

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

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MASTER OF SCIENCE (INTERNATIONAL BUSINESS)

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AN EMPIRICAL ANALYSIS**

By

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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 selidik 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). Empat hipotesis telah diuji dalam kajian ini. Data dianalisis dengan menggunakan perisian Statistical Package for Social Science (SPSS) untuk mendapatkan frekuensi, kebolehpercayaan, korelasi, dan regresi linier antara pembolehubah. Keputusan analisis kajian menunjukkan bahawa empat pembolehubah bebas mempunyai perhubungan positif terhadap prestasi syarikat multinasional. Oleh sebab itu, perkongsian maklumat, sistem pampasan untuk pengurusan atasan anak syarikat, peranan pengurus atasan anak syarikat dan perbezaan budaya mempunyai perhubungan yang kritikal terhadap prestasi syarikat multinasional dan kajian masa depan amat penting untuk membantu organisasi meningkatkan daya saing di arena antarabangsa atau bersaing antara satu sama lain.

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LIST OF TABLES

	<i>Pages</i>
Table 3.1 Set of Questionnaire	45
Table 3.2 Types of Variables	47
Table 3.3 Sample size for $\pm 3\%$, $\pm 5\%$, $\pm 7\%$ and $\pm 10\%$ Precision Levels Where Confidence Level is 95% and $P=.5$.	50
Table 4.1 Frequency Distribution of Gender	53
Table 4.2 Frequency Distribution of Age	54
Table 4.3 Frequency Distribution of Department	55
Table 4.4 Frequency Distribution of Education Level	56
Table 4.5 The Degree of Cronbach's Alpha	57
Table 4.6 The Reliability Statistic	58
Table 4.7 Item-Total Statistics	59

Table 4.8	The Correlations Statistic	61
Table 4.9	Coefficients(a): Model Summary of T-test	65
Table 4.10	Model Summary of R Square	67

LIST OF FIGURES

	<i>Pages</i>
Figure 2.1 Interlink Between Knowledge Management, Knowledge Sharing, and Innovation	22
Figure 2.2 Maslow's Need Hierarchy	26
Figure 2.3 Geert Hofstede™ Cultural Dimensions for United States	36
Figure 2.4 Geert Hofstede™ Cultural Dimensions for Malaysia	37
Figure 3.1 Theoretical Framework on Knowledge Sharing and MNC's Performance	41

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

CONTENTS

	<i>Pages</i>
PERMISSION TO USE.....	i
ABSTRACT.....	ii
ABSTRAK (BAHASA MELAYU).....	iii
ACKNOWLEDGEMENTS.....	iv
LIST OF TABLES.....	v-vi
LIST OF FIGURES.....	vii
LIST ABBREVIATIONS.....	viii
 INTRODUCTION	
1.0 <i>Background of The Study</i>	1-4
1.1 <i>Problem Statement</i>	4-6
1.2 <i>Research Questions</i>	7
1.3 <i>Research Objectives</i>	7-8
1.4 <i>Significant of The Study</i>	8-10
1.5 <i>Organization of the Thesis</i>	10

LITERATURE REVIEW

2.0	<i>Multinational Corporations (MNCs)</i>	11-12
2.1	<i>Headquarters</i>	12-13
2.2	<i>Subsidiary</i>	13-14
2.3	<i>Market Imperfection</i>	15-16
2.4	<i>Knowledge Sharing in MNCs</i>	16-19
	2.4.1 <i>Knowledge Management in MNCs</i>	19-20
	2.4.2 <i>Innovation in MNCs</i>	21-22
2.5	<i>Local Subsidiary's Top Management Compensation System in MNCs</i>	23-24
	2.5.1 <i>Maslow Theory (The Hierarchy-of-Needs Theory)</i>	24-26
2.6	<i>Local Subsidiary Top Manager's Role in MNCs</i>	27-28
2.7	<i>Cultural Difference in MNCs</i>	29-30
	2.7.1 <i>Hofstede Cultural Dimension</i>	30-37

METHODOLOGY

3.0	<i>Research Framework</i>	38-39
3.1	<i>Research Design</i>	39-40
3.2	<i>Theoretical Framework</i>	40-41
3.3	<i>Dependent Variable</i>	42

3.4	<i>Independent Variable</i>	42
3.5	<i>Hypothesis</i>	42-44
3.6	<i>Data Collection Method</i>	44
3.6.1	<i>Questionnaire</i>	44-45
3.6.2	<i>Number of Variables</i>	46-47
3.6.3	<i>Scale of Measurement</i>	48
3.6.4	<i>Population</i>	48-49
3.6.5	<i>Sample</i>	49-51
3.7	<i>Data Analysis</i>	52

RESULTS AND DISCUSSION

4.0	<i>Obtaining Descriptive Statistics</i>	53-56
4.1	<i>Reliability Analysis</i>	57-59
4.2	<i>Correlations Analysis</i>	60-65
4.3	<i>Linear Regression</i>	66-67

CONCLUSION AND RECOMMENDATION

5.0	<i>The Relationship Between Knowledge Sharing and MNC's Performance</i>	68-69
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5.1	<i>The Relationship Between Local Subsidiary's Top Management Compensation System and MNC's Performance</i>	69-71
5.2	<i>The Relationship Between Local Subsidiary's Top Manager's Role and MNC's Performance.....</i>	71-72
5.3	<i>The Relationship Between Cultural Difference and MNC's Performance.....</i>	72-73
5.4	<i>Conclusion.....</i>	73-74
5.5	<i>Limitations.....</i>	74-75
5.6	<i>Recommendation For Future Research</i>	75-76

BIBLIOGRAPHY.....	77-80
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APPENDICES.....	I-XXVI
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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 able to 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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