



FACTORS INFLUENCING PETROLIAM
NASIONAL BERHAD INTO OVERSEAS
VENTURES

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DECLARATION OF ORIGINAL WORK

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Hereby declare that:

- This work has not previously accepted in any substances or from of any degree, locally or overseas, and it is not being concurrently submitted for her degree or any other degree.
- This project paper is the result of my independent work investigation except otherwise stated.
- All verbalism extracts have been differentiated by quotation mark sources of my information and it has been specifically knowledge.

Signature:

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Table of Contents

1.0	INTRODUCTION	5
1.1	Background of Study	5
Table 1.1	6
1.2	PROBLEMSTATEMENT	7
1.3	RESEARCH QUESTIONS	7
1.4	RESEARCH OBJECTIVES	8
1.4.1	General Objectives	8
1.4.2	Specific Objectives	8
1.5	SIGNIFICANCE OF STUDY	8
1.5.1	To researchers	8
1.5.2	To the organization.....	8
1.6	SCOPE OF STUDY	9
1.7	LIMITATIONS OF STUDY	9
1.7.1	Time.....	9
1.7.2	Accuracy	9
1.7.3	Information Availability.....	9
1.8	SUMMARY	10
2.0	INTRODUCTION	11
2.1	PETROLIAM NASIONAL BERHAD (PETRONAS).....	11
2.2	VENTURES INTO OVERSEAS COUNTRIES.....	12
2.3	VARIABLES.....	13
2.3.1	Dependent Variable.....	13
2.3.2	Independent Variables.....	13
2.4	RESEARCH FRAMEWORK	15
2.5	HYPOTHESIS	15
2.6	SUMMARY	16
3.0	INTRODUCTION	17
3.1	RESEARCH DESIGN	17
3.2	PURPOSE OF STUDY	17
3.3	TYPES OF STUDY	18
3.4	SAMPLING DESIGN.....	18
3.4.1	Population of Study	18

INTRODUCTION

1.0 INTRODUCTION

This chapter shall provide an overview of the background of study, discussion of the problem statement, the specific research objectives and research questions of this study, justification of research and the scope of study. The research is to describe the factors influencing Petroliam Nasional Berhad on its venture into overseas countries.

1.1 Background of Study

Over the last twenty years, the economy of the world has been progressively transformed. According to Bartlett & Ghosghal, the changing market conditions, intensified global competition and increasingly shorter product life cycle mean that firms have to re-examine the traditional method and strategies for doing business. Increasing uncertainty, discontinuity and complexity characterized the business environment nowadays. Malaysia's national oil company, Petroliam Nasional Berhad (PETRONAS) will need to identify and venture upon niche gas and oil for specific countries due to the increasing globalization that has increased the intensity of competitiveness facing the business to generate more intensified competition for investment opportunities worldwide not only for Malaysia but for other countries too (Kamaluddin, 2008). Among any other national oil companies, PETRONAS must build and focus strategic integration with foreign affiliates, including joint ventures, acquisitions or even mergers on its ventures to overseas countries in terms of high value added and also high technology industrial activities and related services. These will eventually help in to contribute a wider platform for PETRONAS to generate greater linkages as well as to integrate global or even regional networks of production and market. International joint ventures represent an effective way of competing globally in coping with the increasing competitive and technological challenges of the globalization of world economies (Heenan & Perlmutter, 1979).