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2016

Lim, G. (2016). Firm Entry Modes and Chinese Business Networks: Malaysian Investments in Vietnam. Singapore Journal of Tropical Geography, 37(2), 176-194.

<https://hdl.handle.net/10356/83107>

<https://doi.org/10.1111/sjtg.12133>

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Firm entry modes and Chinese business networks: Malaysian investments in Vietnam

This paper examines the Malaysian Chinese firms that have expanded into Vietnam. Based on research and qualitative personal interviews with Malaysian Chinese firms that have invested in Vietnam, the paper unpacks the entry modes that these firms have undertaken. It argues that the Malaysian Chinese firms prefer to establish joint ventures in their Vietnamese businesses. This paper also argues that such investments are often embedded in social and intra-ethnic ties which connect them with Vietnam's ethnic Chinese businessmen. To this end, there is a tendency for these firms to rely on informal ties and non-market institutions in the form of the ethnic Chinese business networks. Nevertheless, the Malaysian Chinese firms are not averse to collaborating with non-ethnic Chinese firms that enjoy a good relationship with the Vietnamese state. This observation is especially marked in the property and construction, and finance sectors.

Keywords: business networks; economic globalization; entrepreneurship; ethnic Chinese business; foreign direct investment; Southeast Asia

Introduction

Since the early 1990s, the phenomenal growth of ethnic Chinese firms, particularly those from East Asia, has sparked research into their management models. Scholarly interest on ethnic Chinese firms and their role in economic development could be seen in terms – such as the ‘Chinese commonwealth’ (Kao, 1993) and the ‘Chinese global tribe’ (Kotkin, 1992: 9) – which describe these firms and their activities. Notwithstanding the severity of the 1997 Asian economic crisis and the 2008 global economic crisis, many of these Chinese firms have weathered the fallout relatively well and continued to excel in their business ventures. For the Malaysian firms of ethnic Chinese origin, their success is even more remarkable, given that

their position as ethnic minority excludes them from the majority of socioeconomic opportunities (through the government's implementation of affirmative policy favouring the ethnic majority) (see Korff, 2001). Some scholars (the culturalist) have attributed the success of the Chinese firms and entrepreneurs to a unique 'cultural' capacity for them to cooperate amongst themselves as they are grounded in 'a set of beliefs and values which lies behind the behaviour of Chinese businessmen' (Redding, 1990: 79). Nevertheless, there is another school of thought (the institutionalist) that explains such activities by taking into account the changing institutional contexts that these firms are embedded in, while not entirely negating the 'cultural' aspects of the ethnic Chinese (e.g. [Tsui-Auch, 2004](#); [Dahles, 2008](#)). In other words, their commercial success must not be seen purely along ethnic lines as it is also shaped by business and political expediency in the particular Asian economies surveyed. Detailing the internationalization of Malaysia's ethnic Chinese firms that have invested into Vietnam, this paper shows that these perspectives exist side-by-side and generate a multiplicity of business linkages and power relations, all of which are deployed whenever the need arises.

In the context of Malaysia and Vietnam, their economic interaction has intensified since Vietnam liberalized its economy in its 1986 *doi moi* (renovation) reform. While Vietnam is one of the most important labour providers for Malaysia, Malaysian firms serve as one of the larger sources of foreign direct investment (FDI) in the former. In particular, the Malaysian Chinese-dominated small and medium enterprises (SMEs) represent one of the major conduits in the extension of business networks between these two places. Much like their counterparts from Taiwan, Hong Kong, and Singapore who have actively invested into the less developed regions of Southeast Asia since the 1980s, the ethnic Chinese firms of Malaysia are adept in utilizing the cross-border Chinese business networks in their

Vietnamese ventures, as the following sections would illustrate (see also Liu, 2000).¹

Nevertheless, the allure of the transnational Chinese business networks must not be viewed uncritically as the structural complications across Vietnam's economic sectors and unevenness of the socioeconomic revival of the Vietnamese Chinese could, under certain conditions, discourage intra-ethnic cooperation. Likewise, an equally critical perspective has to be adopted in the analysis of the modes of entry of Malaysian Chinese firms which have invested into Vietnam. Although joint ventures (usually with fellow ethnic Chinese firms from the host economy) and acquisitions have been two of the most popular entry modes for the ethnic Chinese firms in their overseas investment (Yeung, 2000), the paper shows that such decisions are a multifaceted process driven by factors as disparate as intra-ethnic cultural affinity, sector-specific business dynamics, and the wider institutional context.

With the above as a backdrop, the paper intends to analyse the organization of Malaysian Chinese firms in the emerging economy of Vietnam. Vietnam is chosen because it has been successful in attracting the investment dollars of these firms. As the subsequent sections would illustrate, Vietnam is emerging as a prominent investment destination for the Malaysian Chinese firms, cementing its position amidst fierce competition from Singapore, Indonesia, and Thailand (the long-established FDI recipients). Another reason is that relatively little studies have been conducted on Malaysian investments in Vietnam, despite the growing trade and investment linkages between these two Southeast Asian countries. Based on personal interviews with Malaysian Chinese firms that have invested into Vietnam, this paper argues that Malaysian Chinese firms prefer to form joint ventures when they invest

¹ In the context of this paper, ethnic Chinese business networks are defined as the collaboration of an ethnic Chinese firm with a fellow ethnic Chinese firm (regardless of country of origin) in commercial activities. The collaboration takes places through either equity or non-equity means. For the former, it leads to an equity-based joint venture company. For the latter, it translates to a looser form of intra-ethnic cooperation. For example, some of the ethnic Chinese firms surveyed in this paper have identified a fellow ethnic Chinese firm as their main input suppliers while some others identify a fellow ethnic Chinese firm as their primary buyers.

into Vietnam. Such investments are often embedded in social and intra-ethnic ties which take the form of the ethnic Chinese business networks. Nevertheless, the Malaysian Chinese firms are flexible enough to cooperate with non-ethnic Chinese firms that possess a good relationship with the Vietnamese state. This is particularly true in the property and construction, and finance sectors.

