Understanding Subsidiary Managers' Engagement in Strategic Activities. How do they know what to do?

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ABSTRACT

Subsidiary managers, as the multinational corporation (MNC) middle managers, must meet the challenge of dealing with strategic issues and local threats while at the same time aligning to corporate strategy and responding to headquarters expectations. Headquarters are ultimately very significant to the subsidiary in terms of how it may grow and what role it may ultimately assume or be awarded (Mudambi, 2011). However, it can be difficult for subsidiary managers to understand what role headquarters want the subsidiary to play. Despite the rich literature on the complexity of headquarters-subsidiary relationship, how mangers resolve these complexities in directing their strategic activities has not yet been explored. This work asks the question; how do subsidiary managers interpret headquarters' expectations? This research draws on in-depth case studies of five Irish based, US MNCs in the Medical Technology and Information Communication Technology, collecting interview information on subsidiary manager approaches to interpreting headquarters' expectations. Preliminary findings reveal alternative approaches by subsidiary managers to engaging in strategic activities in line with their interpretation of headquarters expectations. In theorising these initial findings, we draw on work by organisational scholars Dany et al (2011), Valette and Culié (2015) on the notion of scripts. Their work suggests that employees use scripts to guide alternative approaches to

achieving career success, and we translate this notion to identify tentative subsidiary manager scripts guiding their engagement in strategic activities. Four scripts have been identified, named, collaborator script, corporate citizen script, anticipator script and subsidiary advocator script.

Key words: Subsidiary managers, headquarters, headquarters-subsidiary relationship, middle managers, subsidiary strategy, scripts, strategic activities.

1.0 INTRODUCTION

Competitive advantage for multinational corporations (MNCs) rests on their subsidiaries' meeting both routine operational expectations and the often unstated expectations of further contribution through accessing knowledge and opportunities in their local environment (Doz and Prahalad, 1984; Bartlett and Ghoshal, 1989; Andersson et al, 2002; Ambos et al, 2010; Tippmann et al, 2012 O'Brien et al, 2018). Responsibility for achieving these expectations rests with the subsidiary's top management team, who interact internally upwards to headquarters, horizontally to sister units (Andersson, & Forsgren, 1996) and externally with the subsidiary's local environment (O'Brien et al, 2018). As organisational boundary spanners (Schotter and Beamish, 2011; Schotter et al, 2017), subsidiary managers must also interact with external trading partners, governments and other institutions in the local environment (O'Brien et al, 2018). Subsidiary managers are expected to lead their subsidiaries as headquarters expects, however, the management challenge lies in how subsidiary managers are to understand what headquarters expects. Headquarters-subsidiary communication plays a crucial role in subsidiary managers understanding of headquarters expectations, yet, communication can fail.

The headquarters-subsidiary relationship (HQS) can be very complex; the subsidiary is expected to align to corporate strategy but also excel in their day- to- day activities. The challenge for subsidiary managers is to understand how to respond to both the expectations of headquarters reflected in their engagement in strategic activities, and also the need to respond to strategic issues thereby leveraging their ability to contribute to the MNC and act according to the capacity of the subsidiary. Subsidiary managers must deal with a nexus of sometimes competing pressures in mediating, negotiating and interpreting what headquarters expect them to do. Subsidiaries are expected to excel and create value to the MNC by interpreting and applying corporate strategy in their activities. It is crucial to recognise that subsidiary managers are not independent actors in the broad organisational perspective, they must be aligned with the overall corporate strategy and be cognisant of the organisational goals and expectations of how they should behave and what activities they should engage in.

Subsidiary managers, as muiltinational corporation (MNC) middle managers (O'Brien, 2011), engage in strategic activities which direct the course of their subsidiary's survival and growth within the multinational corporation. Such strategic activities capture dealing with strategic issues and local threats while at the same time ensuring that the subsidiary aligns with corporate strategy and responds to headquarters' expectations. Headquarters determine the survival and growth of the subsidiary and its role within the organisation (Mudambi, 2011). But, given large and complex structures and relationships within MNCS, it can be difficult for subsidiary managers to understand what role headquarters want the subsidiary to play. While the broader subsidiary literature acknowledges both the management complexities of headquarters/subsidiary relationships, and the value of subsidiary manager's strategic activities in directing a subsidiary's role, how mangers resolve these complexities in directing their strategic activities has not yet been explored. In responding to this gap, this work asks the question; how do subsidiary managers interpret headquarters' expectations?

