinion prevailing; (2) proposal by you, decision made jointly by you and your superior; (3) proposal by superior, your opinion is asked and it carries a lot of weight; (4) proposal by superior, your opinion is asked and it carries little weight; and (5) your opinion not asked but decision is explained to you. Responses on the nine questions were averaged to create an index of headquarters–subsidiary centralization (Chronbach alpha = 0.86). Higher values on this measure indicate higher centralization (mean = 1.96, S.D. = 0.74).

HQ–subsidiary communication

The measure for HQ–subsidiary communication was adapted from Van de Ven and Ferry (1979). For each of four modes of communication (face-to-face, over the telephone, routine and periodic formal reports, and electronic or paper-based letters or memos), the respondents were asked to indicate the frequency of communication between themselves and executives from the parent corporation on a 7-point scale (ranging from ‘1 = daily’ to ‘7 = less often than once a year’). The responses were reverse scored and averaged across the four items to yield a composite measure of HQ–subsidiary communication (mean = 4.71, S.D. = 1.02, Chronbach alpha = 0.80).

Lateral integrative mechanisms

Based on Galbraith (1973), Nadler and Tushman (1987), and Miller, Kets de Vries, and Toulouse (1982), this variable was measured through a 3-item Likert-type 7-point scale (ranging from ‘used rarely’ to ‘used very frequently’) that asked respondents to indicate the extent to which their subsidiary used liaison personnel, temporary task forces, and permanent teams to coordinate decisions and actions with sister subsidiaries. The final measure was a weighted average of responses to the three items where the most complex mechanism (permanent teams) was given a weight of 3, the intermediately complex

mechanism (temporary task forces) was given a weight of 2, and the least complex mechanism (liaison personnel) was given a weight of 1. Summary statistics on this variable are: mean = 2.92, S.D. = 1.53.

Socialization mechanisms

This measure was adapted from Ghoshal and Bartlett (1988). Respondents were asked to provide ‘yes’ or ‘no’ answers to the following four questions: (1) ‘Have you worked for one or more years in other subsidiaries of this corporation?’, (2) ‘Have you participated in executive development programs involving participants from several subsidiaries?’, (3) ‘Have you worked for one or more years at corporate headquarters in this corporation?’ and (4) ‘Do you have a mentor at corporate headquarters?’ For each respondent, the total count of ‘yes’ responses was treated as a measure of participation in corporate socialization mechanisms (mean = 2.07, S.D. = 1.13).

Country of origin

Each MNC in this sample was headquartered in one of the following five countries: United States, Japan, United Kingdom, Sweden, and Finland. Treating the United States as the base case, dummy variables were created for each of the other four countries of origin. For example, in the case of Japanese MNCs, the variable ‘Japan’ was given a value of 1; in the case of non-Japanese MNCs, this variable was given a value of 0. A similar approach was followed for the United Kingdom, Sweden, and Finland.

Local nationality of subsidiary president

Subsidiary presidents were asked to indicate whether they were citizens of the local host country, the parent’s home country, or a third country. The responses were coded as 1 = local nationals; 0 = expatriate. The mean value on this variable was 0.49.

Age

This was measured through a straightforward question which asked the respondent to indicate his/her age. Summary statistics on this variable are: mean = 48.3, S.D. = 7.2

Job tenure

This variable was also measured through a straightforward question which asked the respondent to indicate the number of years spent on the current job. Summary statistics on this variable are: mean = 4.80, S.D. = 4.89.

RESULTS

Two separate ordinary least-squares multiple regressions were performed to examine the impact of the eight independent variables on the two dependent variables of interest: feedback-seeking through monitoring and feedback-seeking through inquiry; these regression analyses also included the control variables pertaining to country of origin as well as individual characteristics. Table 1 presents the matrix of zero-order correlations among all variables utilized in the study. Table 2 presents the results of the multiple regression analyses.