The paper makes three contributions to the literature. Firstly, in contrast to existing research on Malaysian Chinese firms that have largely examined their activities in the domestic scene, this paper generates empirical insights on how they adapt to a foreign environment. It investigates the internationalization process of these firms, illustrating their modes of entry as well as the strategic manners in which they invoke (or downplay) the long-standing Chinese business networks. Unearthing these issues, the paper unpacks the agency of the ethnic Chinese firms, showing that they are not only ‘passive recipients of institutional resources’ but also ‘actors involved in both the construction and reconstruction of such resources’ in their internationalization efforts ([Morgan & Quack, 2005: 1765](#)). Secondly, this paper bridges the gap in the existing literature on the ethnic Chinese of Vietnam. As asserted by Yu (2006), much less is known about the Vietnamese Chinese business community vis-à-vis their better-researched counterparts in other Asian countries. Therefore, this paper’s focus on Vietnam’s ethnic Chinese firms (and their economic interactions with those originating from Malaysia) helps shed some light on this understudied group. By analysing their collaboration with the Malaysian Chinese firms across economic sectors and how such collaboration is related to the transformation of Vietnam’s state-society relations since the country’s reunification in 1975, the paper also qualifies the oft-peddled image of the successful socioeconomic revival of the Vietnamese Chinese. Thirdly, the paper contributes to theoretical research on the management methods of ethnic Chinese firms. Transcending the

two predominant schools of thought (the culturalist and the institutionalist), it debunks the competing assumptions that ethnic Chinese business success relies *either* on ethnic affiliation and shared cultural values *or* on place-specific institutions that shape business practices (see [Verver & Dahles, 2013](#)). These two schools of thought are *not* mutually exclusive as the firms surveyed in this paper conform to the traits befitting the models of both the culturalist and the institutionalist at particular occasions of their internationalization process.

This paper begins with a critique of the literature on the management structures of ethnic Chinese business firms, covering the cultural and the institutional approach. It also examines the modes of entry of the Malaysian Chinese firms, and the mobilization of cross-border Chinese business networks in their overseas investment. This is accompanied by an identification of the gap in knowledge in the corpus of literature detailing such activities, especially in the context of Vietnam. In the next section, the paper offers a brief analysis of Malaysian investment in Vietnam (using data published by the governmental agencies of both countries). It then describes the research methodology before the various modes of entry of Malaysian Chinese firms investing into Vietnam and their major coalition partners in such business ventures are examined. This is followed by a discussion of such findings. The paper concludes with a summary of the main arguments and findings.

Theoretical framework

A review of the management methods of ethnic Chinese firms illustrates two predominant schools of thought: the culturalist and the institutionalist. The culturalist views the prototypical Chinese enterprise as a duplication of the structure of a traditional Chinese family, with the patriarch as the chief of the enterprise ([Tsui-Auch, 2004](#)). With unquestioned authority, the patriarch manages the business with a small group of relatives and friends. As the enterprise and the patriarch age, the son(s) would usually inherit the firm, which is seen as

a family asset. In addition, family members are not encouraged to divest their shares to outsiders for fear of losing control and disclosing the firm's financial information ([Redding, 1990](#)). This notion of the family is heavily influenced by Confucian ideals, which emphasize obligations to hierarchically arranged authorities, starting from the family and extending to the state. Hence, family members, especially males, are obliged to serve the father (patriarch of the firm) and to safeguard his business ([Tsui-Auch, 2004](#)). For these firms and their entrepreneurs, shared ethnicity is regarded as a binding factor within and across borders. This version of capitalism is 'characterized by both hierarchical relationships within the family and a system of intra-ethnic reciprocal relationships known as *guanxi* (good connections)' ([Dahles, 2008: 489](#)). The core tenet of this approach is 'that the family as a fundamental unit of social and economic organization gives the ethnic Chinese their sense of identity and, at the same time, strengthens their business ties' ([Dahles, 2008: 489](#)). In summary, interpersonal relationships, especially those amongst the ethnic Chinese, serve as the 'glue' in interlinking cooperative relationships of the broader Chinese business networks. However, the culturalist tradition has lost some of its appeal (and even been derided) following the 1997 Asian economic crisis, which severely affected the East Asian economies (see [Backman, 2001](#)). The opaque ties between many of these firms and their relationships to the political elites have been singled out as the reasons for such a dramatic economic collapse, although imprudent financial management at the firm and national level (amongst many other reasons) played an equally vital, if not more, role in precipitating the crisis (see [Sheng, 2009](#)).

Parallel to the culturalist point of view, the institutional theorists stress the influence of place-specific institutions in shaping business practices. Theorists from this tradition highlight the importance of key institutions such as the family structure, inheritance system, power relations, communal networks, and the state, some of which are in turn influenced by

the ideological and cultural roots of society ([Whitley, 1996](#)). More crucially, the role of the state in facilitating or hampering business operations is highlighted. As Tipton (2009: 409) asserts: ‘Government sets the rules, and therefore at any point in time the structures of management in a country reflect the institutions established by states to guide and regulate the economy’. At least within Southeast Asia, the structures of ethnic Chinese firms – be it their close relationship to political elites, their control by insider families, or their dependence on intra-ethnic ties – are partly the results of colonial and postcolonial state attempts to develop state-led industrialization. Despite the best intentions of the Southeast Asian states to nurture industrialization and entrepreneurship, these attempts often fall short of expectations because of a general lack of bureaucratic capacity. The Southeast Asian states’ weak capacity has forced them to co-exist and enter into collaborative partnerships with some of the more well-capitalized Chinese businesses, although this type of partnerships is not as straightforward as it usually is portrayed to be ([Tipton, 2009](#)).

As academic debate is held hostage by the preoccupation with the concept of culture, making it difficult for a more multifaceted understanding of ethnic Chinese business, it is unsurprising that the two perspectives outlined above are commonly viewed as mutually exclusive (see [Tsui-Auch & Lee, 2003](#); [Dahles, 2008](#); [Verver & Dahles, 2013](#)). However, such a dichotomy is often blurred as ethnic Chinese firms maintain membership in multiple (ethnocentric or otherwise) overlapping networks in their business endeavours, often under the eyes of a state suspicious of their activities (Gomez, 2002). This phenomenon is observed when one analyses large and well-capitalized Malaysian Chinese business firms operating in the country. To this end, Gomez (1999) argues that well-capitalized Malaysian Chinese enterprises were reluctant to cooperate amongst themselves despite the arbitrary nature in which affirmative state policies were implemented. Their lack of enthusiasm is surprising as

almost all of these Chinese enterprises were marginalized by affirmative measures that sought to promote the interests of the native majority, often at their own expense. An expected response, as depicted in various studies covering ethnic Chinese business through a culturalist perspective (see [Redding, 1990](#); [Kao, 1993](#); [Weidenbaum & Hughes, 1996](#)), is to expect more (rather than less) intra-ethnic cooperation to ward off a hostile state. The response of Malaysian Chinese entrepreneurs – to establish links with native political elites who have access to economic concessions – is thus anomalous if one had adopted a culturalist perspective. The point here is to highlight that place-specific policies and institutional practices of the state shape the business strategies of Chinese entrepreneurs, forcing them to forgo a common Chinese identity and intra-ethnic cooperation (whenever the situation arises) in pursuit of their own goals ([Tsui-Auch, 2004](#)). Furthermore, [Gomez \(2002\)](#) reminds scholars of the need to not only focus on culture, shared identities and value systems, but also the contingent nature of a locale's political economy and socio-historical intricacies.

The above review of Chinese entrepreneurship reveals a common point – culture does matter in the growth and expansion of (Malaysian) Chinese firms, but only to a certain degree. In short, a more critical insight incorporating the 'Chinese' characteristics of the Malaysian Chinese firms and the broader institutional environment is needed. Such a perspective is especially valuable to unpack the globalization of these firms. However, research on Malaysian Chinese firms to date has largely been confined to their domestic activities, with relatively little information about how Malaysian Chinese firms operate in a foreign environment. Furthermore, there is a lack of research on how these firms extend their operations across borders. This does not imply that there is not similar research regarding this topic. For instance, [Tham's \(2007\)](#) research on Malaysian firms which have invested abroad illustrates the importance of forming joint ventures with competent coalition partners. She

argues that finding an appropriate local partner is crucial as the local partner can provide useful knowledge (especially for dealing with the domestic bureaucracy) and market information, minimizing the risk associated with a foreign environment. She also cites the investment of Nam Fatt Corporation (an ethnic Chinese conglomerate) in Vietnam, showing that the firm depended on local partners who would provide it with contacts for local projects. While Yeung (2000: 97) has illustrated that '[j]oint ventures and acquisitions are perhaps the two most common organizational modes through which Chinese business firms globalize their operations', he also cautions that the manner in which the ethnic Chinese firms chooses a particular mode of entry into a foreign market is a complex process incorporating factors as disparate as firm-specific advantages, intra-ethnic cultural affinity, and the institutional contexts in which these firms are embedded in. For example, in several developing countries, foreign investors (including the ethnic Chinese firms) are often required by the host governments to form joint ventures with local firms, especially in sensitive sectors (see [Liu & Dicken, 2006](#)). For Vietnam, the legal requirement to do so has been reduced gradually in recent years, particularly since Vietnam joined the World Trade Organization (WTO) in 2007. As a result, Huy Nhung et al. (2010) show that foreign firms intending to enter Vietnam for the first time are shunning joint ventures with Vietnamese firms. In addition, a significant portion of the foreign firms operating existing joint ventures with their Vietnamese partners are converting their joint ventures into wholly-owned subsidiaries. Despite a narrowing regulatory environment brought about by Vietnam's membership in the WTO, the Vietnamese state is still able to influence economic proceedings (albeit from a much weaker position vis-à-vis the pre-WTO period) through certain legal provisions pertaining to matters such as land use. To maintain some form of control over the economy, the state has also staggered some of the liberalization measures stipulated by the WTO over a period of time ([Quang Tran, 2008](#)).

For Malaysia's top ethnic Chinese firms, establishing joint ventures with reliable coalition partners in their overseas investment is a well-received practice, especially in developing countries where the opaque business environment strengthens the need to form joint ventures with well-connected firms (usually from the host economy). Such a perspective is observed in Gomez's (2006) examination of Malaysian Chinese firms that have invested into China. More crucially, he singles out the investment of Robert Kuok – Malaysia's wealthiest man – arguing that Kuok has regularly cooperated with some of Asia's leading ethnic Chinese firms through joint ventures. Nevertheless, it must be cautioned that Kuok also enjoys close ties with China's political leaders, implying that his investment success is not merely a function of his commercial prowess and his ability to cooperate with other ethnic Chinese firms. In her research on the Malaysian Chinese SMEs, Zwart (2007) argues that intra-ethnic cooperation (through establishing joint ventures or otherwise) have initially formed a vital cornerstone of their internationalization efforts. However, it did not always generate the desired results for these firms. After gaining some business experience, they began to appreciate host economies with a robust legal and institutional setting, relegating intra-ethnic cooperation to a less important criterion. In other words, while intra-ethnic cooperation remains important for the SMEs, they have also realized the need to pay attention to the wider political economic context of the countries where they have invested into.

However, the above body of literature is still relatively underdeveloped, particularly if one were to compare the works analysing the ethnic Chinese firms from both Taiwan and Singapore that have invested out of their domestic setting (see [Dahles, 2002](#); Yu, 2006). In addition, it is not country-specific with reference to the emerging economy of Vietnam, one of the relatively more popular investment destinations of Malaysian firms. The paper intends to contribute to these gaps in the literature by generating empirical knowledge on the modes

of entry and intra-ethnic cooperation (if any) of Malaysian Chinese firms which have invested into Vietnam. In doing so, this paper also contributes to a related body of research detailing the ethnic Chinese business community of Vietnam. As observed by Yu (2006), little is known about the ethnic Chinese of Vietnam on issues such as economic transnationalism and entrepreneurialism, especially vis-à-vis the vast body of literature studying their counterparts in other Asian countries (see, for example, Menkhoff & Gerke, 2002; Jomo & Folk, 2003). Existing research has presented the broad narrative of the Vietnamese Chinese facing persecution after Vietnam's reunification in 1975.² It also argues that the Vietnamese Chinese people have regained much of their economic influence following the country's *doi moi* reform in 1986 (see also Thomsen, 2009; [Chan, 2013](#)). In its effort to reform the economy and to attract much needed FDI, the Vietnamese state realized that its ethnic Chinese populace was in a privileged position to bolster its economy because of their ties to the overseas ethnic Chinese business community, especially those from Asia's tiger economies (Duong, 1994). In their research on the intra-ethnic Chinese business networks interconnecting the Vietnamese Chinese and their overseas peers, Lindahl and Thomsen (2002: 132) highlight that 'the Chinese community was suddenly considered as a potential rescuer of the national economy. Specific locations in the... export processing zones were made available for local and Chinese enterprises from other Asian nations'. Moreover, their commercial know-how is a valuable asset recognized by the state ([Freeman, 1996](#); [Chan, 2013](#)). Beyond this general perspective, however, there is relatively little insight on how the Vietnamese Chinese business community interact with the ethnic Chinese firms of other

² Amer (1996) shows that the anti-capitalist measures implemented by the ruling Communist government (then known as North Vietnam) after Vietnam's reunification in 1975 had diminished the socioeconomic influence of the country's ethnic Chinese populace, many of whom lived in capitalist South Vietnam and were already successful in the business arena before the fall of the South Vietnamese regime. Exacerbating the plight of the Vietnamese Chinese was the 1979 mainland Chinese invasion of Vietnam's northern borders. All of these events culminated in the mass exodus of refugees from Vietnam, with the ethnic Chinese overrepresented in this group.

countries. Given this knowledge gap, one wonders how (and to what extent) the Vietnamese Chinese have utilized the region-wide ethnic Chinese business networks. For example, do they utilize as much *guanxi* as their Malaysian Chinese counterparts, and how does this dynamic materialize across economic sectors?

According to Lindahl and Thomsen (2002), the Vietnamese Chinese firms are prolific in labour-intensive economic activities (e.g. trading, services, and light manufacturing), with most of them registering their businesses under the private and household economic sectors.³ Their economic contribution is underlined by surveys which estimate that the community accounts for 30-50% of all commercial activities in Ho Chi Minh City, Vietnam's most important economic centre where 20% of the country's GDP is generated ([Lindahl & Thomsen, 2002](#); Dinh, 2010). Some of the more entrepreneurial Vietnamese Chinese firms have been known to establish joint ventures with Taiwanese investors in the light manufacturing and trading sectors, serving as the latter's local 'guide' to get around Vietnam's bureaucratic hurdles and opaque business environment (Yu, 2006). Nevertheless, the economic strength of the Vietnamese Chinese is not replicable across other sectors of the economy in which higher capital-intensity and some state support are critical to business success. [Thomsen \(2011\)](#) shows that the allocation of factors of production (especially land and capital) is still predominantly state-driven and personalized in Vietnam. She further asserts that the anti-capitalist measures introduced after Vietnam's reunification have transferred much of the country's factors of production from the non-state sector (in which the Vietnamese Chinese used to dominate and still do, albeit to a smaller extent) to the SOEs and groups aligned with the victorious North Vietnamese regime (see also [Amer, 1996](#)). Therefore, despite the much celebrated revival of their economic vitality, the Vietnamese

³ While the state-owned enterprises (SOEs) have traditionally powered Vietnam's growth, Sakata (2013) shows that the non-state economic sector (collective, private, and household) has also consistently contributed close to 50% of gross domestic product (GDP) since 2000.

Chinese are not in a strong position to compete in relatively more capital-intensive and closely regulated sectors such as high-technology manufacturing, construction, utilities, and finance. In these sectors, their opportunities are less limited vis-à-vis those who enjoy a good relationship with the state, especially the SOEs and parties friendly to them (see also [Thomsen, 2009](#)). The information above suggests that the Vietnamese Chinese firms would link up with the Malaysian Chinese firms, but the pattern of cooperation is likely to differ across economic sectors – more intra-ethnic cooperation in labour-intensive economic sectors versus less intra-ethnic cooperation in more capital-intensive and closely regulated sectors. However, it is hard to ascertain the pattern of cooperation without an on-the-ground examination.

Malaysia's investment in Vietnam

Table 1 presents a snapshot of the *stock* of FDI accumulated in Vietnam by country of origin. As of June 2011, seven out of the top 10 investors in Vietnam originate from Asian countries. More significantly, Malaysia is ranked as Vietnam's fifth largest investor. A historical review of Malaysia's outward *flow* of FDI from the years 2008 to 2012 tells a similar story. Table 2 depicts the top 10 destinations of outward FDI from Malaysia, with Vietnam occupying the seventh position. Within Southeast Asia, Vietnam is emerging as a preferred investment destination outside the long-established recipients – Singapore, Indonesia, and Thailand.

[Insert Table 1]

[Insert Table 2]

Although there is no conclusive data that details the equity ownership of the Malaysian firms which have invested into Vietnam by their ethnicity, it must be noted that some of Vietnam's relatively more high profile investment are driven by the well-capitalized

Malaysian Chinese firms. For example, the Lion Group has captured a 37% market share of Vietnam's retail sector (with total retail value sales worth USD 355 million in 2012), firmly establishing itself as the market leader (Standard Chartered, 2012). It has strategically opened its retail outlets at some of Vietnam's most prominent locations e.g. Ho Chi Minh City's central business hub (District 1) and Chinatown (District 5). In motorcycle assembly, Hong Leong Industries is one of the earliest firms to invest into Vietnam's (then) newly liberalized motorcycle assembly sector. Partnering Yamaha Motors of Japan and Vietnam Forestry Corporation (a Vietnamese SOE), it has managed to establish a significant market position. According to Fujita (2013), Hong Leong Industries and its joint venture partners have consistently achieved a respectable production and sales figure (about 20% of the market share), attaining the number two slot (behind Honda Vietnam, the market leader). Their entry into Vietnam is also flanked by the comparatively smaller SMEs, which collectively contribute close to 33% of Malaysia's GDP (National SME Development Council, 2013). The influence of the ethnic Chinese is further underlined by Lee (2013), who asserts that close to half of Malaysian SMEs are owned by the ethnic Chinese. Many of them have also downsized their operations and/or moved abroad (primarily into other economies which enjoy lower input costs than Malaysia e.g. Vietnam) as they find it increasingly difficult to compete in Malaysia's quick-maturing domestic market (Lee, 2013). While there has not been any major research conducted on the outward investment of these Malaysian Chinese firms (both well-capitalized ones and the SMEs), it is within expectations that the culturalist scholars would stress that these firms have tapped into the cross-border ethnic Chinese business networks in their Vietnamese investments (see previous section). However, it is also clear that such an ethnocentric viewpoint must not be taken as an a priori outcome ([Verver & Dahles, 2013](#)). Although the transnational Chinese business networks might appeal to some of the firms, one also needs to be aware of the sector-specific business dynamics and the

broader institutional environment of Vietnam. This paper aims to investigate the validity of these claims, within the context of 46 Malaysian Chinese firms that have invested in Vietnam.

Methodology

This paper used a qualitative personal interview method to collect and analyse data on the strategies of Malaysian Chinese firms that have invested in Vietnam. In the preliminary selection, a list of 313 firms was compiled from the directory of the Malaysia Business Chamber Vietnam, various newspaper and magazine articles, the Internet, and through personal contacts. This preliminary selection took place from June to August 2012. From this list, only Malaysian firms that were owned and/or managed by the ethnic Chinese, and have made equity investment into Vietnam were selected and approached for further analysis.

The Malaysian Chinese firms were divided into two broad categories: SMEs; and large firms. The paper used the latest definition from the SME Corporation Malaysia, a government body that acts as a central point of reference for information and advisory services for all Malaysian SMEs. Under this definition, a SME in the manufacturing sector is a company with sales turnover ranging from Malaysian Ringgit (MYR) 300,000 to MYR 50 million, or with number of employee ranging from five to 200. For a SME in the non-manufacturing sectors, a sales turnover ranging from MYR 300,000 to MYR 20 million, or with number of employee ranging from five to 75, is expected. Throughout the research, it became apparent that many of the firms surveyed were SMEs. A substantial portion of these SMEs were involved in manufacturing and non-manufacturing (namely trade, services, agriculture, property and construction, and finance) activities. On the other hand, the research uncovered a moderate number of large Chinese firms that have invested in Vietnam, with their sales turnover and employee strength greatly exceeding those of the SMEs. Almost all

of these large and well-capitalized Chinese firms were publicly listed on the Kuala Lumpur Stock Exchange (KLSE).

136 firms were eventually identified and approached from August to October 2012. After multiple follow-ups, only 46 of these firms agreed to be interviewed. To this end, 38 of these firms were classified as Malaysian Chinese SMEs, and another eight were large Malaysian Chinese firms. The underrepresentation of large Chinese firms could be partly explained by their rigid protocols, especially when trade-specific information dissemination was involved. On the contrary, the SMEs were somewhat more open in granting interview sessions, especially when their owners and managers started to familiarize themselves with the researcher and the paper's research direction. The openness of the SMEs could also be partially explained by their shorter chain of command in their management structure vis-à-vis that of the (usually) larger and more organizationally complex non-SMEs. In-depth interviews with top executives of the 46 firms were subsequently conducted from October 2012 to February 2013. The perspective of top executives was important as they were often the decision makers when formulating company strategies, and were well-informed (albeit to a smaller degree) in the daily operations of their enterprises. These interview sessions were open-ended and semi-structured, with a focus on two main topics: (i) the modes of entry of their investments into Vietnam; and (ii) the main coalition partners of these firms in their investments into Vietnam. The goal of these interviews was to unpack the organization of Malaysian Chinese investments into Vietnam, particularly to determine their most favoured modes of entry (if any). It also investigated the relevance of intra-ethnic Chinese ties in orchestrating such cross-border ventures. Furthermore, it explored how and to what extent do intra-ethnic ties help in improving the opportunities and access to resources and market

opportunities. The interview sessions were conducted in either the firms' headquarters in Malaysia, or their operations in Vietnam.

To improve the reliability of the primary data provided by these firms, the data were cross-validated with published sources such as annual reports and company websites (if available), and non-published sources such as interviews with parties that were familiar with the operations of the firms involved e.g. trade officers, and the Chinese community associations of Malaysia and Vietnam. The use of these sources of information allowed for data verification and triangulation, which helped to improve data accuracy. Since several of the themes discussed, mainly ethnic relations and business-state interactions, are considered sensitive in Vietnam (and in Malaysia), the interviewees were promised confidentiality. Therefore, this paper does not refer to any entities by their original names. The firms were categorized and numbered according to the economic sectors that they participated in, with clear labels signifying whether they were SMEs or otherwise (large Malaysian Chinese firms). The names of the people surveyed were also altered to protect their identity.

Findings

Modes of entry of Malaysian Chinese firms investing into Vietnam

Three main modes of entry by Malaysian Chinese businessmen and firms are highlighted: (i) personal direct investments (wholly-owned); (ii) wholly-owned subsidiaries; and (iii) joint ventures. Table 3 shows the distribution of these modes of entry.

[Insert Table 3]

From Table 3, it is apparent that the majority of the firms (34 out of 46 or 74%) interviewed entered into joint ventures with other (usually Vietnamese) firms. Meanwhile, nine firms (20%) have established wholly-owned subsidiaries in Vietnam, and three ethnic

Chinese businessmen (7%) have made personal direct investments (wholly-owned). For personal direct investments, the owners of such businesses were relatively experienced in conducting business in Vietnam as they have invested into Vietnam a few years (through wholly-owned subsidiaries and joint ventures) before the personal direct investments were committed. In addition, these personal direct investments were very small in terms of capital outlay and labour force vis-à-vis their existing businesses. All three ethnic Chinese businessmen did not appear to show much interest in their personal direct investments, stating that ‘my wife and their families and friends can take care of them’ (personal communication, October 2, 2012).

Across all economic sectors, joint venture investments have proven to be popular, with at least 50% of firms in each sector joining forces with other business entities in their business ventures. This was especially so in agriculture, and property and construction as all of the firms involved in both of these sectors have established joint ventures. In terms of modes of entry, there was no obvious difference between the SMEs and large firms as both groups favoured joint ventures over personal direct investments and wholly-owned subsidiaries in their investments into Vietnam.

Major coalition partners of Malaysian Chinese firms investing into Vietnam

Malaysian Chinese firms have depended on three major coalition partners when they invest into Vietnam: (i) ethnic Chinese networks; (ii) family; and (iii) others. Although many of the firms interviewed have made equity investments with their coalition partners through joint ventures, there were still some that relied only on their partners’ advice or contacts. Such a strategy meant that they could still retain full equity ownership (and management control) of their Vietnamese investments. Table 4 shows the distribution of these firms’ coalition partners. A significant portion (29 out of 46 or 63%) of the Malaysian Chinese firms

preferred to employ ethnic Chinese networks in their Vietnamese investments. In other words, they identify a fellow ethnic Chinese firm (from Vietnam or otherwise) as their primary coalition partners in their commercial ventures. Meanwhile, a moderate level of family- or kin-based strategy was observed as five out of 46 firms (11%) operate in this manner. All of the firms that chose family members as major coalition partners have relied on their (female and Vietnamese) spouses either directly or indirectly for such contacts. The remaining firms (12 out of 46 or 26%) opted for other types of partners, cooperating with either the governments of Malaysia and Vietnam, Vietnamese firms, international firms, or other Malaysian firms.

[Insert Table 4]

The reliance on ethnic Chinese networks is a common trend amongst the firms surveyed, with at least 67% of them employing such measures across all economic sectors, except in property and construction, and finance. In the property and construction, and finance sectors, all but one (86%) of the firms resorted to non-ethnic Chinese and non-family networks. More specifically, many of these firms cited the importance of joining forces with Vietnamese firms (especially a SOE) or people closely connected to the Vietnamese authorities. Between the SMEs and the large firms, there is a noticeable difference in their choice of coalition partners. In contrast to the SMEs which largely depended on ethnic Chinese networks, the large firms cooperated more frequently with non-ethnic Chinese and non-family networks.

