



Faculty of Technology Management & Technopreneurship

**A STUDY ON THE POTENTIAL OF DOING
BUSINESS IN MALAYSIA BY JORDANIAN
ENTREPRENEURS**

**BILAL MOHAMMAD
ENEIZAN**

MBA. in Advance Operation Management

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**A STUDY ON THE POTENTIAL OF DOING BUSINESS IN MALAYSIA BY JORDANIAN
ENTREPRENEURS**

BILAL MOHAMMAD ENEIZAN

**A thesis submitted in fulfillment of the requirements for the degree of
Master of Business Administration in Advance Operation Management**

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Malaysia.**

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A STUDY ON THE POTENTIAL OF DOING BUSINESS IN MALAYSIA BY JORDANIAN
ENTREPRENEURS.

BY

BILAL MOHAMMAD ENEIZAN

JUNE 2012

Supervisor : Professor. Madya Dr. Izaidin bin Abdul Majid

Faculty: Technology Management and Entrepreneurship

Malaysia is a country on the move. From a country dependent on agriculture and primary commodities in the sixties, Malaysia has today become an export-driven economy spurred on by high technology, knowledge-based and capital-intensive industries. Aware of the importance of foreign investments for the economic development of Malaysia, the project identified the motivations and concerns of Jordanian investors for investing in Malaysia and for exploring opportunities that Malaysia offers. In addition, this project examined the potential of doing business in Malaysia by Jordanian entrepreneurs. On the other hand, to make these opportunities in Malaysia known to individual businessmen in Jordan who may wish to trade in Malaysia.

Approach: The theoretical model and hypotheses in this study were tested using empirical data gathered from Jordanian entrepreneurs, through survey questionnaires were analyzed using the weighted means, the correlations, and the regression.

Results: The relationship between business environment in Malaysia include economic strength, educated workforce, developed infrastructure, vibrant business environment, and quality of life and all have positive influence on the level of investment in Malaysia.

Conclusion: The study has bridged the literature gaps in such that it provides empirical evidence of a positive significant correlation between business environment in Malaysia include economic strength, educated workforce, developed infrastructure, vibrant business environment, and quality of life toward the level of investment in Malaysia by Jordanian entrepreneurs.

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My highest and most sincere appreciation goes to my beloved parents, and my brothers and sisters, who have always encouraged and guided me to be independent, never try to limit my aspirations.

I would like to express my high appreciation to my all friends in Malaysia both local and international.

APPROVAL

I hereby confirm that I have examined this project paper entitled:-

**“ A STUDY ON THE POTENTIAL OF DOING BUSINESS IN
MALAYSIA BY JORDANIAN ENTREPRENEURS”**

By

BILAL MOHAMMAD ENEIZAN

I hereby acknowledge that this project paper has been accepted as part
Fulfillment for the degree of Master of Business Administration

.....
Professor. Madya Dr. Izaidin bin Abdul Majid

SUPERVISOR

DEDICATION

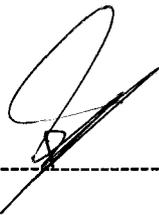
To my parents and all the MBA lecturers in UTEM university

DECLARATION

“I hereby declare that:

“I have sincerely endeavored to produce a paper project of “A study on The Potential of Doing Business in Malaysia by Jordanian Entrepreneurs” by myself without any outside assistance except as cited in the references. I have not copied this paper from other papers or documents available, except where I have explicitly stated so. The project paper has not been accepted for any degree and is not concurrently submitted in candidature of any other degree”.

