

INTERNATIONAL NEW
VENTURE:
TOP GLOVE CORPORATION BHD.

SURAYA HANIM BINTI ZAINUL

MSC INTERNATIONAL BUSINESS
UNIVERSITI UTARA MALAYSIA
JULY 2009



KOLEJ PERNIAGAAN
(College of Business)
Universiti Utara Malaysia

PERAKUAN KERJA KERTAS PROJEK
(Certification of Project Paper)

Saya, mengaku bertandatangan, memperakukan bahawa
(I, the undersigned, certified that)

SURAYA HANIM BINTI ZAINUL (89706)

Calon untuk Ijazah Sarjana

(Candidate for the degree of) **MASTER OF SCIENCE INTERNATIONAL BUSINESS**

telah mengemukakan kertas projek yang bertajuk

(has presented his/her project paper of the following title)

INTERNATIONAL NEW VENTURE OF TOP GLOVE CORPORATION BHD

Seperti yang tercatat di muka surat tajuk dan kulit kertas project
(as it appears on the title page and front cover of the project paper)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.

(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).

Nama Penyelia : **DR. FARIZA BINTI HASHIM**
(Name of Supervisor)

Tandatangan :
(Signature)

DR. FARIZA HASHIM
Lecturer
College Of Business
Universiti Utara Malaysia

Tarikh : **29 NOVEMBER 2009**
(Date)

Declaration

I declare that all the work described in this dissertation was undertaken by me (unless otherwise acknowledged in the text) and that none of the work has been previously submitted for any academic degree. All sources of quoted information have been acknowledged through references.

Suraya Hanim binti Zainul (89706)

July 2009

PERMISSION TO USE

In presenting this thesis in partial fulfillment of the requirements for the postgraduate degree of Master of Science (Management) from the Universiti Utara Malaysia, I agree that the University's library may take it freely available for inspection. I further agree that the permission for copying of this thesis in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor or, in her absence, by the Dean of the College of Business. It is understood that any copy or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Request for permission to copy or make other use of material in this thesis in whole or in part should be addressed to:

Dean (Research and Post-Graduate)
College of Business
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman
Malaysia

ABSTRACT

Internationalization is no longer a choice but is a necessity that allows growth and survival expansion. This study is meant to be both descriptive and explanatory study which aims to assess the environment of internationalization in international new venture (INV) context of a specific Malaysian company, namely Top Glove Corporation Bhd., by looking to the drivers that enable the company in expanding their activities and operations abroad. The findings show the importance extensive assistance of the governmental institutions through the establishment of multiple plans, schemes, initiatives and incentives.

ACKNOWLEDGMENT

First, I would like to thank Allah for his blessing, guidance and clemency as well as the power, energies and courage I have been granted by him to complete this study.

Next, I would like to express my deep gratefulness to my source of knowledge, supportive and helpful supervisor, Prof. Madya Dr Fariza Bt Hashim, for assessing and guiding me in the completion of the research. With all truthfulness, without her, the project would not have been a complete one

Finally, I would like to say thank you to my family who helped, supported and prayed for me. I would also like to address my thanks to all my lecturers, course mates, and friends I have known in Universiti Utara Malaysia.

TABLE OF CONTENTS

CHAPTER ONE: INTRODUCTION

1.1 International Business.....	1
1.2. Background.....	1
1.2.1 Internationalization definitions.....	2
1.2.2 International new venture (INV) definitions.....	3
1.2.3 Rubber Gloves Industry.....	4
1.3 Problem Statement.....	6
1.4 Research Objectives.....	7
1.5 Contributions of the research work.....	7
1.6 Scope and Limitation	8
1.7 Report Structure.....	8

CHAPTER TWO: LITERATURE REVIEW

2.1. Internationalization.....	10
2.2. International New Venture.....	16

CHAPTER THREE: METHODOLOGY

3.1 Introduction.....	27
3.2. Approach of the Study.....	28
3.3. Data Collection.....	30
3.4. Population of the Study.....	31
3.5. Data Analysis.....	31

CHAPTER FOUR: FINDINGS

4.1. Company profile.....33

4.2. Early beginning..... 35

4.3. Expansion drive.....37

 4.3.1 In search for innovative and quality products.....39

4.4. Growth strategy..... 41

 4.4.1 Acquisition.....42

 4.4.2 Organic Growth..... 42

4. 5 Capitalise on unlikely opportunities.....44

4.6 Competing in Globalised markets.....45

4.7 Challenges ahead.....48

CHAPTER FIVE: CONCLUSION

5.1. Conclusion50

References

LIST OF FIGURES

Figure 1: An exploratory resource-based model of early internationalizing firms

Figure 2: Type of case study

Figure 3: Steps of Case Study Methodology

Figure 4: Top Glove's expansion in global market share

Figure 5: Global annual demand and Top Glove growth overview

Figure 6: Production Cost

LIST OF TABLES

Table 1: Top five global players

Table 2: Malaysia's top 10 export destinations 2008

Table 3: Malaysia's export of rubber gloves

Table 4: Integrated model

Table 5: Company's facts

Table 6: Awards and recognition

CHAPTER 1

INTRODUCTION

This chapter introduces the research and the background by presenting the concept of internationalization and international new venture (INV). It also presents the current environment of rubber glove sector in Malaysia.

1.1 International Business

Globalization is not a new concept; however, there are relatively new factors that have contributed to its recent rise to prominence, such as the opening of new markets for businesses, and new technology, which have resulted in a major expansion of international business. It used to be only select few Malaysian companies had the resources to venture abroad. Overseas ventures were a game only for the big players. Nowadays, internationalization is almost necessity for any Malaysian company looking for growth in profit. Malaysian companies are looking abroad to take advantage of the globalization following the rising labour costs and a limited domestic market – Malaysia only has 22 million people compared to countries like India and China which each has more than 1 billion people. There is also another factor to be considered. Liberalization also forces open markets, giving more opportunities and competition around the globe in the spirit of globalization. Increasingly more foreign companies are coming to Malaysia hence the competition is also becoming stiffer in the domestic market.

Indeed the world has been seen “flattened” by the impact of globalization, that global leaders, global managers and businessmen see it as a scenario that may never go away. Whether we see it as a threat or an opportunity depends on how we are prepared to

The contents of
the thesis is for
internal user
only

REFERENCES

- Cavusgil, S.T. (1980). On the internationalization process of firms. *European Research*.
- Cavusgil, S.T. (1998). Perspectives: knowledge development in international marketing. *Journal of International Marketing*.
- Dunning, J.H. (1981) *International Production and the Multinational Enterprise*, George Allen & Unwin: London.
- Dunning, J.H. (1988) 'The eclectic paradigm of international production: a restatement and some possible extensions', *Journal of International Business Studies*
- Gummesson, E., (1991). *Qualitative Methods in Management Research*. Sage Publication, California.
- Hartley, J., (1994). *Case Studies in Organizational Research* in Casell and Symon 1994 *Qualitative Methods in Organizational Research*. Sage Publication, London.
- Johanson, J. and Vahlne, J.-E. (1977) 'The internationalization process of the firm: a model of knowledge development and increasing foreign market commitments', *Journal of International Business Studies*.
- Johnson, D., (1994). *Research Methods in Educational Management*. Longman Group, Essex.
- McDougall, P.P. (1989). International versus domestic entrepreneurship: new venture strategic behavior and industry structure. *Journal of Business Venturing*.
- McDougall, P.P., Shane, S., & Oviatt, B.M. (1994). Explaining the formation of international new ventures: the limits of theories from international business research. *Journal of Business Venturing*.
- McDougall, P.P. & Oviatt, B.M. (1996). New venture internationalization, strategic change, and performance: a follow-up study. *Journal of Business Venturing*, 11/1, 23-40.
- McDougall, P.P. & Oviatt, B.M. (2000). International entrepreneurship: the intersection of two research paths. *Academy of Management Journal*, 43/5, 902-906.
- Moen, O. (2002). The born globals: a new generation of small European exporters. *International Marketing Review*, - Oviatt, B.M. & McDougall, P.P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*.

- Oviatt, B. and McDougall, P. (1994) 'Toward a theory of international new ventures', *Journal of International Business Studie*
- Oviatt, B.M. & McDougall, P.P. (1995). Global start-ups: entrepreneurs on a worldwide stage. *Academy of Management Executive*.
- Oviatt, B.M. & McDougall, P.P. (1997). Challenges for internationalization process theory: the case of international new ventures. *Management International Review*, 37/2 (Special Issue), 85-99.
- Oviatt, B.M. & McDougall, P.P. (1999) A framework for understanding accelerated international entrepreneurship. In A.M. Rugman, & R.W. Wright, (eds.) *Research in global strategic management: international entrepreneurship* (pp. 23-40). Stamford, CT: JAI Press Inc.
- Sekaran, U. (1992). *Research Methods for Business: A Skill-Building Approach*. 3rd ed. Brisbane: John Wiley & Sons Inc.
- Stake, R. (1995). *The art of case research*. Thousand Oaks, CA: Sage Publications.
- Teece, D.J., Pisano, G. and Shuen, A. (1997). 'Dynamic capabilities and strategic management', *Strategic Management Journal*.
- Yin, R.(1989). *Case Study Research*. Sage Publication, California, pp: 22-26. Anderson, G., 1993. *Fundamentals of Educational Research*. Falmer Press, London.
- Yin, R. (1993). *Applications of case study research*. Beverly Hills, CA: Sage Publishing.
- Yin, R. (1994). *Case study research: Design and methods (2nd ed.)*. Beverly Hills, CA: Sage Publishing.
- Yin, R.K. (2003). *Case Study Research: Design & Methods. 3rd ed*. Thousand Oaks. Sage Publications Inc.
- Zahra, S.A., Ireland, R.D., & Hitt, M.A. (2000). International expansion by new venture firms: international diversity, mode of market entry, technological learning, and performance. *Academy of Management Journal*.
- Zahra, S.A. & George, G. (2002) International entrepreneurship: the current status of the field and future research agenda. In M. Hitt, R. Ireland, M. Camp, & D. Sexton, (eds.) *Strategic leadership: creating a new mindset*. London, UK: Blackwell.
- Bnet (2003), Top glove plans to stay at the top. ProQuest Information and Learning Company.