

**INTERNATIONALIZATION PROCESS AND BUSINESS
STRATEGIES: A CASE STUDY OF MALAYSIA'S
GROWTH MULTINATIONAL COMPANY - PENSIONIC
HOLDINGS BERHAD**

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UNIVERSITI UTARA MALAYSIA

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**INTERNATIONALIZATION PROCESS AND BUSINESS
STRATEGIES: A CASE STUDY OF MALAYSIA'S
GROWTH MULTINATIONAL COMPANY - PENSIONIC
HOLDINGS BERHAD**

A Thesis Submitted to the College of Business,

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by

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ABSTRACT

In the past two decades, internationalization process of firms has been the topic of much debate and study by the scholars or researchers in the field of international business. Yet, most studies are focusing on the international expansion of MNCs from the western perspective and little attention has been given in examining and analyzing the internationalization process of the developing/emerging economies multinational enterprises (MNEs).

In this study, the internationalization process and the business strategies of emerging firm has been studied and examined empirically with the application of international business theories. The purpose of this study is to develop a Malaysia perspective of internationalization and business strategies which contribute to the development of Malaysia SMEs in international context. In order to develop a holistic overview of internationalization process and business strategies in Malaysia perspective, a potential Malaysia's MNEs – Pensonic Holdings Berhad has been selected and used to be the foundation of this study.

Basically, there are three specific international business theories that are adopted to review the internationalization process of Pensonic Holdings Berhad. Practically, those theories are Johanson & Mattson internationalization model (interactive network approach), international springboard perspective, and international new venture theory. Subsequently, three propositions have been developed to test the propensity of Pensonic to internationalize and its business strategies towards internationalization process.

As an overview of the findings, there are three interlink influential relationships implied on the propensity of SMEs to expand abroad, the SME's actions and

strategies, and the internationalization process. Thus, the result shows that the propensity of SME to internationalize is the foundation to leads for successful internationalization process. Based on the results, this study recommended that Malaysia's SMEs should undertake the advantages and opportunities available in the Malaysia's business environment such as government supports and assistances to expand abroad successfully.

Keywords: Internationalization, International expansion, Business strategies, International new venture, international springboard perspective, Interactive network approach, Multinational corporations, Malaysia small and medium-sized enterprises (SMEs).

ABSTRAK

Di dalam dua dekad terkini, proses pengantarabangsaan syarikat telah menjadi topik yang selalu perdebatan dan kajian oleh para sarjana atau pekaji di bidang perniagaan antarabangsa. Namun, kebanyakan kajian telah memfokus ke atas pengembangan antarabangsa MNC dari barat dan sedikit perhatian ke atas semakan dan analisis kepada proses pengantarabangsaan dalam syarikat multinasional di negara pembangunan/negara membangun (MNEs).

Dalam kajian ini, proses pengantarabangsaan dan strategi perniagaan dalam perspektif Malaysia telah dikajiselidik dan diuji secara empirikal dengan mengaplikasikan teori perniagaan antarabangsa. Tujuan kajian ini adalah untuk mengembangkan pengantarabangsaan dan strategi perniagaan dalam perspektif Malaysia yang memberikan sumbangan pembangunan kepada para usahawan Perusahaan Kecil dan Sederhana (PKS) dalam konteks antarabangsa. Dalam rangka mengembangkan gambaran holistik proses pengantarabangsaan dan strategi perniagaan dalam perspektif Malaysia, satu syarikat multinasional Malaysia yang berpotensi - Pensonic Holdings Berhad telah dipilih dan digunakan sebagai kajian kes untuk mencapai matlamat kajian ini.

Pada dasarnya, terdapat tiga teori khusus pengantarabangsaan telah diaplikasikan untuk meninjau proses pengantarabangsaan Pensonic Holdings Berhad. Secara praktiknya, teori yang dikendalikan untuk pengujian ialah “Johanson and Mattson internationalization model (interactive network approach)”, “international springboard perspective”, dan “international new venture theory”. Selain itu, tiga proposisi telah dibangunkan untuk menguji kecenderungan pengantarabangsaan Pensonic dan strategi perniagaan terhadap proses pengantarabangsaan.

Dalam penemuan kajian ini, hubungan yang berpengaruh atas ketiga-tiga pembolehubah iaitu kecenderungan PKS untuk memperluaskan perniagaan ke luar negeri, tindakan dan strategi PKS, dan proses pengantarabangsaan. Hasil kajian ini telah menunjukkan bahawa kecenderungan pengantarabangsaan PKS adalah asas untuk menjayakan proses pengantarabangsaan ke luar negeri. Berdasarkan hasil kajian, penyelidikan ini telah mencadangkan para Perniagaan usahawan Perusahaan Kecil dan Sederhana (PKS) untuk mengambil peluang dan kesempatan yang sedia ada seperti sokongan dan bantuan kerajaan Malaysia untuk mengembangkan perniagaan ke luar negeri dengan jaya.

Kata kunci: Pengantarabangsaan, Pengembangan antarabangsa, Strategi perniagaan, International new venture, international springboard perspective, Interactive network approach, Syarikat multinasional, Perusahaan Kecil dan Sederhana (PKS).

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LIST OF ABBREVIATIVES

CEO	Chief Executive Officer
CRM	Customer Relationship Management
CSM	Customer Service Management
CSR	Corporate Social Responsibility
EM MNE	Emerging Market Multinational Enterprise
EPS	Earning Per Shares
ERP	Enterprise Resources Planning
FDI	Foreign Direct Investment
GM	General Manager
INV	International New Venture
JV	Joint Venture
MATRADE	Malaysia External Trade Development Corporation
MIDA	Malaysian Industry Development Authorities
MITI	Ministry of International Trade and Industry
MD	Managing Director
MNC	Multinational Corporation/Company
MNE	Multinational Enterprise
MOU	Memorandum of Understanding
MYR	Malaysia Ringgit
NAM	Non-Aligned Movement
OBM	Own Branding Manufacturing
ODM	Own Design Manufacturing
OEM	Original Equipment Manufacturer

QDA	Qualitative Data Analysis
R&D	Research and Development
RFID	Radio Frequency Identification
SA	Strategic Alliance
SME	Small and Medium-sized Enterprise
TCA	Transaction Cost Analysis
UAE	United Arab Emirates
US	United State
WOS	Wholly-owned subsidiary

CHAPTER I

INTRODUCTION

1.1 Introduction

This introductory chapter provides a comprehensive background to the study focusing on the research topic. Specifically, this chapter presents the knowledge gaps of the study through exploring the problem of the study, followed by the research questions, research objectives, research contributions, scope of the study, and finally the organization of the thesis.

1.2 Background of the Study

Globalization is the world's phenomenon which has revolutionized nation's development and lead for the transition of "go-global" perspective in the business concepts in the emerging economies and developing countries nowadays. The fast pace evolution of "go-global" business perspective and dynamic global competition has stimulated the internationalization process of small and medium enterprises (SMEs) to seek for comparative advantages and market necessities (Kogut and Zander, 2003; Dunning, 1981, 1988; Cantwell, 2009; Westhead *et al*, 2001; Lu and Beamish, 2001; Buckley *et al*, 2007). Thus, advancement of telecommunication and technology development, dramatic changes in information technology, and increasing knowledge intensity are the

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