Feedback-seeking through monitoring*Task context hypotheses*

As can be seen from Table 2, for three out of the four predictions dealing with the impact of task context on feedback-seeking through monitoring, the results are in the expected directions and significant. More specifically, our results indicate that feedback-seeking through monitoring is higher in the case of:

1. subsidiary presidents whose units have a broader value chain scope (beta for 'value chain scope' = 0.093, $p < 0.05$; thus, Hypothesis 2a is supported);
2. subsidiary presidents with greater role conflict (beta for 'role conflict' = 0.176, $p < 0.001$; thus, Hypothesis 3a is supported); and
3. subsidiary presidents with lower role ambiguity (beta for 'role ambiguity' = -0.215, $p < 0.001$; thus, Hypothesis 4a is supported).

Table 1. Zero-order correlation coefficients among all variables under study

	X_1	X_2	X_3	X_4	X_5	X_6	X_7	X_8	X_9	X_{10}	X_{11}	X_{12}
X_1 : FSB monitoring												
X_2 : FSB inquiry	55***											
X_3 : Value chain scope	09	10										
X_4 : Culture distance	-06	01	-15**									
X_5 : Role conflict	19***	16***	-07	00								
X_6 : Role ambiguity	-13**	-01	-04	-04	09							
X_7 : Centralization	03	07	-23***	04	08	16**						
X_8 : Lateral integrative mechanisms	13**	15**	06	03	08	04	05					
X_9 : Frequency of HQ-sub. communication	20***	09	16**	-18***	-01	01	-13**	06				
X_{10} : Socialization mechanisms	05	07	-08	28***	07	-04	-01	15**	-07			
X_{11} : Local nationality of subsidiary president	09	03	21***	-47***	-08	-04	-05	01	29***	-48***		
X_{12} : Age	-15***	-20***	14**	-01	-13**	-15**	-11*	-02	05	10	08	
X_{13} : Job tenure	-07	-09	-01	-13*	-06	-09	-02	-03	04	-17***	32***	31***
	X_1	X_2	X_3	X_4	X_5	X_6	X_7	X_8	X_9	X_{10}	X_{11}	X_{12}

Note: Because of space constraints, decimal points have been omitted.

*one-tail $p < 0.05$; **one-tail $p < 0.01$; ***one-tail $p < 0.001$

Table 2. Multiple regression analysis: Determinants of feedback-seeking behavior (FSB)^a

Independent variables	Dependent variables			
	FSB monitoring		FSB inquiry	
	Hypothesis	Actual beta	Hypothesis	Actual beta
<i>Country of origin</i>				
Japan		-0.166**		-0.369***
U.K.		-0.111*		-0.091
Sweden		-0.161**		-0.151**
Finland		-0.074		0.020
<i>Individual characteristics</i>				
Local nationality ^b		0.065		-0.043
Age		-0.172**		-0.179***
Job tenure		-0.083		-0.059
<i>Task context</i>				
Culture distance	H1a(+)	-0.005	H1b(+)	0.072
Value chain scope	H2a(+)	0.093*	H2b(+)	0.100*
Role conflict	H3a(+)	0.176***	H3b(+)	0.152**
Role ambiguity	H4a(-)	-0.215***	H4b(+)	-0.073
<i>Organizational context</i>				
Centralization	H5a(-)	0.081	H5b(-)	0.059
HQ–subsidiary communication	H6a(+)	0.124*	H6b(+)	-0.016
Lateral integrative mechanisms	H7a(+)	0.107*	H7b(+)	0.092*
Socialization mechanisms	H8a(+)	0.103*	H8b(+)	0.138**
R^2		0.207		0.196
d.f.		15,304		15,304
F		5.28***		4.94***

*one-tail $p < 0.05$; **one-tail $p < 0.01$; ***one-tail $p < 0.001$

^aData in the table indicate standardized regression coefficients.

^bLocal nationality: 1 = local national, 0 = expatriate.

Contrary to predictions, culture distance had no significant impact on subsidiary presidents' feedback-seeking through monitoring. Thus, Hypothesis 1a was not supported.