Discussion

The findings of this paper highlight a few salient points. Firstly, joint venture investments were the most favoured mode of entry for the Malaysian Chinese firms (see Table 3). Many

of these firms revealed that it was pragmatic for them to form joint ventures because they were not entirely familiar with the rules and regulations of Vietnam and the respective sectors that they were involved in. For instance, many of the firms surveyed were particularly confused by the Vietnamese land ownership system. This unfamiliarity with local regulation was exacerbated by their incompetence of the Vietnamese language, although many of them mentioned that ‘the Vietnamese custom and way of life are very similar to those of the ethnic Chinese’ (personal communication, December 15, 2012). Furthermore, many of them argued that Vietnam’s restrictions on certain economic sectors meant that it was not possible to set up a Vietnamese operation without local equity investment. All of these perspectives reflect the generally challenging business environment of Vietnam as the Communist country only liberalized its economy in 1986, and the post-1986 liberalization efforts were mostly implemented in a piecemeal manner. The inertia of Vietnam’s centrally planned economy is still prevalent although it officially joined the WTO in 2007. Although the Vietnamese state has implemented many of the liberalization measures stipulated by the WTO, it must be noted that it is still able to influence the behaviour of some foreign investors by maintaining certain legal provisions and staggering some of the liberalization measures over the short to medium term (see [Quang Tran, 2008](#)). It is thus clear that this finding supports Yeung’s (2000) thesis that choosing a particular mode of entry into a foreign market is a complex process incorporating factors as diverse as firm-specific advantages, intra-ethnic cultural affinity, and the wider institutional contexts. Nonetheless, there were genuine benefits in establishing joint ventures. As the managing director of M4 revealed:

‘It is not cheap to set up a manufacturing plant, even one as small as mine. There are a lot of risks involved because many people can also produce the same things that my factory produces. So, if you can get someone to split the risks and costs, then why not?’ (personal communication, December 3, 2012)

Others emphasized that a joint venture involving a good and trustworthy partner was important because it was one of the quickest ways of gaining access to local insights pertaining to the Vietnamese market. Several interviewees concurred with this point, explaining that their joint ventures were partially aimed at co-opting potential business rivals: ‘The local businessmen are like the *di tou she* (the literal meaning is local snakes; a Chinese business term to describe capable local businessmen, usually with good connections), so better to be on their side than to fight them directly’ (personal communication, December 15, 2012). Such a perspective reaffirms Tham’s (2007) and Gomez’s (2006) research about the tendency of Malaysian firms and the country’s top ethnic Chinese firms in establishing joint ventures in their outward investment. It also underlines the merits of forming joint ventures with competent coalition partners. Nevertheless, this finding contradicts the research of Huy Nhung et al. (2010) on the attitude of foreign firms towards joint ventures in their investment into Vietnam. According to them, a large portion of foreign firms are shying away from establishing joint ventures as they opt for a more autonomous management model in the form of wholly-owned subsidiaries. Seen in this way, the Malaysian Chinese firms’ preference for joint ventures implies that they possess and value *guanxi* (more than the foreign firms documented in the research of Huy Nhung et al. (2010), at least), and utilize it rather effectively to exploit commercial opportunities. This phenomenon is illustrated in the next paragraph.

A significant portion (63%) of the Malaysian Chinese firms relied on ethnic Chinese networks in their Vietnamese investments (see Table 4). Such a high incidence of intra-ethnic cooperation seems to support the culturalist school of thought on ethnic Chinese business firms, particularly if one considers the minority status of both the Malaysian Chinese (about 25% of Malaysia’s population) and the Vietnamese Chinese (about 1.5% of Vietnam’s

population). This is evident in all the economic sectors surveyed, barring the property and construction, and finance sectors. Many of these firms cited their positive experience in dealing with the Vietnamese Chinese business community. These firms draw on the wider Chinese business practise and tradition in which *xinyong* (trust) and *guanxi* feature prominently in business dealings with their counterparts. Some firms exemplify such a situation as they claimed that portions of their business arrangements were often agreed upon over the telephone and emails without the use of formal contracts. As the manager of A5 explained:

‘Chinese people usually keep their promises well, and that’s the same for the Vietnamese Chinese. If you insist on contracts, people may get offended because your actions show that you are suspicious of him or her.... So, you cannot build good *guanxi* with them without having *xinyong*. So far, there are no problems with this arrangement. Our joint venture is doing well’ (personal communication, December 20, 2012)

However, many of the firms revealed that this does not necessarily negate the need for formal contracts. More precisely, it was impractical to have written agreements for every detail that they discuss with their Vietnamese counterparts. The managing director of S9 revealed that the master contract was the ‘cornerstone’ of his firm’s investment in Vietnam, but the more tacit components would require the mutual *xinyong* between his company and his Vietnamese Chinese business partner (personal communication, January 10, 2013). These cross-country Chinese business networks underline the reliance on informal and ad hoc agreements and the tendency for Malaysian Chinese firms to evoke (real or imaginary) their ethnicity and associated Chinese business ideals such as *guanxi* and *xinyong* in their investments in Vietnam, echoing what Yu (2006) discovered in her research on intra-ethnic cooperation undergirding the Vietnamese Chinese firms and their Taiwanese (ethnic Chinese) business

partners. Moreover, these observations support Zwart's (2007) and Gomez's (2006) research about the tendency of Malaysian Chinese firms to utilize the transnational Chinese business networks in their overseas investment, especially in developing countries.

