TENAGA NASIONAL BERHAD AS A MULTI NATIONAL CORPORATION: PROSPECTS AND CHALLENGES

UNGKU ASHIELA UNGKU HAMZAH

PROJECT PAPER SUBMITTED IN PARTIAL FULFILLMENT FOR THE DEGREE OF MASTER OF ARTS IN STRATEGY AND DIPLOMACY

FACULTY OF SOCIAL SCIENCES AND HUMANITIES
UNIVERSITI KEBANGSAAN MALAYSIA
BANGI

2003
DECLARATION

I hereby declare that the work in this thesis is my own except for quotations and summaries, which have been duly acknowledged.

5 May 2003

UNGKU SHIELA UNGKU HAMZAH
P24578
TNB is the largest electricity utility company in Malaysia with more than RM57.1 billion assets; serving over five million customers throughout the peninsular and East Malaysia. The Group's core activities are in the generation, transmission and distribution of electricity. To date, TNB continues to be a major player in electricity generation - a significant part of the Group's diversified range of business activities. Through TNB Generation Sdn Bhd, its wholly owned subsidiary, TNB has the largest generation capacity of 8,660.5MW that accounts for 65.9 per cent of the total power generation of Peninsular Malaysia.

TNB's vision as a company is "to be among the leading corporations in energy and related business globally". This is a very ambitious vision, as since it was privatized in 1990, TNB has not made a significant impact in the global arena. Although TNB has attempted to broaden its presence abroad through consultancy services and overseas investments such as power plant projects, it only succeeded in doing so in Pakistan. This paper will thus, attempt to explore the fundamentals, which are required to transform TNB into a successful multinational corporation. In doing so, a comparative analysis will be made with a successful MNC to highlight the prospects and challenges faced by TNB on its journey to become one.
CONTENTS

DECLARATION ii

ACKNOWLEDGEMENT iii

ABSTRACT iv

ABSTRAK v

CONTENTS vi

LIST OF TABLES ix

LIST OF FIGURES x

CHAPTER I INTRODUCTION 1

1.1 Problem Statement 3
1.2 Objectives and Scope 5
1.3 Theoretical Approach 6
1.4 Definition of Concepts 9
1.5 Methodology 11
1.6 Significance of the Study 11
1.7 Literature Review 12
1.8 Organisation of the Chapters 13
# CHAPTER II  IMPACT OF MNCs

2.1 Introduction  14

2.2 The Main Types of MNC's Activity  15
   2.2.1 The resource seekers  15
   2.2.2 The market seekers  16
   2.2.3 The efficiency seekers  16
   2.2.4 The strategic asset seekers  16

2.3 Home Country Impact  17

2.4 Host Country Impact  18

2.5 Malaysian Direct Investment Abroad  20

2.6 Malaysian MNCs' Operations  21

# CHAPTER III  GLOBAL TREND

3.1 Introduction  25

3.2 The Past and Future Trend of the Electricity Industry  26

3.3 TNB's Business  29

3.4 Relationship With the Government  33

3.5 Strategy  34
   3.5.1 Defending the Core Business  34
   3.5.2 Getting the House in Order  35
   3.5.3 Positioning for Growth  35

3.6 Electricite de France - An Example of a Successful MNC  38
<table>
<thead>
<tr>
<th>CHAPTER IV</th>
<th>PROSPECTS AND CHALLENGES</th>
<th>43</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Why invest abroad</td>
<td>43</td>
</tr>
<tr>
<td>4.2</td>
<td>International Expansion</td>
<td>45</td>
</tr>
<tr>
<td>4.3</td>
<td>Further Suggestions</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHAPTER V</td>
<td>CONCLUSION</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>BIBLIOGRAPHY</td>
<td>55</td>
</tr>
</tbody>
</table>