Organizational context hypotheses

Table 2 also indicates that, for three out of the four predictions, the results are in the expected directions and significant. More specifically, the results indicate that feedback-seeking through monitoring is higher in the case of:

1. subsidiary presidents who are in more frequent communication with executives from the parent corporation (beta for 'HQ–subsidiary com-

munication' = 0.124, $p < 0.05$; thus, Hypothesis 6a is supported);

2. subsidiary presidents whose units are more laterally integrated with the rest of the MNC (beta for 'lateral integrative mechanisms' = 0.107, $p < 0.05$; thus, Hypothesis 7a is supported); and
3. subsidiary presidents who have participated in corporate socialization mechanisms to a greater extent (beta for 'socialization mechanisms' = 0.103, $p < 0.05$; thus, Hypothesis 8a is supported).

Contrary to predictions, HQ–subsidiary centralization had no significant impact on subsidiary presidents' feedback-seeking through monitoring. Thus, Hypothesis 5a was not supported.

Feedback-seeking through inquiry

Task context hypotheses

As can be seen from Table 2, for two out of the four predictions dealing with the impact of task context on feedback-seeking through inquiry, the results are in the expected directions and significant. More specifically, our results indicate that the feedback-seeking through inquiry is higher in the case of:

1. subsidiary presidents whose units have broader value chain scopes (beta for 'value chain scope' = 0.100, $p < 0.05$; thus, Hypothesis 2b is supported); and
2. subsidiary presidents with greater role conflict (beta for 'role conflict' = 0.152, $p < 0.01$; thus, Hypothesis 3b is supported).

Contrary to predictions, culture distance and role ambiguity had no significant impact on feedback-seeking through inquiry. Thus, Hypotheses 1b and 4b were not supported.

Organizational context hypotheses

As can be seen from Table 2, for two out of the four predictions dealing with the impact of organizational context on feedback-seeking through inquiry, the results are in the expected directions and significant. More specifically, our results indicate that feedback-seeking through inquiry is higher in the case of:

1. subsidiary presidents whose units are more laterally integrated with the rest of the MNC (beta for 'lateral integrative mechanisms' = 0.092, $p < 0.05$; thus, Hypothesis 7b is supported); and
2. subsidiary presidents who have participated in corporate socialization mechanisms to a greater extent (beta for 'socialization mechanisms' = 0.138, $p < 0.01$; thus, Hypothesis 8b is supported).

Contrary to predictions, HQ–subsidiary centralization and HQ–subsidiary communication had no significant impact on feedback-seeking through inquiry. Thus, Hypotheses 5b and 6b were not supported.

DISCUSSION

Literature on multinational corporations is extremely rich and extensive on issues of global strategy (e.g., mode of entry and exploitation of global presence; see Porter, 1986) and is becoming equally rich and extensive with respect to the broad topic of global organization (e.g., Bartlett and Ghoshal, 1989; Egelhoff, 1982; Hedlund, 1994). However, except for topics such as the selection, training, and repatriation of expatriate managers (Black, Gregersen, and Mendenhall, 1992) and, more recently, the implications of procedural justice (Kim and Mauborgne, 1991), very little is currently known about the behavior of key individual managers within the MNC context. Consistent with the recent call by Bartlett and Ghoshal (1995) to pay greater attention to the behavior of individuals within the multinational enterprise, this paper has attempted to shed light on one important facet of the behavior of subsidiary presidents, viz., their performance-oriented feedback-seeking behavior. Rooted in cybernetic theory (Ashby, 1956), we have argued that an analytical understanding of managers' emergent self-regulatory behavior (which includes feedback-seeking as a major component) is essential for the appropriate design of corporate control and coordination mechanisms.

In this study, we developed eight pairs of hypotheses pertaining to the antecedents of two types of feedback-seeking strategies by subsidiary presidents: 'feedback-seeking through monitoring' and 'feedback-seeking through inquiry.' Based on the premise that feedback is a valuable resource, and that the act of feedback-seeking entails various costs for the individual (Ashford and Cummings, 1983), we used cost–benefit arguments to predict that the extent of feedback-seeking will vary with: (i) the feedback-seeking strategy adopted, and (ii) various task and organizational characteristics.

