



ELSEVIER

Available online at www.sciencedirect.com

SCIENCE @ DIRECT®

INTERNATIONAL
BUSINESS
REVIEW

International Business Review 14 (2005) 227–248

www.elsevier.com/locate/ibusrev

Subsidiary entrepreneurship, internal and external competitive forces, and subsidiary performance

Julian Birkinshaw^{a,*}, Neil Hood^b, Stephen Young^b

^a*London Business School, Regents Park, London NW1 4SA, UK*

^b*Strathclyde International Business Unit, Strathclyde Business School, Stenhouse Building,
173 Cathedral Street, Glasgow G4 0RQ, UK*

Received 3 February 2003; received in revised form 27 February 2004; accepted 2 April 2004

Abstract

The Multinational Subsidiary is conceptualized as a semi-autonomous entity with entrepreneurial potential, within a complex competitive arena, consisting of an internal environment of other subsidiaries, internal customers and suppliers, and an external environment consisting of customers, suppliers and competitors. The relative strength of these competitive environments shapes the subsidiary's options; and it is then up to subsidiary manager to take the initiative to respond to the threats and opportunities to secure the subsidiary's performance. The paper, therefore, emphasizes the interplay between subsidiary entrepreneurship and the subsidiary's competitive environment—it shows how certain subsidiary attributes emerge as a function of these factors, and how they ultimately affect the performance of the subsidiary. Specific hypotheses are developed and tested on 24 Multinational Subsidiaries in Scotland.

© 2004 Elsevier Ltd. All rights reserved.

Keywords: Multinational subsidiary; Entrepreneurship; Internal–external competitive arena

The role of the subsidiary company in the multinational corporation (MNC) continues to be an issue of great interest to international business researchers, and a matter of great importance to MNC executives. We adopt a subsidiary perspective because of a growing recognition that such units are not merely subordinate elements of their parent MNCs. Rather, some at least have the potential for independent and entrepreneurial behaviour.

* Corresponding author. Tel.: +44-207-262-5050.

E-mail address: jbirkinshaw@london.edu (J. Birkinshaw).

Furthermore, the MNC subsidiary is unique in facing both external and internal (intra-MNC) competitive arenas simultaneously. The objective of this paper is thus to begin to understand the interplay between the subsidiary's competitive arena, entrepreneurship and performance.

The received wisdom today is that subsidiaries start out with market-seeking responsibilities (i.e. with the objective of selling the MNC's products in the local market) but as the parent company grows, and as subsidiaries develop resources and capabilities of their own, they take on additional responsibilities—tapping into new ideas and opportunities in the local market, interacting with other actors in the local environment, and building unique capabilities on which the rest of the MNC can draw (Bartlett & Ghoshal, 1989; Birkinshaw, Hood, & Jonsson, 1998; Hedlund, 1986; Prahalad & Doz, 1981). Such responsibilities are achieved, at least in part, through the entrepreneurial efforts of subsidiary managers. Despite the substantial interest in innovation and initiative in the MNC subsidiary, the topic of subsidiary entrepreneurship has received rather little direct attention (but see Birkinshaw, 1997, 2000); and recent review papers call for further study (Paterson & Brock, 2002; Young & Tavares, 2004). Entrepreneurship in MNCs is associated with subsidiary initiatives. To cite Birkinshaw (1997: p. 207): 'An initiative is essentially an entrepreneurial process, beginning with the identification of an opportunity and culminating in the commitment of resources to that opportunity'.

The current paper represents a contribution to this line of research. Its purpose is to make sense of the *subsidiary's competitive arena*, by which we mean the set of customers, suppliers, competitors and other actors that collectively shape the subsidiary's strategy. By adapting the standard arguments of competitive strategy (Porter, 1980, 1990), we argue that the MNC subsidiary faces two distinct competitive arenas that the subsidiary must respond to—the *external competitive arena* consisting primarily of customers, suppliers and competitors in the local marketplace, and the *internal competitive arena* consisting of the various customers, suppliers and competing entities that are part of the same MNC. Each of these arenas represents a set of threats and opportunities to the subsidiary, and together they shape the strategic options open to the subsidiary manager. The subsidiary's development and growth is therefore a function of both the managers' latent entrepreneurial capacity and also the opportunities that emerge through participation in these two competitive arenas.

The idea that the subsidiary faces both internal and external pressures is, of course, well established in the literature. However, most of the existing literature is concerned primarily with the competing demands for local adaptation and global standardization (Bartlett & Ghoshal, 1989; Prahalad & Doz, 1987; Westney, 1994). In this paper the message is rather different, because the internal and external environments are conceptualized as broadly similar. They are both competitive arenas in which players' fight—through their own proactive entrepreneurial initiatives—to establish and defend advantageous positions, and ultimately secure competitive advantage. This line of thinking, particularly in terms of the internal competitive arena, has not received much prior attention (some exceptions are Birkinshaw, 2000; Molloy & Delany, 1999; Young, Hood, & Peters, 1994).

The paper proceeds as follows. In Section 1, we review the literature on competitive strategy and competitive advantage. We then apply this line of thinking to the MNC

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات