

CITY UNIVERSITY OF HONG KONG

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Subsidiary Entrepreneurial Orientation, Trust in
Headquarters and Performance: The Mediating Role of
Autonomy

子公司的創業導向、對總部的信任和績效：
自主權的中介作用

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Abstract

Though there exists an increasing number of research studies on the headquarters-subsidary relationship, and within this context there is a focus on subsidiaries' contributory role to multinational corporations (MNC), subsidiary autonomy and the conditions under which autonomy exerts an effect on subsidiary performance still constitute a subject of debate in literature.

In the present study, we have reviewed literature, and conducted semi-structured interviews with multinational corporation (MNC) subsidiary senior executives in China. Building on our insights from the interviews, and taking perspectives from four theories, namely the resource-based view (RBV), resource dependency theory, integration-responsiveness framework and social exchange theory, as well as the extant articles on subsidiary autonomy, entrepreneurial orientation, trust and subsidiary performance, we have developed a model and have explored the direct and mediating effects of subsidiary autonomy on subsidiary performance within the framework of the MNC. We used structure equation modeling to test measurement and hypotheses. The empirical analysis was based on cross industry two-wave online survey data collected from 102 subsidiaries of MNCs in China.

Our findings confirm that (a) subsidiary autonomy is positively related to subsidiary performance; (b) subsidiary entrepreneurial orientation is positively related to subsidiary autonomy; (c) subsidiary's trust in headquarters has a positive effect on subsidiary autonomy; (d) subsidiary autonomy mediates the relationship between entrepreneurial orientation and subsidiary performance; (e) subsidiary autonomy mediates the relationship between trust and subsidiary performance.

Our study highlights the important role of subsidiary autonomy in leveraging the resource of subsidiary entrepreneurial orientation and its trust relationship with headquarters to achieve

high performance. We discuss the theoretical and managerial implications of the findings and propose directions for future research.