Although the primary motivation for this study lay in improving our understanding of managerial behavior within MNCs, it should be noted that, by examining the impact of task and organizational contexts on FSB, this study has also extended the generic literature on FSB. To date, this generic literature has examined FSB largely in terms of the impact of individual characteristics on feedback-seeking. However, more recently, organizational psychologists have begun to take a

greater interest in the potential importance of contextual variables (e.g., Bennett *et al.*, 1990; Fedor *et al.*, 1992). Along with these more recent studies, our study has built on Ashford's recommendation that 'future research should also specifically address the effects of organizational contexts on individuals' feedback-seeking behavior' (1986: 482).

Impact of control variables

We tested our hypotheses against data from the presidents of 374 subsidiaries within 75 MNCs headquartered in the United States, Europe, and Japan. These tests were conducted after controlling for the effects of country of origin as well as some potentially salient demographic characteristics of the subsidiary presidents. The following observations regarding the effects of these control variables appear noteworthy.

In examining the effects of country of origin, we note that, relative to U.S.-headquartered MNCs, in the case of MNCs headquartered in Japan as well as Sweden, subsidiary presidents engaged in feedback-seeking through both monitoring and inquiry modes to a significantly lesser extent. Relative to U.S.-headquartered MNCs, subsidiary presidents in U.K.-headquartered MNCs also engaged in lower levels of FSB through monitoring (but not through inquiry). However, there were no significant differences in the FSB patterns of subsidiary presidents within Finland-headquartered vs. U.S.-headquartered MNCs. These results appear broadly consistent with Hofstede's (1980) data which indicate that Japan and Sweden are culturally more distant from the United States than are the United Kingdom and Finland and suggest that the national heritage of an MNC has an important impact on feedback processes across the firm's global network. We would posit three possible explanations for why the extent of FSB is significantly lower in the case of MNCs originating in Japan and Sweden: (i) Japanese and Swedish MNCs may be characterized by internal environments that are feedback-rich, thereby reducing the need for subsidiary managers to engage in proactive feedback-seeking; (ii) within Japanese and Swedish MNCs, the extent of decision-making discretion granted to foreign subsidiary presidents may be less, thereby reducing the value of performance-related feedback; or (iii) within Japanese and

Swedish MNCs, the face loss costs associated with proactive feedback-seeking may be high, thereby inhibiting subsidiary managers from engaging in such behavior. A more detailed theoretical and empirical examination of this issue would appear to be an interesting subject for future research.

In examining the effects of individual characteristics, we note that age has a significant impact on feedback-seeking through both monitoring and inquiry modes. This finding appears logical for the following three reasons. First, older subsidiary presidents will probably have received a great deal of performance feedback in the past; thus, the added benefits of feedback are less for them. Second, an older person is expected to portray a more confident and seasoned image; thus, the face loss costs of inquiry are likely to be higher for such an individual. Third, on average, an older person is likely to have developed a more fixed range of cognitions and behaviors and is less likely to value feedback that may entail changes in these mind-sets and behaviors. Since previous empirical studies have not examined the impact of age on FSB, the results of our study suggest the importance of including this variable in future research on FSB.

Finally, we note that the other two individual characteristics (job tenure and nationality) had no significant impact on either of the two types of FSB. Our nonfindings with respect to the impact of job tenure on FSB are consistent with Ashford's (1986) results.

Impact of task context variables

Our results provide support to five of the eight hypotheses dealing with the impact of task context variables on FSB. More specifically, we note that (i) culture distance has no significant impact on either FSB monitoring or FSB inquiry, (ii) breadth of value chain scope has a positive impact on both FSB monitoring as well as FSB inquiry, (iii) role conflict has a positive impact on both FSB monitoring and FSB inquiry, and (iv) role ambiguity has a negative impact on FSB monitoring but no significant impact on FSB inquiry.

A possible explanation for the nonfindings with respect to the impact of culture distance on FSB would be that greater culture distance is associated with not only greater value of feedback

information but also greater effort, inference, and face loss costs; conceivably, these costs may be neutralizing the benefits of feedback information.

