

Subsidiary Entrepreneurship: The case of multinational subsidiaries in an emerging Southeast Asian nation

M. Sadiq Sohail

Associate Professor
Department of Management and marketing
College of Industrial Management
King Fahd University of Petroleum & Minerals
P.O. Box 210, Dhahran-31261, Saudi Arabia
e-mail: ssohail@kfupm.edu.sa

and

Selvamalar Ayadurai, Ph.D
Consultant Trainer
CB Consultancy
Petaling Jaya, Selangor Darul Ehsan
Malaysia

Abstract: The aim of this paper is to study entrepreneurship behavior in multinational subsidiaries. This study is based on a questionnaire survey conducted in Malaysia. The survey instrument focuses on three key indicators of corporate entrepreneurship, firstly, entrepreneurship traits within the subsidiaries; secondly, strategic renewal or transformation of subsidiaries through renewal of key ideas; and finally, the existence of entrepreneurs - individuals engaged in internal innovation and venturing. The findings indicated that more than 70 percent of the multinational subsidiaries practiced corporate entrepreneurship within their subsidiaries, which in turn had a positive relationship with the past performance of the subsidiaries, measured as return on assets, net income and sales/revenue growth. Other findings are also reported. With few studies having examined entrepreneurial activity from the perspective of a subsidiary, and even lesser studies in the context of South Asian region, this study makes a valuable contribution to a growing body of literature in this direction.

Key words: subsidiary, entrepreneurship, corporate, Malaysia

Reference to this paper should be made as follows: Sohail, M.S. and Selvamalar A. (2007). 'Subsidiary Entrepreneurship: The case of multinational subsidiaries in an emerging Southeast Asian nation', *World Journal of Business Management*, Vol. 2007, No. 1, pp 47-53