

The secret to subsidiary success revealed by new research

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Subsidiaries of transnational organisations can increase their competitiveness and upgrade to a higher level than once thought through innovation, reveals new research from Trinity Business School.

According to research from Giulio Buciuni, Assistant Professor in Entrepreneurship and Paul Ryan, Associate Professor in International Business at Trinity Business School, a subsidiary of a multi-national business can transcend to becoming a joint coordinator of global value chain through leveraging its innovation capabilities.

In doing this, the research reveals that the subsidiary can claim a greater proportion of control over the business's governance of the global value chain, which will significantly strengthens its survival prospects.

According to the research, typically moving from production to innovation is generally viewed as the pinnacle for subsidiaries in upgrading within a global value chain, ensuring its long-term survival.

However, this research provides a novel finding that through innovation, these subsidiaries can actually move to another phase of upgrading, leading to it jointly coordinating the core activities of the global value chain in which it operates.

In undertaking the research, Buciuni and his colleagues used an in-depth longitudinal, single case study of a corporation in the medical devices industry, with a subsidiary in Galway, Republic of Ireland.

Giulio Buciuni, Assistant Professor in Entrepreneurship at Trinity Business School, says:

"I believe that this new research sheds further light on a key matter for the Irish economy, notably the economic upgrading of multinational corporations' subsidiaries in Ireland. The findings we discuss in our article challenge a common view in International Business - that partaking in innovation is the apex of the upgrading trajectory of a global subsidiary. Instead, we suggest that innovation is yet another step in the upgrading ladder, whose top consists of the joint coordination of a global value chain. Innovation, in this view, is not the end of the upgrading process but the means to achieve the control of a global value chain".

The Paper, 'Subsidiary upgrading and global value chain governance in the multinational enterprise', was published in the Global Strategy Journal

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For more information, a copy of the research paper, or to speak to Giulio Buciuni, contact Jonny Stone at jonny@bluesky-pr.com or call 01582 790704.