Preliminary findings reveal alternative approaches by subsidiary managers to engaging in strategic activities in line with their interpretation of headquarters expectations. In theorising these initial findings, we draw on work by organisational scholars Dany et al (2011), Valette and Culié (2015) on the notion of scripts. Their important work suggests that employees use 'scripts' to guide alternative approaches to achieving career success, suggesting that individuals develop scripts to interpret the expectations of others. Scripts are products of interactions between individuals and their contexts and they can be the means by which individual make sense of a situation (Valette & Culié, 2015). We combine the notion of scripts with the subsidiary management and international business literatures to explore how subsidiary managers interpret headquarters' expectations of their strategic activities. The strategic activities of the subsidiary managers impact on subsidiary contribution to the MNC (O'Brien et al, 2018), so it is critical to understand how these activities are influenced by manager's interpretations of headquarters' expectations.

This work offers theoretical contributions in two main areas, to the broad international business field through adding to our understanding of subsidiary / headquarters dynamics in the modern MNC, and secondly by offering a detailed conceptualisation of how managers understand how they are expected to behave. This work has important practical implications for understanding how subsidiary managers prioritise strategic activities, from both subsidiary and headquarters perspectives. This research will also have implications for government policy surrounding the appropriate supports required for subsidiary managers in MNCs.

The next section outlines the theoretical foundations of this research, incorporating concepts from various disciplines to provide unique insights into this heretofore unresearched aspect of the headquarters-subsidiary manager relationship.

2.0 THEORETICAL BACKGROUND

2.1 Subsidiary Managers as Middle Managers

Previous research focused on the top management as strategy makers and viewed middle managers as purely implementers of top management's strategy, neglecting the middle management roles where they participate actively in the strategy process (Huy, 2001; Guth & Macmillan, 1986). However, the focus on middle management has gained greater scrutiny (Bower, 1970; Burgelman, 1983; Kanter, 1983; Birkinshaw, 1995 O´Brien et al, 2018) Importantly, middle managers give and receive direction and their activities and responsibilities place them in between top management and frontline employees (Ahearne et al, 2014).

This research takes the approach of viewing subsidiary managers as the multinational organisations' middle managers. This approach has been adopted in previous research in exploring the subsidiary manager role in strategy making (O'Brien, 2011) and in researching issue selling in the MNEs (Dutton & Ashford, 1993, Dutton et al, 1997, Dutton et al, 2001). Therefore, it is deemed appropriate, in building on the work of O'Brien et al, (2018), that this study will adopt a middle manager perspective.

Subsidiary managers, viewed as middle managers of the entire corporation, act as boundary spanners transferring information and knowledge, and have a mid-ground position between the organisation and the subsidiary. Even with the recent evolution of subsidiaries where they are emerging as "regional headquarters" (Conroy et al, 2017), where subsidiary managers are viewed as corporate officers in the organisation holding a global role, they still are positioned in the middle as they have to respond to a chief officer at headquarters. For this reason, they face the challenge of interpreting corporate strategy adequately to achieve subsidiary excellence and corporate growth. The question of exploring how middle managers interpret the expectations of headquarters, can be explored by examining what activities the subsidiary manager undertakes, namely, strategic activities.

