ASIAN CASE STUDIES

Lessons from Malaysian Industries

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Introduction

With Asia as a collective and diverse region, it poses a significant importance to the world of trade and commerce. In terms of absolute sales and revenue, Asia is the largest global market player. Companies small and large are constantly looking for growing markets, as developed economies matures they becomes saturated and crowded. The significance of Asia lies is not only in the number of people (4.5 billion), 500 million live in South East Asia alone, additional 1.2 billion in India and about 1.5 billion in China, but, the significance of Asia rests in its collective growing economies. The South East Asian market, which comprises of (Indonesia, Singapore, Malaysia, Thailand, Myanmar, Cambodia, Vietnam and the Philippines) is a market greater of 500 million people. The growing middle-class in Asia is creating an unprecedented demand for products and services, and fueling global growth. A slowdown in the Chinese economy (the world's second largest) most definitely will impact global economic growth. Although Malaysia is a relatively small economy with population of 30 million, yet it provides an insight into the Asia-Pacific region with its strategic location in South-East Asia. This book will be followed by a series of other books that provides insight into more Asian companies.

In 2010, Malaysia sat a target to become a high-income nation by the year of 2020 with the initiation of Economic Transformation Program (ETP). ETP is a comprehensive blueprint to move Malaysia's economy into developed economy with a projected Gross National Income (GNI) of US\$523 billion and per capita income at US\$15,000 by 2020. The blueprint has included many sectors in its transformation plan such as palm oil, electrical & electronics, business services, oil & gas etc. Being a manufacturing and services center in a number of areas in the global outsourcing business, Malaysia needs to adapt to become more specialized, by identifying strong niches and subsectors to serve of the global market. Malaysia is urgent need to offer high-value services if they plan to remain relevant to international business and ultimately compete in the global marketplace. Malaysian companies are also encouraged to ready for changing nature of competitive landscape in the eve of the Transatlantic Trade and Investment Partnership (TTIP). TTIP will force many companies and industries in Malaysia to either become obsolete, or lack the competitive advantage needed to remain in business. The Malaysian consumer will also be forced to make adjustments in the post-TTIP agreement and with lower oil & gas prices. As we see in numerous cases presented in this book, many Malaysian firms are heavily subsidized by the government, and that's how they manage to support operational costs and remain in business. The

biggest challenge to Malaysian industries today is to compete in a crowded and competitive region. Gaining new market share and finding new segments to serve is a serious challenge for Malaysian industries in their quest to remain relevant and competitive. Corporate Malaysia and individual consumers are risk averse by nature, and not willing to charter in and unfamiliar territories. This is reflective in the level of technological advancement and innovation Malaysian industries enjoy today. VADS for instance is a very representative case study that illustrates some of the issues an average Malaysian company faces and the way they react to existing technological and market forces. This is also supported by the current position Malaysia finds itself in today, which is not able to compete with China, India and Vietnam in cheap production bases, nor it is able to rise to the level of Singapore as a high-end market and services provider. This is what Richard Vietor of Harvard Business School “HBS” describes as being stuck in the middle.

This book discusses and presents number of Malaysian companies from varying industries. The case study approach may be attributed to HBS as an example of effective methodology to examining not only a company, but an industry, which can put the learner in the decision making seat. Case analysis allows the reader not only to learn about a given company’s activities, but to be able to compare, contrast and plan for course of strategies. The goal behind the case study approach is not to simply provide solutions, but it lies in the collective process of brainstorming, exchanging various point of views, providing the necessary reasoning for various positions held, interchange of perspectives, improving analytical abilities, exercising decision-making and developing leadership abilities, and most importantly building on various collective ideas presented in the process of discussion. It is important to mention that some of the companies discussed in this book did not allow the release of financial data, and so their wish was respected. Others however, are publically traded or allowed their financial statements to be shared, and hence, analyses were conducted to give the reader a clearer idea on the importance of financial structures. The data collected and presented in this book was through semi-structured interviews with the management, employees, review of program materials, available secondary data, direct observations and industry reviews. Some of the cases in this book purposely included a breakdown of the marketing 4P’s, Porter’s five forces and other models to illustrate how companies use such models in their daily assessment and analysis of their perspective organizations, their products and the industry. Such cases of real companies, serve as compelling examples for learners and practitioners alike, illustrating how powerful these tools can be for management in their decision-making and strategic corporate planning process.

Finally, the reader will see the word “Berhad” repeatedly next to a company’s name. The word “Berhad” is used to indicate a private limited company in Malaysia. The suffix is “Bhd.” Which is an abbreviation of the Malaysian word "Berhad," which literally means "private." This is an equivalent of the word limited “Ltd.” as used in corporate America and Britain.