Our results with respect to the impact of role ambiguity on FSB are partially consistent and partially inconsistent with Ashford and Cummings' (1983) theoretical predictions and with Bennett *et al.*'s (1990) empirical study. Unlike Ashford and Cummings (1983), who predicted a positive impact of role ambiguity on FSB, and Bennett *et al.* (1990), who found no significant impact at all, we hypothesized and found that role ambiguity actually has a negative impact on FSB monitoring; this result reinforces our argument that, when the role is rife with ambiguity, any benefits from feedback-seeking through monitoring would get completely swamped by extremely high interpretation and inference costs. Nonetheless, our nonfindings regarding the impact of role ambiguity on FSB inquiry parallel the similar results in the Bennett *et al.* (1990) study.

Impact of organizational context variables

Our results provide support to five of the eight hypotheses dealing with the impact of organizational context variables on FSB. More specifically, we note that (i) HQ–subsidiary centralization has no impact on either FSB monitoring or FSB inquiry, (ii) HQ–subsidiary communication has a positive impact on FSB monitoring but no significant impact on FSB inquiry, (iii) use of lateral integrative mechanisms has a positive impact on both FSB monitoring as well as FSB inquiry, and (iv) participation in socialization mechanisms also has a positive impact on both FSB monitoring and FSB inquiry.

There are two possible explanations for the lack of support for our predictions of a negative association between centralization and frequency of feedback-seeking: (i) there may exist low variability in the values of centralization in our sample; note that although we measured centralization on a 1–5 scale, the descriptive statistics for this variable are: mean = 1.96, S.D. = 0.74; and (ii) it is conceivable that, contrary to our expectations, in low centralization (i.e., high decentralization) contexts, the higher benefits of feedback get neutralized by higher effort and inference costs of feedback-seeking.

Focusing now on the nonfinding regarding association between HQ–subsidiary communi-

cation and FSB inquiry, it is conceivable that, contrary to our expectations, higher HQ–subsidiary communication is associated with higher face loss costs; this could be so because the interaction between a subsidiary president and corporate headquarters takes place within an evaluative context.

Implications for practice

We believe that, in general, higher levels of feedback-seeking by all members of an organizational community should contribute positively to long-term organizational effectiveness. This is so because the larger the magnitude of FSB in an organization, the larger would be the number of people proactively engaged in the task of continuous performance improvement. These expectations are consistent with Ashford and Tsui's conclusion that 'active feedback seeking is a central part of a total process of self-regulation for managerial effectiveness' (1991: 251) as well as with Morrison's (1993) finding that proactive information-seeking was related positively to both satisfaction and performance. We would further suggest that the organizational benefits of feedback-seeking are likely to be particularly high in the case of subsidiary presidents within MNCs for at least two reasons. First, relative to the typical organizational employee, subsidiary presidents belong to the upper echelons of any corporation and are likely to enjoy a significantly high degree of managerial discretion; we expect self-regulatory behaviors to be more beneficial in contexts involving high managerial discretion. Second, subsidiary presidents within MNCs typically are separated from their immediate superiors by large geographic distances; this geographical separation would make sole reliance on 'superior-directed' controls less optimal, thus contributing to the importance of self-regulation.

As Table 2 indicates, subsidiary task contexts characterized by narrower value chain scopes, lower role conflict, and/or higher role ambiguity tend to inhibit proactive feedback-seeking by subsidiary presidents. For such subsidiaries, the results of our study have two important practical implications—particularly in light of our premise that, in general, higher feedback-seeking by all subsidiary presidents has positive utility for the MNC. First, in the case of subsidiaries facing FSB-inhibiting task contexts, increased emphasis

on HQ–subsidiary communication, lateral integrative mechanisms, and socialization mechanisms could be valuable as a way to enhance FSB. Second, in those cases where increased use of these FSB-inducing organizational mechanisms is not feasible for other reasons, it may be valuable for corporate headquarters to increase the frequency of superior-directed feedback.

