

THE HONG KONG POLYTECHNIC UNIVERSITY
DEPARTMENT OF MANAGEMENT & MARKETING
DEPARTMENTAL RESEARCH SEMINAR

**When Should a Foreign Firm Turn to its MNC
Network for Resources?**

By

**Dr Ruby Lee
Florida State University, USA**

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All interested are welcome

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ABSTRACT

The purpose of this study is to integrate the resource based view and the business strategy literature with network theory to examine when a foreign firm's MNC network strength can be used to buffer market turbulence and technological turbulence, and when it can be deployed to support the impacts of strategic postures, i.e., responsiveness and innovation, on performance. The authors test the hypotheses on data collected from 140 foreign firms in China. Although previous research demonstrates that firms are proactive in using multiple strategies and resources to enact to environmental forces, the findings illustrate that not all environmental segments have equal bearings on responsiveness and innovation, and network strength. In addition, despite the direct positive influences of individual strategic postures and MNC network strength on firm performance, the results show that firm performance can be accelerated when network strength interacts with responsiveness and can become weakened when network strength and innovation are combined. The authors discuss the implications of these results for research and practice.

Key words: environmental forces, network strength, strategic postures