Preface

Multinational enterprises (MNEs) are expanding across markets, nations and cultures at an accelerating pace and scope. In particular, MNEs expansion and diversification in developing countries has a lion share in this development. For example, according to Contessi and El-Ghazaly (2010) a decade ago only 20 companies on the list of Fortune Global 500 were located in developing countries or emerging markets but today more than 20 thousand multinationals are doing business in these countries. Similarly, the percentage of foreign direct investments by MNEs in emerging markets has also grown from a minuscule of below 1% foreign direct investment to an estimated 16% and above. There are over 40,000 multinational corporations currently operating in the global economy, in addition to approximately 250,000 overseas affiliates running cross-continental businesses. In 1995, the top 200 multinational corporations had combined sales of $7.1 trillion, which is equivalent to 28.3 percent of the world's gross domestic product. The top multinational corporations are headquartered in the United States, Western Europe, and Japan; they have the capacity to shape global trade, production, and financial transactions. China, Brazil, Russia and India are also expected to house many more home grown coupled with foreign MNEs in the coming years.

Multinational corporations are viewed by many as favoring their home operations when making difficult economic decisions, but this tendency is declining as companies are forced to respond to increasing global competition and local needs. Emerging markets such as China, India, Brazil, Mexico and South Africa for example, have received a jump increase in their international business sector. The growth of MNEs in emerging markets is expected to keep increasing despite the facts and factors that these markets inherit a variety of complex conventional and contemporary problems of lack of innovation, creativity, huge bureaucracy, diminishing physical infrastructure and indigenous financial and banking systems. Lack of availability of reliable and timely business information and local business alliances of suppliers and distributors based on family connections are some of the hindrances causing big business costs and frustrations for MNEs managers. The challenge for MNEs is two dimensional. One is to achieve growth, stability and strength internally as an institution of global business, and two, to influence positively and significantly the external forces including the industry and home-host governments to create a fair and conducive business environment for all the players in the market.

MNEs' RELATIONSHIPS WITH EMERGING MARKETS

National governments in emerging markets are often wary of foreign investors, especially investments coming from big conglomerates whose economic values may be much higher than the economic values of some nation states. In more recent times, multinational corporations have grown in power and visibility, but have come to be viewed more ambivalently by both governments and consumers worldwide. Indeed, multinationals today are viewed with increasing suspicion given their perceived lack of concern for the economic well-being of particular geographic regions and the public impression that multinationals are gaining power in relation to national government agencies, international trade federations and organizations, and local, national, and international labor organizations. Therefore, governments in general, politicians and bureaucrats in particular tend to focus on regularizations, increasing barriers, imposing tax, production and price control mechanisms and other micro issues (Horwitz & Budhwar, 2015).

MNE managers are aware that developing countries lack related and supporting institutions such as financial institutions, insurance agencies, trading companies, consultancy firms, quality education and training institutions, and, other public services. Foreign investors face transactional risks, income risks from operation, income risks from financing, and accounting risks due to fluctuations in the rate of exchange of the local currency. Additionally, MNEs manager also face political risks, inflation risks, bank instability, and legal risks. The issue of human resource management is another area of concerns for MNEs moving into developing countries, where lack of modern education facilities is the main cause of the shortage of local talents and specialized knowledge workforce. Therefore selecting good workers, training them in both social and technical areas is a challenging task for MNEs (Arnold & Quelch, 1998). In fact, developing countries are strategically important for both home-grown as well foreign MNEs since for most of the MNEs originating from developed countries the domestic or home markets do not present growth opportunities. Developed countries have matured markets where growth opportunities are considered minimal.

It is a widely held belief that globalization of business organizations has brought positive outcomes for the host countries and as well as home countries. Such positive outcomes are economic, financial and social development including job creation, human resource development, infrastructure development including physical and technological and institutional reforms (establishing industrial standards, competition law etc.). Especially, such outcomes are even more visible in the context of developing countries or emerging markets where development is at the embryonic stage to a large extent, and given the fact that developing countries still struggle with uncertain and unstable political, economic and legal environment combined with poorly developed institutions, lack of market information and communication system. MNEs are expected to become more responsible socially in the larger interest of the business organization itself and the society at large. All relevant players including companies, social activists, investors, employees, consumers and government should establish long-term bonds in order to make this happen and identify further opportunities of collaborations and joint efforts.

The risk factors associated with developing markets appear to be transitional and short term and MNEs can cope with these problems by considering the following strategic actions when establishing and developing businesses in emerging countries:

1. Balancing their role in economic development with social responsibilities toward the country in which they operate, including investment in local infrastructure development.
2. Adapting to the cultural differences, standards and practices.
3. Designing locally responsive marketing strategies, creating a balance between two opposing business variables: price and quality for the low-end customers.

4. Working and collaborating with the local institutions influencing the business environment, for example the judicial system, political system, educational system as well as local suppliers and distributors.
5. Having a strong legal support system to face off low or no protection for intellectual property rights, huge bureaucracy, local industrial mafia, anti-business rules and regulations, monopoly over local distributors and suppliers.
6. Developing local human capital by appointing host country managers and investing in training and development.
7. Conducting research and development activities in host country in order to avoid not invented here syndrome.

EMERGING MARKETS' RELATIONSHIPS WITH MNEs

MNEs can have quite positive effects on emerging or developing countries. MNEs can stimulate economic growth. In turn, growth creates jobs, promotes investment, and develops skills so that the people residing in the emerging countries benefit. Growth provides mutual benefits for both the business organizations and developing nations. Therefore, the national leaders of emerging countries or markets have responsibilities for proposing and implementing measures that create an environment friendly for investment by both domestic companies as well as foreign MNEs (Sauvant, Maschek & McAllister, 2009):

1. Supplying information and technical support when and wherever needed by the companies.
2. Allowing access to inexpensive, convenient, and timely financial support.
3. Offering fiscal incentives, such as tax holidays, especially in the initial stages of the investment.
4. Providing investment security, investment insurance and guarantees.
5. Developing international trade related alliances and agreements.
6. Permitting inter-organizational alliances such as joint ventures and consortiums to form and grow.
7. Setting up Official Development Assistance (ODA) programs.
8. Creating an overall environment and infrastructure encouraging and supporting business.

MNEs' STRATEGIES IN EMERGING MARKETS

MNEs challenges in emerging countries are to exist and continue in one way or the other in future as long as it takes for these nations to bring about radical reforms and improvements in their existing modus operandi: economic reforms; institutional reforms, infrastructure development; human resource development; political stability and creating an investment friendly environment. Zhang (2008) suggests that more than 2 billion consumers in emerging markets present profitable business opportunities and MNEs should focus on those markets to generate both profit and societal values. Zhang (2008) also finds that while these markets are full of opportunities at the same time these markets are full of troubles and weaknesses such as: security, environment, health, bad or weak public governance and administration, lack of public transparency, high levels of bribery and corruption, poor records on human rights, inadequate environmental, safety and labor standards and high levels of poverty and inequality.

To succeed in emerging markets requires an MNE to have specific skills. Some are the same skills needed to succeed in any market while others, such as those proposed by Birkinshaw, Ghoshal, Markides, Stopford and Yip (2003), are specific to succeed in emerging markets.

Skills Needed in Any Market

1. Establishing ambitious and interesting goals that stimulate, motivate, and develop capabilities and are well understood by all members of the organization.
2. Building an organization culture of confidence and pride where all stakeholders, especially, general employees and managers are provided opportunities to participate actively in the decisions of the company.
3. Being proactive and searching actively for best practices.
4. Encouraging innovation and risk-taking for organizational learning.
5. Managing product and service quality with respect to the needs of the target markets.
6. Building and managing appropriate competencies with respect to competitive factors affecting activities such as production, logistics, marketing, finance, and planning to be both effective and efficient.
7. Collecting business intelligence and instituting information systems to inform and monitor production, finance, marketing and other decisions.

Additional Skills Needed for Emerging Markets

8. Creating a global orientation so planning is globally focused rather than locally focused.
9. Recruiting and rewarding internationally experienced managers.
10. Investing in global research and development.
11. Influencing trade relationships by establishing close relations with the government and trade-oriented associations.
12. Managing trade-offs such as those between cost and quality, centralized and decentralized authority, and global and local cultures.

GOING FORWARD

Multinational corporations have existed since the beginning of overseas trade. They have remained a part of the business scene throughout history, entering their modern form in the 17th and 18th centuries with the creation of large, European-based monopolistic concerns such as the British East India Company during the age of colonization. Multinational concerns were viewed at that time as agents of civilization and played a pivotal role in the commercial and industrial development of Asia, South America, and Africa. By the end of the 19th century, advances in communications had more closely linked world markets, and multinational corporations retained their favorable image as instruments of improved global relations through commercial ties. The existence of close international trading relations did not prevent the outbreak of two world wars in the first half of the twentieth century, but an even more closely bound world economy emerged in the aftermath of the period of conflict.

In more recent times, multinational corporations have grown in power and visibility, but have come to be viewed more ambivalently by both governments and consumers worldwide. Indeed, multinationals today are viewed with increased suspicion given their perceived lack of concern for the economic well-being of particular geographic regions and the public impression that multinationals are gaining power in relation to national government agencies, international trade federations and organizations, and local, national, and international labor organizations.

Despite such concerns, multinational corporations appear poised to expand their power and influence as barriers to international trade continue to be removed. Furthermore, the actual nature and methods of multinationals are in large measure misunderstood by the public, and their long-term influence is likely to be less sinister than imagined. Multinational corporations share many common traits, including the methods they use to penetrate new markets, the manner in which their overseas subsidiaries are tied to their headquarters operations, and their interaction with national governmental agencies and national and international labor organizations.

WHY READ THIS BOOK

The chapters of this book address all the important issues discussed above. The book's contents should be invaluable to managers developing strategies for emerging markets or evaluating their current strategies in emerging markets as well as to researchers seeking understanding of the ongoing relationships between multinational enterprises and emerging markets.

The authors of these chapters represent many different viewpoints – from various disciplines and from a variety of geographical regions. They explore a wide range of issues concerning multinational enterprises operating or planning to operate in developing countries with a special focus on countries in Asia, Africa, Russia, and Latin America. Major issues examined include:

1. Conventional and contemporary environmental challenges.
2. Organizational growth paths to follow.
3. Strategic growth options and alternatives.
4. Institutional leadership and governance.
5. Structuring and design organizations
6. The ethical and social responsibility issues.
7. Measuring the organizational-market performance.
8. Managing national competitive disadvantage.
9. The use of technologies in organizations.
10. International relations and diplomacy.
11. The importance of standards and certifications for exports.

Following are summaries of the chapters.

Chapter 1, "The Environmental Challenges for MNEs", establishes the context for this book by analyzing how multinational enterprises (MNEs) operating in emerging or developing countries face a variety of complex and multifaceted challenges categorized into two broader spheres: conventional and contemporary. Conventional challenges are market forces (i.e., demand, supply, prices), industrial trends (structure, degree of competition, bases of competition) and national environment (i.e., political, economic, cultural and legal). Contemporary challenges include growth paths, strategic direction, new management styles, risk management, corporate social responsibility and new environmental dynamics in the context of the UN Global Compact. The real challenge for MNEs therefore, is to achieve sustainable growth and profitability while respecting and promoting the human and environmental concerns simultaneously.

Chapter 2, "Strategic Options for MNEs Operating in Developing Countries", outlines some of the basic opportunities, conditions, and strategic options for firms operating in emerging markets. Increasing FDI figures show that emerging markets offer many opportunities for foreign investors, but also pose specific challenges for doing business. Some factors are more abundant and less expensive, especially low to medium-skilled labor and natural resources, while sophisticated services are more difficult to obtain. A specific characteristic of emerging markets is the lack of business-enabling intermediaries. Therefore, foreign MNEs frequently need to fulfill tasks that are not within their range of activities in their home countries. Additionally, many governments in emerging economies act slowly and erratically; and laws are often not enforced systematically. In this context, foreign MNEs can choose between acquiring a local company, partnering up, or going it alone. The chapter looks at the pros and cons of these modes of internationalization and presents some concluding comments on the flexibility required by working under such conditions.

Chapter 3, "Strategies for Enhancing the Competitiveness of MNEs", studies how globalization has dramatically changed the competitive landscape in many national markets. There are concrete evidences that foreign direct investment (FDI) had doubled and even tripled in the last fifteen years in less-developed countries (LDCs), generating a tremendous impact on the economic development and welfare of these countries. Yet, less attention has been given to the role that domestic customers and domestic competitors play in shaping the strategic behavior and performance of MNEs in the targeted markets and the strategies which need to be adopted to enhance the competitiveness of MNEs. Through grounded theory approach and in depth literature review, the chapter aims to examine the positioning of MNEs to extend existing perspectives and incorporating competitive interactions between the external environments, competitive strategy and in particular, evaluates the strategic positioning and competitive behavior of MNEs.

Chapter 4, "Ethical and Social Challenges: Ethics Is Profitable, No-ethics Is Punishable", explains that how globalization has been a factor in bringing diverse nations closer worldwide, and how multinational enterprises (MNEs) are eager to look for new market opportunities in developing countries. In essence, this particular chapter analyzes the implementation of MNEs' global ethical principles in business into local moral standards of societies from developing countries. The author will discuss, using current scenarios, how principles of both moral relativism and moral absolutism can provide a profitable or punishable opportunity within developing countries when MNEs operate accordingly, or not, to ethical decision making processes in business. Additionally, the chapter proposes how MNEs' managers can discover the limits of moral free space, to distinguish a moral value in tension with their own from one that is intolerable. At the end, it is expected that MNEs' managers can apply ethical decision making in business by clearly perceiving and understanding their corporate culture in a developing country society.

Chapter 5, "Measuring Multinational Enterprise Marketing Performance", explores the use of performance measures for international marketing strategies. The key components of marketing strategies are explained and the major types of international marketing strategies explored. Metrics specific to different stages of the competitive life cycle are examined and metrics useful for evaluating country market performance are suggested. A framework for measures for multinational enterprise marketing strategies and tactics is explained. Current metrics practices are examined through the review of findings from three recent studies conducted by the author who surveyed managers on their use of metrics in international marketing strategies. The concluding thoughts suggest where multinational enterprises might improve their efforts in utilizing marketing performance metrics.

Chapter 6, "The Use of Technology in Organizations" studies how business corporations face the challenge of compete in the new interconnected business environment? In particular technology is recognized as a factor that boosts productivity and competitiveness and drives the business connectivity which in turn involves cross-borders goods, services and financial flows. An MNE is recognized as being possessed of high-tech assets, and also, resources including capital, management skills and R&D capabilities and subsidiaries can get them, from its holding company, and they transfer technology to local businesses. A knowledge transfer running parallel to the technology transfer takes place benefiting to the local economy. Foreign direct investment (FDI) is considered as the primary vehicle to facilitate technology transfer (and underlying knowledge flows) toward emerging countries. The ultimate goal of the MNE is related to leverage technology and knowledge transfer in order to maintain a competitive edge and move toward even higher value-added activities.

Chapter 7, "Operational Approaches in Organizational Design: a Case for MNEs in Emerging Markets", analyzes the challenge of organizational setup and operational model in emerging countries or markets faced by MNEs. In doing so the chapter focuses on different factors influencing the decision of a company leadership of how to organize and structure the MNE in emerging markets. Those factors are for instance, the national and organizational culture, management system, size of the company, nature of business, ownership whether private or public, the level of economic progress in a particular country, technological advances, and the level and standard of national educational services and system. The chapter searches for the successful organizational structure used by MNEs to operate in emerging markets. Finally, the chapter presents some recommendations for MNEs to follow when deciding about which organizational structure or design is relatively more suitable than others while operating in emerging markets.

Chapter 8, "Emerging MNEs Successfully Operating in International Markets: The cases of some Mexican MNEs" describes the most important theories that explain the possible motivations of some enterprises to compete in the international arena. Besides describing and summarizing the internationalization theories of an enterprise, the cases of some Mexican firms, which have grown successfully internationally, will be presented and compared with all the elements established in the different theories. This chapter starts by describing the different characteristics of firms competing in international markets. After that, the most important theories of MNEs are explored. The chapter ends with the discussion of the internationalization process followed by CEMEX, GRUMA and TELMEX (America Movil), Mexican enterprises that have successfully grown in the international spectrum.

Chapter 9, On the Relationship between Informal and Formal Institutions, Foreign Direct Investment and Innovation in Emerging Markets: The Case of Russia, India and China, 1990-2014", analyses empirically the relationship between informal (proxied by trust) and formal (proxied by corruption) institutions, foreign direct investment (FDI) and innovation in Russia, India and China between 1990 and 2014. Using the sample of these largest emerging markets enables to estimate the potential differences of the institutional effects on innovation across countries of different sizes and over the course of years. A significantly positive effect of trust and a negative effect of corruption and insignificant effect of FDI on innovation are confirmed. Further, there is an evidence for non-linearity of the effect of trust and corruption on innovation outcomes across the countries. The results confirm that, as societies become more trusting and institutional inefficiencies take effect, trust becomes an obstacle but corruption starts to ‘help’ innovators.

Chapter 10, “Exploring the Social Impact of Foreign Direct Investment on Institutional Change: The Case of Russia”, studies that despite the vast and growing literature on the economic impact of foreign direct investment (FDI), its social significance is somewhat a neglected issue. Focusing on Russia, this chapter examines the effect of FDI and (formal) institutions (proxied, alternatively, by the (I) accumulated stock of small and medium sized firms or SMEs and (ii) number of economic crimes per 100,000 population or corruption) on (informal) institutional change (proxied by the change in the number of violent and property crimes per 100,000 population). The empirical findings provide robust support for a significantly positive direct impact of SMEs, whilst observing a significantly negative effect of corruption and either significantly positive impact of FDI or insignificant effect of multinational firms in this context.

Chapter 11, “The Gotheborg IV (G4) Model and the Function of Language in the Globalization Process of the Firm: the Case of Swedish MNEs”, contributes to the theory of a firm’s globalization processes reflected in the Uppsala Globalization Process Model (UGPM). The Gotheborg IV (G4) model is introduced, mapping the knowledge zones of the UGPM in a four quadrant axis model. Using language in its meta-capacity as theory and framework of analysis the G4 model makes a distinction between the words ‘enterprise’ (Hn) and ‘subsidiary’ (H1), addressing the core features of firm globalization with geographically dispersed foreign subsidiaries and globally coordinated activities of manufacturing, sourcing and R&D capabilities. With the distinction between Hn and H1, the G4 model is able to present eight perspectives of the globalization process from interior and exterior to the enterprise and subsidiary. As method, this chapter will show how using the G4 model results in a richer analysis and findings from qualitative data. In this study Swedish top-level managers working in Asia show how they foster an organization culture of continuous learning and change that supports the MNE’s globalization efforts.

Chapter 12, “Chinese Wisdom. World Quality: A Visual Semiotic Analysis of China’s ‘Zou Xiang Shi Jie’ (Going Global)”, discusses comprehensively the Chines going global strategy in comparison with other regional players. The typical feature of emergent economies is a slow, apparent transformation from being predominantly a home base of foreign direct investments (FDI) to becoming more home markets for various firms that expand internationally. In this aspect, China differs from its Asian forerunners. Without question, the most rapid development in recent decades within East Asia and the global economy as a whole is the (re-)emergence of China. While most studies on growth strategies for multinational corporations from emerging economies come from the perspective of economic strategies in international business, this study offers a novel perspective by using visual semiotics as a framework of study and analysis of data. It uses theories of social semiotics borne of the traditions of linguistics to conduct a systematic analysis of the representations of China’s desire to go global with their automobile industry. The company in focus is China’s Zhejiang Geely Holding Group (Geely) in the years between 2007 and 2011, just prior to an after its acquisition of Volvo Car Corporation (VCC).

Chapter 13, “Social Capital Management Challenges: Thailand”, studies the importance of social capital for organizations. Social capital is an abstract concept, yet it is widely believed the core aspects of social capital, the quality and quantity of social relationships, are important factors in organizational and individual success. An examination of the use of bonding and bridging social capital within Thailand was made. It was found, in principle; the managing of social capital in Thailand is similar to managing social capital in other locations, although the specific practices should be aligned with the unique cultural values found in Thailand. It is suggested that creating and using both bridging and bonding social capital are important components of the business environments found in Thailand.

Chapter 14, “Managing National Competitive Disadvantages: Thailand”, looks at a number of national competitive disadvantages faced by multinational firms in Thailand and suggests that these disadvantages do not necessarily create insurmountable barriers for MNEs to do business in Thailand. The national competitive disadvantages found in Thailand include a national brand which is not associated with high technology and a lack of an innovative national environment. At the strategic level, foreign multinationals can often overcome these disadvantages by using competitive advantages coming from their country of origin while local multinationals can select to operate in more mature industries or through positioning into segments where the national competitive disadvantages do not create significant barriers to success.

