
Preface

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Biographical notes: Arif Hassan is a Professor of Organisational Behaviour and Human Resource Management in the Department of Business Administration at the International Islamic University Malaysia. He has his research interest in the areas of organisational leadership, behavioural issues in organisations, organisational justice and HR practices. He has published four books, over 50 research papers in refereed journals and a large number of conference papers. His current research work is in the area of motivation for entrepreneurship, and culture and organisational behaviour.

JGBA is an international refereed journal committed to motivate scholars and researchers around the globe to advance further the theory and practice of global business. JGBA is enthusiastic in encouraging scholars and academics to share their knowledge and expertise with particular emphasis on emerging market and developing economies striving to assimilate with their developed counterpart.

JGBA has also been active in connecting and collaborating academics and scholars from the developing market with those from the developed world so as to permit new knowledge exchange and dissemination in terms of the issues and challenges from the emerging to the developed economies and vice versa, with the vision to enhance the globalisation process. This globalisation process and the exchange of new knowledge from both economic landscapes need expertise from various disciplines. This is to share the significance of their research with the people from the industry and perhaps the government as policy makers, as well as to see whether the outcomes from the researches can be implemented in the real world. This in turn should encourage the advancement of theory and practice of global business.

With the vision to impart new knowledge from the developing economies into global business, this special issue of JGBA has selected five papers covering topics from finance, human resource, management, legal entity and foreign direct investment (FDI).

Looking at the management perspective in enhancing globalisation process, the first paper examines the mediating role of interpersonal and organisational trust in the relationship of transformational leadership style with employees' work engagement. The author uses a sample of 395 bank employees rating their immediate supervisors' leadership behaviour, interpersonal and organisational trust and work engagement. The study confirms that transformational leadership has significant association with interpersonal and intuition trust as well as work engagement. Both forms of trust also

predicted work engagement. The author reported full mediation effects of both forms of trust, i.e., interpersonal and institutional trust, based on the results of the study. Thus, building trust appears to be the crucial factor if leaders want to see their employees engaged in their work.

Because a firm's managers generally realise the importance of knowledge to increase internal capabilities and global competitiveness, the second paper investigates the impact of special government-funded programmes that focus on building collaborative research and development projects between universities and firms. The author finds that such programmes can act as a connecting bridge for the industrial firms to access new knowledge, engage to very qualified personnel and can also function as a liaison with academia. Academic researchers at the university, on the other hand, benefit from the programmes in a different way, which includes opportunities to conduct reputable research and publish the findings, explore new research areas and increase the focus on applied research. The author asserts that engaging in various means of informal communication provides good scaffolding for firms' internal capacities. The research findings offer motivating factors for policy makers to increase the innovative capacity of firms.

Legal entity also plays an important role in the globalisation process, thus the government must intervene at some point in the process. The third paper touches on the liquidation law and issues in one of the failed residential projects in Malaysia, particularly the position of the secured creditor charge and the purchasers. The author claims that the interests of the stakeholders are inadequately protected by the Malaysian laws, especially the purchasers in failed residential projects. The secured creditor charge of the liquidated housing developer company is blamed to enjoy priority over the assets and moneys of the liquidated housing developer company, even at the expense of the aggrieved purchasers' interests. The rights of the purchasers, as found by the author, are marginalised. Thus, in this respect, following some analyses over the liquidation legal provisions and the housing law, the author proposes improvement measures to the current state of law governing failed residential projects in Malaysia in order to preserve the interests of the purchasers.

En route to globalisation, firms need to be competent and the value of the firm needs to be maximised to ensure global competitiveness. Thus, the fourth paper examines the capital structure practice of 790 Malaysian firms using a dynamic framework. The author finds that firms in Malaysia do practise target capital structure and it is a function of certain firm characteristics. Low adjustment cost allows firms to readjust instantaneously when they are off the target by using internal funding, which implies the influence of the pecking order hypothesis in deciding the readjustment process. The author claims that firms are said to behave rationally by cutting down the amount of debt in their capital structure to reach the target when they are over-levered. Firms are competent and at their maximum value when they are at their target capital structure. Thus, this study finds that in terms of the proximity to target, under-levered firms are found to be much closer to target compared with over-levered firms. The optimality ratio of the under-levered firms, which corresponds to the fast adjustment speed, according to the author, indicates that the benefits of reaching the target outweigh the adjustment costs. This study contributes to the literature by filling the gap of capital structure studies based on the dynamic model and, most importantly, by identifying the rational financing behaviour of Malaysian firms. This indication of firms' proximity to target can help managers to outline and set

the next steps to be taken in order to reach the target capital structure to maximise firm value.

The fifth paper focuses on the globalisation process where the process of knowledge creation and transfer in research institutions and business organisations is taking place globally. Every mobile professional, according to the author, plays a substantial role as a learner and knowledge carrier, translating knowledge and practices from one country to another. Thus, the paper examines the extent to which managers' international careers act as a vital source of change within Spanish organisations, emphasising on business and innovation activities and to what extent managers' international experience may be transferred to R&D and innovation systems. The author anticipates that managements in national organisations are affected by international careers by introducing new practices in line with common values learned abroad. Results of this work sketch some positive changes in business organisations but also some clear evidence of cultural resistance by the staff at national organisations.

We hope this issue of JGBA will provide further insight and multi-dimensional perspective on management challenges emerging from the process of globalisation.