2.2 Subsidiary Manager's Strategic Activities

Birkinshaw and Pedersen (2009) emphasise the need to differentiate between subsidiary role and subsidiary strategy. A subsidiary role is given by headquarters to the subsidiary to execute it following headquarters' instructions. Subsidiary strategy, on the contrary, involves subsidiary entrepreneurship through value-adding strategic activities, independent from headquarters and sister subsidiaries (Garcia-Pont et al, 2009; Wei & Nguyen, 2017). The main argument of subsidiary strategy is that decisions are made in their marketplace by subsidiaries, not by headquarters (Rugman & Verbeke, 2001; Garcia-Pont et al, 2009; Rugman et al, 2011; Wei & Nguyen, 2017). Even though decisions are made on the subsidiary, the subsidiary strategy must be aligned to the corporate ultimate goals, therefore corporate strategy comes first and then the subsidiary own agenda. Due to the large and complex structures and relationships within the MNCs, it can be complex for subsidiary managers to know what to do, there are choices in how they should behave in relation to the demands of the subsidiary, they must respond to these competing demands which can result in subsidiary dilemmas (Mudambi, 2011) that the subsidiary managers need to deal with.

Subsidiary mangers as middle managers of the MNCs have to engage in strategic activities when dealing with local threats and strategic issues while at the same time responding to headquarters expectations. To have a deeper understanding of such activities and viewing subsidiary managers as middle managers of the MNC, we look at Floyd and Wooldridge (1992) middle management involvement in strategy theory. They argue that middle managers actions can have both upward and downward influences on strategy formation. Upward actions affect top management's perception of organisational factors, while downward actions work to adjust functional strategies to match the overall organisation's strategy. Championing alternatives describes the role where middle managers become "champions of strategic alternatives" by influencing top management to adjust their sense of strategy. Facilitating adaptability defined

as "fostering flexible organisation arrangements" (Floyd and Wooldridge, 1992) is considered a downward role, and as such, middle management take into account ideas generated by subordinates and adapt them to planned strategies, facilitating adaptability on the frontline (Ahearne et al, 2014). The synthesising information role allow middle management to take advantage of their mid ground position. They have access to both internal and external information and as they interpret and evaluate such information it sets the ground for possible strategic initiatives. Implementing deliberate strategy is perhaps considered the main role of middle management; it is an integrative and downward role since it ties organisational activities with top management objectives.

Floyd and Wooldridge's (1992) framework was later adapted to fit the subsidiary manager as middle manager perspective. O'Brien and Sharkey Scott (2009) added four roles to the framework, three on the upward influence activities and one on the downward influence ones. The upward influence activities roles added are: transactive (the strategic importance of the relationship between top management and middle management), autonomy/control (autonomy and control relationships subsidiaries have with headquarters and its influence in subsidiary manager's strategic involvement) and entrepreneur (creation of strategy by middle managers). The downward influence activities role added is incremental processes (examination and evaluation of strategic choices at a middle management level).

2.5 The Role of Subsidiary Managers Interpretations of Headquarters Expectations in their engagement of Strategic Activities

As discussed in previous sections, subsidiary managers as middle managers of the MNC face the challenge of interpreting headquarters' messages and engaging in strategic activities in alignment with corporate strategy, but at the same time ensuring the development of their subsidiary. However, adequately interpreting headquarters expectations and the strategic

activities they should engage can be particularly complex for subsidiary managers. Even if the HQS communication is clear and direct, subsidiaries might still be expected to contribute to the organisation and stand out by creating relationships internally and externally, developing capabilities and generating initiatives (Ghoshal, 1986; Birkinshaw, 1995; Mahringer & Renzl, 2018, O'Brien et al, 2018). Subsidiary managers are expected to interpret where the corporate strategy is going and make decisions based on this to help the organisation grow further.

Dany et al (2011) examined the use of scripts that influence career choices to understand a wide range of careers. They consider that scripts *"enable individuals to associate a repertoire of actions with singular situations and thus provide guidelines for appropriate behaviour independent of any specific prescription"* (P.975). Individuals can interpret and translate patterns giving their particular situations; the concept of scripts suggest that interpretation of and adaptation to such situations can allow individuals to move away from these patterns. Individuals are capable of rejecting scripts that are not convenient or useful for them, however, while individuals try to make their own rules, they normally based their decisions on the examples they have heard that work.

Following this line of research, scripts might prove to be a key factor in how subsidiary managers interpret headquarters expectations and in their understanding of what strategic activities they should engage in. This research aims to understand how subsidiary managers respond to headquarters and how they understand in what strategic activities they should engage in. Drawing on work by organisational scholars, this study suggests that subsidiary managers interpret headquarter expectations with the guidance of different scripts.