Chapter 15, “International Business Diplomacy: Lessons from Latin America”, analyzes conflict resolution mechanisms and channels between multinational enterprises (MNEs) operating in Latin America and their host countries. The chapter focuses on the importance of establishing a policy for addressing local governments through permanent channels, as a strategy to solve disagreements with the authorities. The analysis includes different scenarios drawn from the experience of foreign firms in Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela. Thus, international managers may get a deeper view about the consequences of relying on formal diplomatic channels when conflict arises. Decision makers at MNEs need to evaluate separately each country outlook in order to assess the level of confidence that may be placed on diplomatic representation from the parent country and, consequently, the convenience of developing additional ties with local authorities through international business diplomacy.

Chapter 16, “Institutional Leadership and Governance: The African Perspective”, examines leadership from the institutional perspective, but, in the African context. Context is virtually important because it shapes the opportunity structure of any time. The peculiarity of the African continent would require that we examine not only leadership but governance as most of the economies of Africa are still practically dominated by government activities in so many dimensions where governance is poor. Neglecting governance therefore would mean not doing justice to the leadership context. Since leadership in context is not leadership that emerges solely from the qualities of the human character, but leadership that springs forth from an appreciation and understanding of one’s situation in the world, and the situation, in this respect includes; economic, social and political conditions that change over time, and these changes require distinct leadership styles and approaches for success, the tripod of institution, leadership and governance are therefore critical for success.

Chapter 17, “Operational Structure of Multinational Enterprises in Africa”, suggests that the operational structures of multinational enterprises (MNEs) in Africa, a developing and emerging economy do not necessarily differ from those of the developed or even Less Developed Economies (LDEs) except in few areas such as size and capital outlay. Meanwhile, both MNEs of African origin and those which originate from outside Africa do have salient attributes: they have many foreign affiliates or subsidiaries in foreign countries; they operate in a wide variety of countries around the globe; the proportion of assets, revenues, or profits is high; their employees, stockholders, owners, and managers are from many different countries; and they are involved in much more than merely establishing sales office, but incorporate a full range of manufacturing, research and development activities. This chapter examined operational structures of MNEs with focus on meaning, attributes, financing, exchange rate risk and international financial investment, strategies for improved financing and outlay of MNEs in selected African countries.

Chapter 18, “Multinational Enterprises and African Economy” studies how the Africa’s economy, an emerging economy is gradually being re-positioned in the global economy as a focus of investment.

Multinational enterprises have helped to shape the economy of Africa. An overview of Africa's economy was examined; top 20 Africa's largest economies were highlighted; major sectors perceived as paths to growth of Africa's economy were examined – Agriculture, Banking, Consumer goods, infrastructure, mining, oil and gas, and telecommunications. The chapter also enunciated the concept, 'diversified economy' in relation to oil exporters, the transition economies and the pre-transition economies. It is therefore concluded that Multinational Enterprises will continue to contribute to the growth of Africa's economy, especially as more indigenous enterprises are being launched by African countries. It is therefore recommended that African countries should continue to diversify her economy to take advantage of large labor potential and natural resources endowment.

Chapter 19, "Standards Certifications and Its Influence on Exports Performance: Evidence from the Processed Food Industry in Colombia", emphasizes upon the importance of Standards Certifications for the promotion of exports related business. The integration of the world economy and the internationalization of companies have resulted in consumers' demand for high quality goods. Standards have emerged as a way of reducing the information asymmetries that consumers face when purchasing a product, and have gained importance in the processed food industry as they allow them to assess the quality of goods and may influence the export performance of certified firms. Certifications may act as promoters of international trade, but they can also constitute a barrier when the costs associated with the certification process exceed the potential benefits. The present study aims to compare the export performance of certified vs. non-certified firms in the Colombian processed food industry. A Mann-Whitney Test was used to analyze the difference of exports value for the selected companies, and then, non-structured interviews to the quality managers of these companies were conducted to gain greater understanding about the impact of standards certifications on their export performance.

Chapter 20, "Social Capital Management Challenges in Malaysia", highlights the challenges of social capital management in Malaysia and explores how social capital able affect Malaysian firms to be successful in international business with the global market's environment, there is full of uncertainty impact that may affect the entrepreneur's international performance. At the end of this chapter able to have an idea how to handle social capital and outcome all challenges. Not just so, in the chapter enable manager and student to discover more about Malaysian culture, value and firm behavior. Social capital might not a common term that can be found in business area. In this chapter we will discuss further more in the term of social capital.

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