Despite the high incidence of joint ventures and the reliance on ethnic Chinese networks by the Malaysian Chinese firms, the paper argues for a more careful analysis across economic sectors, showcasing the structural complications in Vietnam's property and construction, and finance sectors which in turn limit intra-ethnic cooperation. Although the previous paragraphs have illustrated that a sizeable portion of the ethnic Chinese firms have formed joint ventures with a fellow ethnic Chinese firm, such an observation is not detected in the property and construction, and finance sectors. In these two sectors, 86% of the firms have neither depended on the ethnic Chinese networks nor family members (despite a clear preference to establish joint ventures). In the property and construction sector, the Malaysian Chinese firms' tendency to cooperate with non-Chinese firms and non-family members (primarily the Vietnamese SOEs) can be partly explained by examining Vietnam's land use policy. In Vietnam, the government does not recognise private ownership of land by individuals and organisations. Therefore, firms involved in the property and construction sector have to first obtain land-use rights (LUR) before commencing work. The LUR is in turn granted by way of land allocation or lease from the government. In addition, the type of LUR granted by the state depends on whether the land user is a Vietnamese or a foreign firm. If the land user is Vietnamese, the LUR may be granted either by way of allocation or lease. A foreign firm may acquire LUR *only* in the form of a lease (save in the case of a LUR being contributed as capital by a Vietnamese firm in the formation of a joint venture firm) (Rödl and Partner, 2013). Furthermore, the allocation of land to a Vietnamese land user can be, depending on the intended use of the land, on a 'stable and long term basis' or for a definite

term. Land lease is always for a definite term only. In contrast, a foreign developer can obtain a land lease *only* for the duration of the investment project (with a maximum duration of only 50 years) (Rödl and Partner, 2013: 113). Therefore, foreign firms (including the Malaysian Chinese ones) involved in the property and construction sector are effectively ‘incentivized’ to establish joint ventures with Vietnamese firms, particularly SOEs, in order to obtain the appropriate types of LUR.

Yet, one wonders why the ethnic Chinese of Vietnam have not been as proactive in acquiring the LUR as other Vietnamese firms such as the SOEs. It is after all reasonable to expect them to be as prolific in the property and construction sector, given their socioeconomic revival post-*doi moi* reform, and the overseas Chinese business networks that they can tap into. This paper argues that the socioeconomic revival of the ethnic Chinese community, while generally true, is more uneven than what is commonly portrayed. Although the Vietnamese Chinese have successfully regained their economic status in the labour-intensive sectors such as trading and services, they have not done as well in relatively more capital-intensive and closely regulated sectors. This is primarily because state support – in the form of LUR and financial capital – granted to groups who enjoy a good relationship with the state apparatus have helped them to outcompete the less well-connected Vietnamese Chinese firms (see also [Thomsen, 2009](#)). These groups (especially the SOEs and parties friendly to them) are aligned to the victorious North Vietnamese regime and have benefited from the reallocation of the country’s factors of production – from the commercially successful ethnic Chinese business class to parties closely associated with the Communist state – after the country’s reunification. Many of them have also taken advantage of these political gains to deepen their own patron-client networks. In the property and construction sector, it is these better-connected SOEs which are in a good position to compete as part of

their success stems from the ability to access state resources i.e. LUR and capital. The inherent nature of the property and construction sector, involving a large capital outlay and (usually) a long gestation period, exacerbates the gaps between these parties and the less well-connected (and less well-endowed) Vietnamese Chinese firms. Under such conditions, it is only natural for the Malaysian Chinese firms to collaborate with these better-connected Vietnamese SOEs. In other words, the Malaysian Chinese firms are aware of the legal red tape surrounding land access in Vietnam and have devised ways around it, relying on their respective SOEs in the process.

A similar story is observed in the choice of coalition partners of Malaysian Chinese firms that have invested in the Vietnamese financial sector. Toby, a manager of F1 α , revealed that his firm had entered into a 50:50 joint venture with one of Vietnam's SOEs in the 1990s (personal communication, January 10, 2013). According to him, F1 α had been actively scouting for an ethnic Chinese firm to cooperate with initially. The firm's pro-Chinese stance was also partly motivated by the possibility of utilizing the broader ethnic Chinese business networks present in other parts of Indochina i.e. Cambodia and Laos. However, due to multiple issues at that time, an agreement could not be reached between F1 α and any of the financial firms owned by the Vietnamese Chinese. One of the most pressing issues was that F1 α had received some tacit notification from the consultants that F1 α hired, who stated that it was in the firm's interest to cooperate with a certain SOE. Toby also revealed that the consultants had direct contact with 'some influential people' and it is conceivable that covert 'encouragement' had been applied in influencing F1 α 's choice of a joint venture partner. Seen in this way, F1 α 's eventual avoidance of the ethnic Chinese networks could be interpreted as a strategic move to comply with Vietnam's institutional imperatives. This combined observation on the property and construction, and the finance sectors reinforces

Thomsen's (2011) research – which shows that Vietnam's allocation of factors of production to private firms is still largely state-driven and personalized. More importantly, it strengthens the institutional perspective of the ethnic Chinese business networks, showing that while these networks are useful in empowering the ethnic Chinese firms, their utility depends upon a locale's socio-historical intricacies. Related to this point is the need to scrutinize the firm- and sector-specific dynamics as well as the institutional contexts of particular economic sectors.

Conclusion

This paper has analysed the modes of entry of 46 Malaysian Chinese firms that have invested into Vietnam and their major coalition partners in such cross-border investments. It has argued that the majority of these firms preferred forming joint ventures in their Vietnamese investments. There were multiple reasons for the establishment of joint ventures. Chief among them were the lack of familiarity with the investment climate of Vietnam, the lack of proficiency in the Vietnamese language, state-enforced requirement of working with a Vietnamese partner in certain industries, minimization of financial risks, and potential benefits of cooperating with capable Vietnamese firms. These observations underline the complexity of choosing a particular mode of entry into a foreign market. They also reaffirm Tham's (2007) observation about the tendency of Malaysian firms to establish joint ventures in their overseas investment. However, the Malaysian Chinese firms' preference for joint ventures contradicts the tendency of other foreign investors which have invested into Vietnam. According to Huy Nhuong et al. (2010), foreign firms are shunning joint ventures as they value a more autonomous management model in the form of wholly-owned subsidiaries. It is likely that the anomalous behaviour of Malaysia's ethnic Chinese firms (in

opting for joint ventures over wholly-owned subsidiaries) is underpinned by their preference for the transnational Chinese business networks.

The above phenomenon is observed in their choice of coalition partners as there is a clear tendency for the Malaysian Chinese firms to collaborate with the ethnic Chinese of Vietnam, implying a reliance on non-market mechanisms (in the form of *guanxi* and *xinyong*) and the sociocultural principles of a ‘common’ Chinese identity. These connections are often embedded in personal relationships between the owners and managers of the Malaysian Chinese firms and their Vietnamese counterparts. Such findings prove that the culturalist perspective studying the management models of the ethnic Chinese firms still produces valid but partial truths.

