ENHANCING THE ACCOUNTABILITY OF MALAYSIAN GOVERNMENT LINKED COMPANIES THROUGH SUSTAINABLE COMPETITIVE ADVANTAGE AND VALUE CREATION

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ABSTRACT

Value creation is an essential element needed in every organization for sustainability in the global market. Value creation can be reflected through continuous improvement in the organization's earnings per share and the high level of operational effectiveness and competitiveness. Government-linked companies (GLCs) are organizations in which the government contributes more than fifty percent of capital and is expected to be actively involved in value creation to reflect high level accountability to taxpayers' money. However, despite many efforts by the government to improve the performance of GLCs, several studies have found a lack of value creation among GLCs that led to their closure. The resource-based view argues that an organization that possesses capabilities often create more value. This study aims to test resource-based view's proposition by examining whether companies with high sustainable competitive advantage can create high value. This study examines four components of sustainable competitive advantage: innovation, entrepreneurship, learning, and market orientation. Results show that the existence of the significant relationship among learning orientation, entrepreneurship orientation, and market orientation on value creation. However, this study finds that high innovation does not lead to better value creation in the context of Malaysian GLCs.

Keywords: government-linked companies, innovation, organizational learning, sustainable competitive advantage, value creation

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INTRODUCTION

Value creation is an important element that contributes to sustainable competitive advantage (Kraaijenbrink & Spender, 2011). Without value creation, an organization will have no added value and no reason for the organization to exist in the market (Kraaijenbrink & Spender, 2011; Sulaiman, Omar & Abdul Rahman, 2005) Value creation can improve organizational performance by maximizing earnings per share and ensuring high levels of operational effectiveness, and it enables organizations to remain competitive in the market (Gholami, 2011). Therefore, the Malaysian government has decided to corporatize or privatize some of its companies, and this move has led to the formation of government-linked companies (GLCs).

The Malaysian government has taken many initiatives to ensure that GLCs become more accountable to the money invested by the government. One of the initiatives is to transform the companies into high-performing companies (Putrajaya Committee)[1]. GLCs are given more opportunities in terms of funds and growth because of their close connection with the government (Ting & Lean, 2011). In 2004, the Malaysian government introduced a program in an effort to provide the transformation initiative of GLCs to enhance board effectiveness through its Green Book. However, Lawler and Mohrman (2013) argued that focusing only on the board structure could not guarantee the effectiveness of an organization. Previous studies have supported their argument and have found that good leadership teams alone could not guarantee the organization's sustainability in the global market (Ishak & Ahmad, 2010).

Several studies in accounting literature have suggested that an organization needs to have products or services that are unique from those of its competitors. This approach can be done by differentiating products and services from those of its competitors and creating value to the organization's products or services. The organization creates competitive advantages (Jurevicius, 2013) and offers great value to customers through the offering of lower prices, better quality products or services, continuous improvement, service delivery, and product innovation. This approach is consistent with

1 Retrieved from http://www.pcg.gov.my/FAQ.asp

the resource-based view (Barney, 1991), which states that an organization possessed rare, and inimitable resources, as well as capabilities, that are difficult and costly for its competitors to imitate able to create sustainable competitive advantage. An organization can use many strategies to attract its existing and potential customers, such as creating product development strategies (Kalyanaram & Gurumurthy, 1998).

Unfortunately, GLCs in Malaysia received negative feedback despite the privileges given to them by the government in terms of funds and growth opportunities because of the failure of some GLCs to create value. Muslim, Hafiz, and Fekri Ali (2012) argued that GLCs have suffered poor performance because of their lack of ability to create value. Thus, GLCs are under the government's scrutiny. Razak, Ahmad, and Joher (2011) found that the performance of non-GLCs is usually better than that of GLCs in terms of their corporate governance and other forms of specific characteristics. Such a scenario shows that non-GLCs are better in creating value than GLCs.

This study aims to investigate the link between sustainable competitive advantage and value creation among GLCs. This examination is important because the findings of this study can provide better understanding of the role of GLCs in sustainable competitive advantage and value creation in achieving accountability. The next section presents the literature review and hypotheses development. Section 3 presents the research design. Section 4 provides the results of this study. Section 5 provides the discussion and concludes this study.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Mariotti (1997) noted that organizations could gain sustainable competitive advantages by combining people, technology, and resource capabilities. This finding indicates that organizations can create value and enhance their performance by combining the skills and knowledge of their workers with the latest technologies, such as using the latest and improved software in operating the business. Sustainable competitive advantage is concerned with maximizing shareholders' wealth and the interests of the stakeholders of an organization, such as employees, suppliers, and customers. Sustainable competitive advantage also improves organizational agility (Patari,

Jantunen, Kylaheiko & Sandstrom, 2011).
Lo and Sheu (2007) argued that sustainable competitive advantage is concerned with qualitative aspects such as non-financial matters that reflect organizational performance (i.e., management quality, corporate governance structure, reputation, corporate social responsibility, and stakeholder relation). Thus, it enables an organization to differentiate its products or services from those of its competitors. The organization has the power to increase its demand in the market. An organization can improve its reputation by investing or focusing on sustainable competitive advantage as it can provide products or services that meet the needs and desires of customers. Chami, Cosimano, and Fullenkamp (2002) found that reputation is a valuable intangible asset that increases the market shares of an organization. Therefore, creating sustainable competitive advantage is important for GLCs to enhance their financial and non-financial performance and agility.