3.0 METHODS

This study adopts a critical realist philosophy. A critical realist angle views social phenomenon as *"dependent on the social meaning ascribed to them and the production of knowledge as a*

social practice, which influences its content" (Morais, 2011). Since this research is exploring interpretation of expectations it seems appropriate to utilise a methodology that accounts for the researcher's interpretations and its influences in the evaluation of knowledge. According to Maxwell and Mittapalli (2007), the critical realist positions such as the recognition of reality and the importance of meaning, physical and behavioural phenomena, having explanatory relevance, emphasising the importance of the context of the phenomena researched and the study of processes, are compatible with qualitative research. Critical realism is not in complete opposition of empiricist methods, however, it accepts the relevance of the examination of deeper causal processes in the world. Critical realists believe that it is vital to extract the basic causal mechanisms of a research subject and think theoretically about how they operate (Roberts, 2014).

4.1 Research Design

The exploratory nature of this research is suited to a qualitative approach and multiple case studies. Qualitative research is normally used to "discover new relationships or situations not previously conceived" (Cannice et al, 2004, p. 186). Case studies are the preferred strategy when "how" or "why" questions are being asked, when the researcher has little control over events and when the focus is on a contemporary phenomenon within some real-life context. This research strategy has been commonly used in the fields of psychology and business due to its contribution to the knowledge of individuals and organisations (Yin, 2003). Multiple case studies allow the researcher to have access to strong and reliable findings and to assess the value of such findings (Gustafsson, 2017).

The primary tool of qualitative research and the one used in this study is the semi-structured interview. In semi-structured interviewees are asked to answer specific open-ended questions, usually for about 3o minutes to 1 hour. Qualitative interview techniques encourage the research

subject to speak freely and to show their emotions; questions are asked in real time and their responses can lead to new areas of interest for the researcher to explore during the interview (Jamshed, 2014).

The semi-structure interview was designed based on the literature and pilot interviews carried out in three successful Irish subsidiaries to assess the accuracy and value of the designed interview. It also includes questions based on the critical incident technique (Flanagan, 1954), which is a well proven qualitative research tool to collect data based on experiences and incidents with special significance to better understand resulting behaviour (Hughes et al, 2007).

4.2 Sampling the Case Organisations and Data Collection

Cases were drawn from the Medical Technology and the Information and Communication Technology (ICT) industries in Ireland. The industries chosen for this study are experiencing strong growth and Ireland is recognised as one of the five global emerging hubs, with the top global leader organisations from both industries having long-established operations in Ireland. A sample five organisations, all wholly owned US subsidiaries of MNCs have been selected due to their innovative profile and their status as centres of excellence. Moreover, they are considered exemplars of subsidiary manager strategic activities. Semi-structured interviews of subsidiary general managers and other key functional managers who have been in their current role for more than three years, and receive direction and report back to headquarters in areas such as product development, human resources (HR) and research and development (R&D) across a number of cases are being undertaken.

So far, we have negotiated access to four of our five case subsidiaries and promised confidentiality in order to facilitate openness and future access. We have conducted interviews with 2 general managers and 14 senior managers from key areas such as HR, R&D, and

Operations. The interviews lasted approximately one hour which yield preliminary findings of subsidiary managers engagement in strategic activities in response to strategic issues through their interpretation of headquarters expectations. To safeguard their confidentiality, we have given pseudonyms to the accessed organisations and called them MeDevCo, HealthCo, InnoMedCo and CompTechCo.

MeDevCo has a strong presence in Ireland, with five sites located in the country, including their executive headquarters and employing over 4000 people. The sites visited are considered centres of excellence for operations and R&D and customer innovation centre.

HealthCo is one of the leading health companies in the world, in Ireland they employee more than 3000 people across 11 sites. The site visited manufactures diagnostic products and has won quality and culture prizes. This site is very innovative and has expanded their product's portfolio by self-initiative.

