UNDERSTANDING THE ANTECEDENTS OF MNC'S PERFORMANCE:

AN EMPIRICAL ANALYSIS

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MASTER OF SCIENCE (INTERNATIONAL BUSINESS)

UNIVERSITI UTARA MALAYSIA

2011
UNDERSTANDING THE ANTECEDENTS OF MNC'S PERFORMANCE:
AN EMPIRICAL ANALYSIS

By

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Thesis submitted to the College of Business,
Universiti Utara Malaysia,
in partial fulfillment of the requirement for the Degree of Master of Science
(International Business)
GRADUATE SCHOOL
UNIVERSITI UTARA MALAYSIA
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ABSTRACT

This study was conducted to explore the influences which consist of knowledge sharing, local subsidiary’s top management compensation system, local subsidiary top manager’s role, and cultural difference on multinational corporation’s (MNC’s) performance. These influences were treated as independent variables and MNC’s performance was treated as dependent variables respectively. This study was focused on the identified influences effects in MNC’s performance to examine its performance among the employees between headquarters and subsidiary. Data was collected through the distribution of questionnaires which was designed to measure the MNC’s performance with a statement on a five likert scale point then ranging from one (strongly disagree) to five (strongly agree). Four hypotheses were tested for this study. Data was analyzed by using the Statistical Package for Social Science (SPSS) software to obtain the frequencies, reliability, correlations, and linear regression between variables. The results show that four independent variables have positive relationship with MNC’s performance. Thus, knowledge sharing, local subsidiary’s top management compensation system, local subsidiary top manager’s role, and cultural difference are obviously critical to MNC’s performance and future research is essential in order to help the organization to increase their competitiveness in international arena or globally compete to each others.
ABSTRAK

Kajian ini adalah untuk memantau faktor-faktor yang mampu memberikan kesan kepada prestasi syarikat multinasional. Faktor-faktor yang dikenalpastikan dalam kajian ini adalah seperti perkongsian maklumat, sistem pampasan untuk pengurusan atasan anak syarikat, peranan pengurus atasan anak syarikat dan perbezaan budaya. Faktor-faktor dalam kajian ini diletakkan sebagai pembolehubah bebas dan prestasi syarikat multinasional sebagai pembolehubah bergantung. Kajian ini juga melihat kesan-kesan daripada interaksi faktor-faktor pembolehubah bebas dengan prestasi syarikat multinasional. Data dikumpul melalui pengedaran soal seiidik yang direka untuk munguji prestasi syarikat multinasional bersama dengan kenyataan dalam ‘five likert scale’ di mana markah diberi daripada satu (amat tidak bersetuju) hingga lima (amat bersetuju).

ACKNOWLEDGEMENTS

The writing of this research has been made possible with the support and help that I have received from my family, friends, and lecturers. Firstly, I would like to take this opportunity to thank my supervisor **DR. NIK AB. HALIM B. NIK ABDULLAH** for his guidance, advices, and suggestions in completing this thesis.

I would like to thank all of the respondents for their full participation to succeed this case study. Special thanks dedicated to my parents for their encouragement and there are much needed assistances. Besides, I also would like to thanks all those who were directly or indirectly involved for assisting me. Finally, I would like to take this opportunity to convey thanks to the administrators, lecturers, and staffs of the Graduate School for their support during the duration course held.
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LIST OF ABBREVIATIONS

GDPs = Gross Domestic Products

DV = Dependent Variable

IV = Independent Variable

MNC = Multinational Corporation

MNE = Multinational Enterprise

p-value = Probability Value

SPSS = Statistical Package Social Science

Sdn. Bhd. = Limited Company

Bhd. = Unlimited Company
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CHAPTER ONE
INTRODUCTION

1.0 Background of The Study

A multinational corporation's (MNC's) competitive advantage depends increasingly on control over intangible resources than tangible resources. Intangible resources such as knowledge and management know-how could help MNCs or organization to create the sustainable competitive advantages. Successful businesses will always seek more new forms of competitive advantages to differentiate MNC itself with others in order to increase the profits for the company and the benefits which it could be delivered to the consumers.

In this study, knowledge sharing has been identified as an important influence in MNC's performance. Knowledge sharing is an activity through which knowledge such as information, skills, or expertise is exchanged among people, friends, or members of a family, a community or an organization. Organizations have recognized that knowledge constitutes a valuable intangible asset for creating and sustaining competitive advantages. Knowledge sharing activities are generally supported by knowledge management systems whereby knowledge managed by MNCs for supporting creation, capture, storage, and dissemination of information. Consequently, MNCs could create the innovation in certain aspect based on the
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