Nevertheless, the influence of political considerations cannot be overlooked. As the institutional theorists have argued, a country’s socio-political institutions influence firm dynamics and their investment strategies. An in-depth examination of the Malaysian Chinese firms involved in the property and construction, and finance sectors suggests that they have not relied on the ethnic Chinese business networks and their family members. Instead, their coalition partners are those who enjoy a good relationship with the Vietnamese state, particularly the SOEs and parties affiliated to them. This discovery contradicts the widespread utilization of ethnic Chinese business networks in the trade, services, manufacturing, and agriculture sectors. A plausible explanation of this anomaly is the Vietnamese Chinese firms’ lack of good connections with the authorities, highlighting the uneven socioeconomic revival of the ethnic Chinese community in the post-*doi moi* era. This is largely because state support – in the form of LUR and financial capital – granted to groups who enjoy a good relationship with the state apparatus have helped them to outcompete the less well-connected Vietnamese Chinese firms in the relatively more capital-intensive and

closely regulated sectors e.g. property and construction, and finance. In other words, the Vietnamese Chinese firms are not in a strong position to compete in these sectors. In these sectors, their opportunities are less limited vis-à-vis those who enjoy a good relationship with the state. Related to this point is the argument that the socioeconomic revival of the ethnic Chinese community, while generally true, is more uneven than what is commonly portrayed. Much of the unevenness is in turn attributed to the complex transformation of Vietnam's state-society relations after its reunification in 1975, and the post-1986 reform measures.

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Table 1. Stock of foreign direct investment in Vietnam by country of origin, as of June 2011 (USD; Million).

No.	Country of Origin	Number of Projects	Total Registered Capital
1	Taiwan	2,180	23,165
2	Singapore	918	22,919
3	Korea	2,771	22,808
4	Japan	1,532	21,274
5	Malaysia	382	18,785
6	British Virgin Islands	494	14,798
7	USA	577	13,247
8	Hong Kong	634	8,444
9	Cayman Islands	52	7,432
10	Thailand	245	5,876

Source: Foreign Investment Agency (2011).

Table 2. Top ten destinations of Malaysia's outward flow of foreign direct investment, 2008-2012 (MYR; Million).

No.	Destination(s)	2008	2009	2010	2011	2012	Total
1	Singapore	(5,318)	(3,569)	(12,800)	(9,603)	(8,340)	(39,630)
2	Australia	(7,509)	(946)	(6,040)	(7,492)	(4,294)	(26,281)
3	Indonesia	(12,931)	(2,391)	(2,763)	(4,023)	(2,789)	(24,897)
4	Mauritius	(4,236)	(3,649)	(1,659)	(6,526)	1,739	(14,331)
5	British Virgin Islands	(69)	(3,371)	(1,953)	(3,679)	(1,705)	(10,777)
6	United Kingdom	(2,576)	(666)	(2,855)	(1,551)	(460)	(8,108)
7	Vietnam	(1,749)	(837)	(427)	(2,886)	(88)	(5,987)
8	Cayman Islands	(976)	(833)	(1,137)	(1,719)	(1,170)	(5,835)
9	Thailand	(619)	(2,748)	(1,001)	(178)	(1,042)	(5,588)
10	Hong Kong	(214)	(22)	(938)	(549)	(3,146)	(4,869)

Source: Central Bank of Malaysia.

Table 3. Modes of entry of Malaysian Chinese firms investing into Vietnam.

No.	Company	Sector	Personal Direct Investments (Wholly-Owned)	Wholly-Owned Subsidiaries	Joint Ventures
1	T1	Trade	X		
2	T2	Trade			X
3	T3	Trade			X
4	T4	Trade			X
5	T5	Trade			X
6	T6	Trade	X		
7	T7	Trade			X
8	T8 α	Trade			X
9	T9 α	Trade		X	
10	S1	Services			X
11	S2	Services			X
12	S3	Services		X	
13	S4	Services	X		
14	S5	Services		X	
15	S6	Services		X	
16	S7	Services		X	
17	S8	Services			X
18	S9	Services			X
19	S10	Services			X
20	S11	Services			X
21	S12	Services			X
22	M1	Manufacturing			X
23	M2	Manufacturing			X
24	M3	Manufacturing		X	
25	M4	Manufacturing			X
26	M5	Manufacturing			X
27	M6	Manufacturing		X	
28	M7	Manufacturing			X
29	M8	Manufacturing			X
30	M9	Manufacturing			X
31	M10 α	Manufacturing			X
32	M11 α	Manufacturing			X
33	M12 α	Manufacturing		X	
34	A1	Agriculture			X
35	A2	Agriculture			X
36	A3	Agriculture			X
37	A4	Agriculture			X
38	A5	Agriculture			X
39	A6	Agriculture			X
40	PC1	Property and Construction			X
41	PC2	Property and Construction			X
42	PC3	Property and Construction			X
43	PC4	Property and Construction			X
44	PC5 α	Property and Construction			X
45	F1 α	Finance			X
46	F2 α	Finance		X	

Note: α indicates large Malaysian Chinese firms.

Table 4. Major coalition partners of Malaysian Chinese firms investing into Vietnam.

No.	Company	Sector	Ethnic Chinese Networks	Family	Others
1	T1	Trade		X	
2	T2	Trade	X		
3	T3	Trade	X		
4	T4	Trade	X		
5	T5	Trade	X		
6	T6	Trade		X	
7	T7	Trade	X		
8	T8 α	Trade	X		
9	T9 α	Trade			X
10	S1	Services	X		
11	S2	Services	X		
12	S3	Services		X	
13	S4	Services		X	
14	S5	Services	X		
15	S6	Services	X		
16	S7	Services	X		
17	S8	Services	X		
18	S9	Services	X		
19	S10	Services	X		
20	S11	Services	X		
21	S12	Services	X		
22	M1	Manufacturing	X		
23	M2	Manufacturing	X		
24	M3	Manufacturing	X		
25	M4	Manufacturing	X		
26	M5	Manufacturing			X
27	M6	Manufacturing			X
28	M7	Manufacturing	X		
29	M8	Manufacturing	X		
30	M9	Manufacturing	X		
31	M10 α	Manufacturing			X
32	M11 α	Manufacturing	X		
33	M12 α	Manufacturing			X
34	A1	Agriculture	X		
35	A2	Agriculture	X		
36	A3	Agriculture			X
37	A4	Agriculture		X	
38	A5	Agriculture	X		
39	A6	Agriculture	X		
40	PC1	Property and Construction	X		
41	PC2	Property and Construction			X
42	PC3	Property and Construction			X
43	PC4	Property and Construction			X
44	PC5 α	Property and Construction			X
45	F1 α	Finance			X
46	F2 α	Finance			X

Note: α indicates large Malaysian Chinese firms.