CompTechCo is a multinational micro-chip producer with a very strong presence in Ireland. Employing nearly 5000 people, CompTechCo in Ireland is considered the most advanced industrial campus in Europe. The site visited plays a central role within the organisations global manufacturing network and has secured planning permission for an expansion that could see 1000 extra employees.

InnoMedCo one of the worlds' largest medical devices companies, employs nearly 5000 people over 3 sites in Ireland. The site visited is the largest manufacturer plant in the global plant network and it has an innovation centre. They have won award on best practices in HR and innovation and are planning an expansion in the near future.

The large and complex structures and relationships within the MNCs of the case subsidiaries make for an ideal setting for this research. Their innovative profiles, status as centres of

excellence and ongoing expansions show the competent demands that subsidiary managers must deal with. Therefore, it makes these cases appropriate for the study of how subsidiary managers interpret headquarters expectations when engaging in strategic activities.

4.3 Data Analysis

Data analysis is being conducted by the use of a qualitative data analysis software known as NVivo, which is used as a tool for the researcher to code and organise information by themes and categories and not as a tool which analyse data and draws conclusions by itself. Qualitative analysis software facilitates the researcher to produce a more detailed information trail than manual mapping as it allows the logging of data movements and coding patterns.

To analyse the data, we looked for patterns of behaviour of subsidiary managers when engaging in strategic activities. Firstly, we did this by open coding, identifying first-order concepts coming straight from the subsidiary managers words and phrases during the interviews. Then, we grouped these concepts into themes to identify the subsidiary managers' patterns of behaviours in order to create categories.

The categories created were given a general label and were used also to identify subsidiary managers' scripts, as the data showed scripted behaviours from subsidiary managers when engaging in strategic activities in response of strategic issues through their interpretations of headquarters expectations. The data analysis process can be seen in Table 1.

Table 1. Progression of Category Building for Subsidiary Managers Engagement in Strategic Activities

First-order concepts	Second-order themes	Aggregate categories - Scripts
It's about how big your network is I do a lot of bargaining Get the contacts to open doors and get things done If you don't have a good relationship, things don't happen We have more of a collaborative style How to manage stakeholders Having clarity of communication Having strong relationships with suppliers and customers I would be their trusted lieutenant You might hear a conversation where there's some unknown thing that needs to be solved So they trust me when I say everything's fine, that everything's fine. And then that comes about with years of reputation, trust earning.	Relationship building with local actors and key stakeholders Clear communication Casual conversations with other managers Gaining headquarters trust Maturity of relationship with headquarters Discussing strategy with the top management team Internal politics Develop partnerships with global roles in the organisation	Relationships/Trust ↓ Collaborator
You've got to put the interests of the corporate at the forefront of your thinking Objectives always in support of the corporate We do it because it is in line with the corporate culture Every decision I take I think corporate, not Ireland We'd like to think we're strategic, we're not, we are deploying strategy	Aligning to Corporate Strategy Reaching headquarters goals Hitting corporate benchmarks (KPIs) Deployment of strategy	Corporate Strategy ↓ Corporate Citizen
We see what everyone else is doing Understand the unmet needs by observation If they are really good they will look for opportunities Once stuff happens as predicted it creates its own power The most recent thing that happened is the most important thing in people's minds This is similar work, so maybe we will do more of that work Assess market intelligence Look for something that no one else in the corporation is looking at We want to get ahead of this You know if you had success in the past you enable your future success based on that Anticipate and exceed the needs of the stakeholders Understand the industry is to understand the trends I ask them to work at it in the background without making it formal. I won't tell people that they're doing	Industry and local knowledge Ability to respond to trends Market intelligence Opportunity identification Contextual observation Routines Identifying patterns Benchmarking Skunkworks projects Stakeholder mapping	Anticipation ↓ Anticipator