Directions for future research on self-regulatory behavior within MNCs

The results of this study clearly demonstrate (i) that subsidiary presidents do engage in proactive performance-oriented FSB, (ii) that they vary in the extent to which they engage in such behavior, and (iii) that these variations in FSB are at least partially systematic. Given the fact that this is the first study to date on the self-regulatory behavior of subsidiary presidents in MNCs, we believe that our results are strong and interesting enough to lend promise to the usefulness of future investigations which build on it. Given below are a few of the interesting directions for future research on self-regulatory behavior within MNCs:

1. We would expect that the involvement and influence of subsidiary presidents in setting the performance standards for their subsidiaries is likely to vary across subsidiaries within the same MNC as well as across MNCs. *Ceteris paribus*, we would expect greater participation in standard-setting to result in greater acceptance of and commitment to these standards. An important line of future inquiry would be to examine the impact of degree of participation in standard-setting on the subsidiary presidents' propensity to engage in FSB.
2. Irrespective of the extent of participation in standard-setting, the degree of goal difficulty (i.e., the probability of attaining the goals) can also vary across subsidiaries. A fruitful line of inquiry would be to examine the relationship between degree of goal difficulty and the FSB of subsidiary presidents. The more difficult the goal set (e.g., in the case of 'stretch' goals), the greater would be the risk of failure and the necessity to engage in innovative behavior. Thus, we would anticipate that the value of performance-oriented feedback would be associated positively with degree of goal difficulty.
3. Depending on the magnitude of the rewards and punishments associated with favorable or unfavorable deviations from targeted performance, the power of incentive systems for subsidiary presidents can vary across subsidiaries. An important direction for future research would be to examine the relationship between power of incentive systems and FSB. On a *prima facie* basis, we would anticipate that the greater the power of the incentive systems, the greater would be the propensity of subsidiary presidents to engage in FSB.
4. The reward system for a subsidiary president can be based solely on the performance of his/her subsidiary or also on the performance of a cluster of subsidiaries within the particular region or even worldwide. We would expect that, while linking incentives to regional or global performance should induce cooperation among subsidiaries, it may also weaken the linkages between the subsidiary president's own actions and the resulting incentives. It is conceivable that such a context may weaken the subsidiary president's propensity to engage in FSB, thereby rendering the need for system-provided feedback more critical. Thus, a fruitful research topic would be to explore the relationship between the individual vs. team nature of incentive systems and the extent of exogenous vs. endogenous regulation within the MNC.
5. Subsidiaries vary in the extent of environmental uncertainty that they face on account of both host-country specific as well as industry-specific factors. Since the need for mid-course changes in decisions and actions is likely to be greater in the case of subsidiaries facing more uncertain environments, we would anticipate that the value of performance-oriented feedback should be associated positively with the degree of environmental uncertainty. Whether this is so constitutes an important direction for future empirical research on self-regulatory behavior within MNCs.
6. Subsidiary presidents receive feedback through three distinct mechanisms: (i) automatic feedback generated by the formal information system, e.g., the ABACUS system within Asea Brown Boveri (see Taylor, 1991), (ii) feedback provided by corporate executives, peers in other subsidiaries, as well as subordinates, and (iii) feedback obtained or inferred as a

result of self-initiated FSB. An important line of research inquiry would be to examine the relationship between feedback-giving by corporate executives as well as other relevant stakeholders and feedback-seeking by the subsidiary president. In particular, it would be useful to examine whether the relationship between feedback-giving and feedback-seeking is substitutive or mutually reinforcing.

7. Given its exploratory nature, this study did not examine the impact of differing degrees of FSB on individual outcomes (e.g., corporate commitment, job satisfaction, and career success) or organizational outcomes (e.g., subsidiary performance). One of the important ways to extend our research would be to incorporate outcome variables in the study and to examine whether various features of the task and organizational context moderate the relationship between feedback-seeking and these outcome variables.
8. Finally, it is conceivable that favorable performance during one time period could induce complacency in the subsidiary president and therefore reduce the extent of self-regulation. If true, such complacency could result in weaker performance during a subsequent time period. It would be important to examine whether the current level of performance indeed has a negative impact on subsequent FSB and to uncover the conditions under which subsidiary presidents would continue to engage in high levels of FSB despite an excellent track record of recent performance.

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