

Entrepreneurial Orientation for Sustainable Competitive Advantage and Risk Management: Evidence from Government-Linked Companies in Malaysia

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Citation Reference:

Said, J., Alam, M.M., Zulkarnain, N.N., and Abdullah, N.H.N. 2016. Entrepreneurial Orientation for Sustainable Competitive Advantage and Risk Management: Evidence from Government-Linked Companies in Malaysia. *International Journal of Applied Business and Economic Research*, Vol. 14(10), pp. 6529-6544. [[Online Link](#)]

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Abstract

This study is an attempt to assess the status of the current level of entrepreneurial orientation among the Government-Linked Companies (GLCs) in Malaysia. This study collected primary data based on a set of questionnaire survey among 134 executives and managers of GLCs in Malaysia. The data were collected based on opinions of the seven factors of entrepreneurial orientation practices by using the five-point Likert scale. The data were analysed using descriptive statistics. Further, the reliability of the data was tested using Cronbach's alpha test, the validity of the data was tested by checking the normality test through skewness and kurtosis, and the consistency of the data was tested using factor analysis. On an average, 70.9% of the respondents agreed that they focus on these factors of entrepreneurial orientation. The federal owned GLCs place more emphasis on entrepreneurial orientation than the state owned GLCs. This study suggests improving the practices of entrepreneurial orientation of GLCs in Malaysia by emphasizing on recognizing individual risk takers for their willingness to champion new projects, whether it eventually turns out to be successful or not, encouraging employees to take calculated risks with new ideas, considering the term "risk taker" as a positive attribute for people in the organization, and supporting many small and experimental projects by realizing that some will undoubtedly fail.

Key Words: entrepreneurial orientation, government0linked companies, sustainable competitive advantage, Malaysia

1. Introduction

The resource-based view theory (RBV) focuses on transforming valuable resources of the organization to assist in achieving its goals (Barney, 1991). RBV states that organizations that are able to use or fully utilize their resources, such as raw materials, skills, etc., will have the opportunity to gain competitive advantages over their competitors (Grant, 1991), and offer sustainable competitive advantage to the organization (Macfarlane, 2014). Competitive advantage is a situation where the organization is able to create or improve its product and make it superior to the competitors' product. Sustainable competitive advantage will help the organization cope with the changes in the environment and stay successful in the future (Ketchen & Short, 2014) by achieving long-term competitive advantage, which will be costly and difficult to imitate by their competitors (Papulova & Papulova, 2006).

Sustainable competitive advantage can bring many advantages, as it is a powerful source for the organization to achieve superior performance and create value for the organization (Gupta & Benson, 2011). According to Barney (1991), organizations could create competitive advantages by obtaining valuable, rare, inimitable resources, and capabilities. Obtaining such resources will lead to value creation and sustainability in the organization. Kraaijenbrink & Spender (2011) also state that without value creation, the organization would have no added value and thus, there would be no reason for the organization to exist in the market. Value creation can improve the performance of the organization by maximizing earnings per share, ensure high levels of operational effectiveness, and remain competitive (Gholami, 2011). This will indirectly help the organization to implement strategies to improve their efficiency and competitiveness (Porter, 1997).