it in the headquarters, but then I would just present a solution That's what my job is trying to think three or four moves ahead. We will do stakeholder maps all the time and we, who are the key stake holders of the company? Who are the top 10 decision makers? How do we get into them? Who are these people?		
If we don't have value to bring, you can't argue for the next round of investment If you want to be around for an expansion opportunity of the subsidiary Create a very strong business case to be able to innovate For potentially extending the mandate So that we are seen as a subsidiary that is world class You are moving your subsidiary to where the opportunity presents itself We want to do something that is unique You want to grow your own group Always with this sense of pioneering We called it approach entrepreneurship Getting into best practice solutions It's all about reputation. We want it to be here in 20 years time We're always trying to prove ourselves. Can Irish people be good engineers, solving problems, value for money and bring things to the company.	Attract further investment through bringing value to the organisation Position subsidiary as 'centre of excellence' Innovation through strong business cases Subsidiary expansion Extending mandates Subsidiary's track record Subsidiary's entrepreneurial culture Subsidiary's reputation	Subsidiary growth ↓ Subsidiary Advocator

5.0 PRELIMINARY FINDINGS

This section contains preliminary findings taken from four subsidiaries of the overall sampling. 14 interviews have been undertaken with senior functional managers from R&D, HR and Operations areas, as well as two subsidiary general managers.

It describes the four scripts identified among our participants which show patterns of behaviour of subsidiary managers engagement in strategic activities according to their interpretation of headquarters expectations.

The 'Collaborator' script: Building strong relationships internally and externally

This script is focused on subsidiary managers building strong relationships with headquarters, local actors, other subsidiaries and internally with their top management team and subordinates.

Participants with this type of script engage in strategic activities through collaborative strategy and discussion. They tend to have a mature relationship and clear communication with headquarters so that they gain their trust in order to engage in activities when dealing with strategic issues.

> *"And if there's less interpretation needed, going back to that analogy that you want to, in my mind, have a relationship with your general manager in that multinational as if you were sitting beside him or her. And there's clarity of communication. There's honesty of communication, there's timeliness of communication and there's not much room for interpretation"* (Director European R&D Ecosystem, CompuTechCo).

A collaborator script was very strong in a Senior Operations Manager in HealthCo, who emphasised the importance of relationships when making decisions and engaging in strategic activities in the organisation.

> *"I would say a lot of decisions more than you think get made based on relationships. And when I say relationships, what do I mean? I mean that I'm having a conversation with you face to face and when I say something you trust me. Because there is a big gap in the KPIs in general"* (Senior Operations Manager, HealthCo).

The 'Corporate Citizen' script: Aligning to corporate strategy

The corporate citizen script was strong in the majority of participants, who recognised that they interpret headquarters expectations as aligning to corporate strategy and doing what is

best for the overall organisation. It was very strong in all participants from CompuTechCo, especially with the general manager, who spoke of the importance of putting headquarters first.

> *"One of the things that I've learned over the years is that I have to put headquarters first. Um, and if I'm trying to pursue something that might, um, might damage or might undermine or might limit the performance of the company as a whole, then I don't think that anything in its like would be successful"* (General Manager, CompuTechCo).

Subsidiary managers with this type of script tend to act more 'obedient' to headquarters when interpreting strategy and engaging in activities, they seem to have internalised headquarters goals, and as the subsidiary becomes more mature, they deploy more strategy rather than creating it from the subsidiary. *"I'd say over 90% of my work is deploying that strategy. Even when I say the EMEA strategy, it's not a strategy"* (HR Director, MeDevCo).

The 'Anticipator' script: Getting ahead of the game

The anticipator script fits subsidiary managers who are constantly trying to get ahead of the game and evaluating the environment and the market in order to identify opportunities or solve problems before they become a problem for other subsidiaries or for the organisation.

They behave according to patterns, trends, benchmarking, market analysis and previous success and failures in the subsidiary. This script seems to be present at some degree in all the participant organisations. By having knowledge of the industry and the market they can better understand headquarter expectations and behave according to this.

> *"The ability to be flexible, the ability to respond quickly to trends in our industry and changes and the availability of skilled resources, um, all of those things are, you can*

anticipate those to some degree and try to plan for them" (General Manager, CompuTechCo).

