

Antecedents of Competitive Disadvantages of Foreign Subsidiaries-A Case of Banking Industry

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ABSTRACT

This study examines the performance of foreign vs. domestic banks in Taiwan's banking industry. After reviewing past studies and more recent liabilities of foreignness research, it identifies specific liabilities of foreignness in a focal country. It then distinguishes the liability of foreignness and other liabilities from competitive disadvantages. In particular, it is different from previous research in the following aspects. First, there is no research from the aspects of the niche width, environmental conditions at founding and innovation to investigate the liabilities of foreignness. Second, this study is unique in that follows past research, it develops a modified dependence variable. The data from a sample of 49 domestic banks and 34 foreign-owned banks from Taiwan (2003). Implications for both management practices and academic research are discussed. Key Words : competitive disadvantage, liability of foreignness, environmental conditions at founding, niche width.

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