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AUTHOR'S NAME: BILAL MOHAMMAD ENEIZAN

DATE 26 JUNE 2012

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CHAPTER 1

1.0 INTRODUCTION

Malaysia's competitiveness ranking improves significantly in independent surveys conducted by the World Bank and the World Economic Forum. According to the World Bank Doing Business Report (2012) mentioned that Malaysia has improved up five places to 18th position from 23rd in 2011. According to The World Economic Forum, Global Competitiveness Report (2011 to 2012), ranked Malaysia 21st out of 142 countries thus gaining five spots up from the previous years. According to The Institute for Management Development World Competitiveness Yearbook (2011) mentioned that Malaysia is still among the top 20 most competitive economies. Finally, Ministry of International Trade and Industry (MITI) Malaysia (2012) aims to make Malaysia amongst the top 10 nations by 2015 in the World Bank Doing Business Report.

On the other hand, total FDI inflows into Malaysia in 2011 increased by 12.3 per cent to RM32.9 billion as compared with RM29.3 billion in 2010. The manufacturing sector accounted for the largest share of FDI inflows accounting for 50.1 per cent of total FDI inflows followed by the services sector (27.3%), mining and quarrying (22.2%) and agriculture, forestry and fishing (0.4%) (Malaysian Investment Development Authority (MIDA), 2012).

Multinational companies from more than 40 countries around the world have invested in over 5,000 companies in Malaysia's manufacturing and related services sectors, encouraged by the country's pro-business environment. Malaysia today is one of the world's top locations for offshore manufacturing and service based operations. Many of the existing foreign corporates

have also continued to show their confidence in the country's potential as an investment location through their numerous expansions and diversifications over the years, particularly in high technology projects. On the other hand, Malaysia's political and economic stability, prudent and pragmatic investor friendly business policies, cost-productive workforce, a developed infrastructure comparable to that of any western country and a host of other amenities makes this country an enticing place for investors. Foreign investments are welcomed especially in areas like manufacturing, and particularly in high technology, biotechnology industries and in the development of information technology through the establishment of the Multimedia Super Corridor (According to HSBC bank, 2011).

1.1 BACKGROUND OF THE STUDY

Malaysia has done a lot in past and present in trying to improve her economy by attracting foreign entrepreneurs including Jordanian businessmen through the provision of several new business opportunities and other incentives to Jordanian entrepreneurs. Generally, in the life cycle of business, it starts with dealing with all construction permits, getting electricity and water, registering property, getting credit, protecting Jordanian entrepreneurs, paying taxes, trading across borders, enforcing contracts and resolving insolvency (The World Bank, 2012).

To achieve sustainable economic growth in Malaysia, attracting Jordanian entrepreneurs is one of the ways to go forward as means to supporting and establishing the project of the New Economic Model and Economic Transformation Program. On the other hand, that Malaysia government believes that vision 2020 is not possible without economic, social and governmental transformation. To move the country forward (Tan Sri Amir sham A. Aziz Chairman et al, 2010) stated that Malaysia would have to position its economy among the

leading economies in the world. Thus Malaysia has been classified among the countries ten most competitive in the world (Brian Wong, 2009). On the other hand, given Malaysia's good infrastructure, competitive costs and a well-educated workforce, Malaysia has been chosen by many Jordanian entrepreneurs as their centre in South East Asia. With a familiar legal system, English language and a location at the heart of some of the fastest growing markets, Malaysia is an ideal place for foreign entrepreneurs to grow (UHY International Organization, 2011).

The Malaysian government established several official missions of high-level to lead the process of promoting to attract Jordanian entrepreneurs to Malaysia to invest. The Malaysian government has extended substantial support to Jordanian entrepreneurs by pursuing policies, initiatives and programs that focus on strengthening the enabling business infrastructure, building the business capacity of foreign investment and enhancing access to financing. Finally, Malaysia, with its strong economic strength, supportive government policies, educated workforce, developed infrastructure, vibrant business environment and quality of life, has always been an attractive market for Jordanian entrepreneurs (UHY International Organization, 2011).