The 'Subsidiary Advocator' script: Focused on subsidiary growth

Subsidiary managers with the subsidiary advocator script tend to think about the subsidiary first. This is not to say that they do not consider corporate strategy, but they make decisions, deal with problems, identify opportunities and engage in strategic activities with subsidiary growth in mind.

> *"I won't say a competitive element to it, but there'd be an element to it that you want to grow your own group. If the business has grown and your group in that businesses hasn't grown, you're probably doing something wrong"* (Senior R&D, MeDevCo).

It was also observed that this script was more widely used when the subsidiaries were in a 'survival phase' trying to get the attention from headquarters. HealthCo subsidiary managers for example, kept pushing themselves during the first years in Ireland in order to keep proving themselves, attract further investment in the subsidiary and position as a centre of excellence.

> *"The site becomes much more valuable because simply it's seen as a site that has always grown very quickly and then be able to achieve things very quickly. And therefore a lot of the investment in growth in the business has come to this site"* (Senior Operations Manager, HealthCo).

6.0 DISCUSSION AND CONCLUSION

This study develops our understanding of how subsidiary managers engage in strategic activities in response to strategic issues through their interpretation of headquarters expectations. Our findings show that there are different patterns of behaviour or scripts that

subsidiary managers follow when trying to understand what to do and what activities to engage in.

(A matrix is under construction. The four descriptors have been identified but the dimensions are still being analysed).

The four scripts: collaborator, corporate citizen, anticipator, subsidiary advocator and individualistic are the most recurrent patterns of behaviour that subsidiary managers engage in when trying to understand in what strategic activities to engage depending on their interpretation of headquarters expectations. The strategic activities were examined and analysed through the middle management framework (Floyd and Wooldridge, 1992) adapted for subsidiary managers (O'Brien & Sharkey Scott, 2009).

The collaborator script, which focus on relationship building and communication tend to engage primarily on transactive activities, which emphasise the relationship between top managers and middle managers, as well as also having autonomy/control activities as the autonomy/control relationship subsidiaries have with headquarters influence subsidiary managers involvement in strategy. The corporate citizen script implements deliberate strategy tying organizational activities with subsidiary management objectives. The anticipator script engages in some of the framework roles such as facilitating adaptability and synthesising information, as subsidiary managers take into account ideas generated by subordinates and take advantage of their mid ground position to have access to both internal and external information to anticipate problems and identify opportunities. The subsidiary advocator script has elements of championing alternatives as subsidiary manager become 'champions of strategic alternatives' influencing headquarters sense of strategy, entrepreneurial activities by generating initiatives and engaging in 'under the radar' innovative activities, then they have incremental activities by examining and evaluating the strategic choices that will help them grow the subsidiary.

The concept of scripts has been used by organisational scholars (Dany et al, 2011; Valette & Culié, 2015) by arguing that employees use scripts to guide alternative approaches to achieving career success. The use of scripts has proved to be an appropriate tool to study how subsidiary managers interpret headquarters expectations, therefore contributing to the International Business and Management fields. This research fills a gap in the headquarters-subsidiary relationship as it identified four different patterns which guide subsidiary managers behaviour when trying to understand what to do and engaging in strategic activities in response to the competing demands of the subsidiary.

This paper contains only preliminary findings as data collection is under construction, therefore stronger and more recurrent scripts could yet to be identified. We are employing certain measures to increase transferability to other contexts, such as the replication of the study across five case organisations and around 30 participants with different backgrounds and from different areas in the organisation. Future research with a wider sample could develop our research and help establish the generalisability of our findings to other organisational and industry contexts.

Future research might also take into account headquarters views and study their expectations towards subsidiaries and how subsidiary managers scripts respond to these expectations. Subsidiary managers scripts can also be studied against other variables according to which the scripts might be stronger or weaker. We suggest for example study the scripts against the maturity of the subsidiary, as it has been a recurrent theme in the conversations with the participants.

This paper is an initial effort to towards improving our understanding of headquarters-subsidiary relationship, more specifically in how subsidiary managers engage in strategic activities according to their interpretation of headquarters expectations. This study found that

they do this by following certain 'subsidiary manager scripts' guiding their engagement in strategic activities.

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