

Examining the Factors Influencing the Implementation of Localization Strategy and Organizational Performance: A Study on Chinese SOEs/MNCs in Malaysia

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ABSTRACT

The study of the determinants affecting the implementation of localization strategies by Chinese SOEs on Organizational Performance in Malaysia is significant in terms of reality and theory. At this juncture in the research, the implementation of the localization strategy will be regarded as the most critical variable influencing the effectiveness of the localization strategy and Organizational Performance. Obtaining a competitive advantage and achieving superior organizational performance in the highly competitive market has become an essential topic for SOEs. This research contributes to strategic management, especially the localization strategy of Chinese SOEs in Malaysia. This study is one of the few empirical studies on strategy implementation and localization strategy. This study employs the Resource-Based View (RBV) and Industry Organization approach (I/O) to gain a deeper understanding of Chinese SOEs/MNCs. A theoretical model was designed to evaluate organizational performance to enhance the knowledge of the implementation strategy for localization. Various localization dimensions are provided. Additionally, issues that impact the success of localization within and outside the organization will be examined. This study investigated leadership commitment, middle-manager support, organizational resources, institutional fit, and cross-cultural differences. A total of 31 responses from 6 MNCs were tested using structural equation modeling. The results show that all tested variables have a positive and significant relationship with organizational performance. The findings also suggest that implementing a localization strategy positively mediates the relationship between the independent variables (Leadership commitment, middle-manager support, organizational resources, cross-cultural difference, and institutional fit) and Organizational performance (Dependent variable). The results from this empirical study demonstrate that Leadership commitment, Middle-manager support, Organizational resources, Cross-cultural difference, and institutional fit have been tested positive and significant, which is valid from the RBV perspective and I/O approach. Resources must be valuable, rare, immobile, and non-substitutable to become strategic resources to deliver organizational performance. These findings provide a valuable guide for managers of MNCs in deciding the resources, competencies, and external environmental factors like cultural variance and political, economic, and technological.

Keywords: Chinese SOEs/MNCs, Organizational performance, Resource-Based View (RBV)