Malaysian government urged Jordanian entrepreneurs and investors to explore investment opportunities in the areas of new economic sectors of services, infrastructure and green technology and communications technology, as playing an important role in the modern economy. On the other hand, the Malaysian government invites foreign entrepreneurs to benefit from potential investments in Malaysia, within the project of the New Economic Model and Economic Transformation Program announced by the Malaysian government (Brian Wong, 2009).

In other words, Malaysia was able to grab the opportunity to convince Jordanian entrepreneurs to shift focus to the East whose final destination is Malaysia. Malaysia also seeks to overcome the obstacles that are facing Jordanian entrepreneurs in other countries where Malaysia has interest by providing facilities to help Jordanian entrepreneurs to doing businesses (Zaid Ibrahim, 2008).

To this end, the Malaysia government decided to build international information network as a way of motivating and attracting Jordanian entrepreneurs to invest in Malaysia. This is because Jordanian entrepreneurs need information in order to do business successfully hence the need for information sharing between the two countries. Information need arises when the amount of know-how possessed by an individual is inadequate to doing business in another country. Hence, entrepreneurs must search for information on their own since information plays a vital role in ensuring survival and success in business (Norliya and SitiZahrah (2010).

The issue of attracting Jordanian entrepreneurs to Malaysia is one of the most important themes underlying the New Economic Model and Economic Transformation Program announced by the Malaysian government, which is seeking to attract capital investment in the country (Tan Sri Amir sham A. Aziz et al, 2010).

Many countries today put in tremendous effort to be more attractive and most importantly effective in international entrepreneurs to achieve competitive advantages in this current business environment of diversity, complexities, and international competition (Kok et al, 2009). In other words, with the increase of global trade, global businesses, and strong

relationships of firms in different parts of the world, attracting international entrepreneurs are becoming more important to compete with other countries.

1.2 PROBLEM STATEMENT

Every country would seek to consolidate its global position by constantly reviewing to attracting international entrepreneurs to invest in the country. However, to achieve this fit, the country must provide new business opportunities and new incentives to attract number big of Jordanian entrepreneurs to invest.

Many countries today have heavily relied on attracting foreign entrepreneurs to achieve their competitive advantages in this current environment of diversity, complexities, and international competition (Kok et al, 2009). In other words, with the rising increase in global trade or global businesses, and strong relationships of firms in different parts of the world, the attracting new international entrepreneurs to invest is becoming more paramount to the success of countries.

It suffices to state that it is necessary to design an all encompassing theoretical framework to comprehending the processes and interactions underpinning the development of a country through attracting number of big international entrepreneurs to invest. These international entrepreneurs will lead the country to consolidate its global position and to achieve its goals.

Differentiations cultures, differentiations languages, and differentiations personal behavior leading to misunderstanding between Jordanian entrepreneurs and Malaysian entrepreneurs or Malaysian government. On the other hand, if there are difficulties to explore new business

opportunities or misunderstanding for the policies and strategies that have been employed by Malaysian government.

In other words, Malaysia's population represents a pluralistic mix of several cultures. While ethnic Malays are in the majority, representing 58 percent of the population, Chinese (24 percent) and Indians (8 percent), whose perspectives and customs are significantly different, largely dominate the business culture (Lothar Katz,2008).

Malaysian government must be able to provide many new business opportunities to ensure that attracting many Jordanian entrepreneurs but if Malaysian government wants require expenses of the substantial financing by foreigners in order to explore new business opportunities to attracting many foreign investments might be quite daunting.

1.3 RESEARCH OBJECTIVES

General Objective

1. The main aim of this study is to make the potentials of doing business in Malaysia known to individual businessmen in Jordan who may wish to trade in Malaysia.

Specific Objectives

1. Explain the policies, new business opportunities, and strategies that have been employed by Malaysian government to attracting Jordanian entrepreneurs.
2. Understand the phenomenon of orientation of Jordanian entrepreneurs to invest in Malaysia.
3. To comprehensively gauge the nature and capabilities of the Malaysian government to attract Jordanian entrepreneurs.