This study aims to investigate the link between sustainable competitive advantage and value creation among GLCs. This study includes four components of sustainable competitive advantage: innovation, organizational learning, market orientation, and entrepreneurship orientation.

Innovation

Innovation is valuable for an organization because it enables the production of products or services to satisfy the needs and desires of customers that other competitors fail to fulfill (Ireland, Hoskisson, & Hitt, 2009). Organizations must possess products or services that are unique from those of its competitors due to globalization (Barney, 1991). An organization can produce products or services at an economical cost and satisfy the needs of its customers through innovation. Innovation is one of the most important factors that ensure the survival and success of an organization (Ishak & Ahmad, 2011) because it makes the organization one step ahead of its competitors (Barney, 1991). Innovation also assists an organization to improve its performance by introducing or upgrading its products or services. Therefore, innovation helps an organization to maintain the loyalty of its customers toward its products or services (Rosli & Sidek, 2013).

An organization can create value by changing the way a society lives by innovating its products to offer the society ease and convenience (Epstein, 2014). Thus, innovation is important for an organization to become sustainable (Baker, 2014). However, an organization that is too aggressive in performing its innovation initiatives may encounter significant losses by failing to meet objectives and due to the imbalance in resource utilization (Baker, 2014). Rosli and Sidek (2013) found that innovation enhances value creation because it allows the organization to remain competitive and sustainable in the market. Shanker and Bhanugopan (2014) mentioned that the innovative work behaviors of managers in Malaysian GLCs are usually influenced by the innovation climate, which enables managers to become more creative and innovative. Consequently, the organization creates value as it is able to produce products or services that are valuable to the market. Therefore, Hypothesis 1 is proposed:

H1 *: Innovation has a positive relationship with value creation.*

Organizational Learning

Organizations can gain competitive advantages through organizational learning because they can obtain inimitable resources by emphasizing internal learning and making continuous improvements given that information on the market is complex, unpredictable, and difficult to monitor and observe (Li & Kozhikode, 2011). Learning orientation emphasizes on the development and adaptation of knowledge in an organization. Conversely, organizational learning focuses on the acquisition of knowledge and skills by employees of an organization, such as by sending them to training (Mavondo, Chimhanzi, & Stewart, 2005).

Organizational learning creates value to an organization as knowledge is a way to gain competitive advantage (Li & Kozhikode, 2011). An organization can use and manipulate the knowledge gained and transform it into value-creating strategies (Prieto & Revilla, 2006). Organizational learning assists an organization to create value by helping employee to have a better understanding of how their work is done, the company's mission and vision, and the development of the organization. Moreover, an organization can retain and transfer the knowledge to its employees. Organizational learning enables an organization to learn and adapt new knowledge to its business environment (Kloot, 1997). Thus, the organization's knowledge will not become obsolete or forgotten while retaining existing knowledge. Furthermore, an organization can conduct continuous improvement on its knowledge, skills, and organizational strategies to produce value creation (Chawla & Joshi, 2011). Therefore, the following hypothesis is proposed:

H2 *: Organizational learning has a positive relationship with value creation.*

Market Orientation

According to Julian (2005), market orientation is valuable, rare, inimitable, and non-substitutable. An organization needs to possess market orientation because it enables an organization to acquire more knowledge on the needs and desires of customers. Thus, the organization produces products or services that can satisfy the needs of customers better than its competitors, and the capabilities of the organization increase (Luo, Sivakumar, & Liu, 2005). Market orientation enables an organization to sense the changes in the environment in terms of the demands and desires of the customers. The organization can read the actions or strategies taken by its competitors and motivate itself to focus on the market and gain competitive advantage (Jaworski & Kohli, 1993).

Market-oriented activities also lead to entrepreneurial behavior and innovation (Webb, Ireland, Hitt, Kistruck, & Tihanyi, 2010), as market-oriented activities are concerned with how an organization manages the knowledge gained (Markides, 2013). An organization that can manage knowledge wisely can use it to seek entrepreneurial opportunities by recognizing and interpreting the market environment (Boso, Story, & Cadogan, 2013).

Day (1994) found that a market-oriented organization could create value because it has several advantages, such as superior market sensing, maintaining a good relationship with customers, and channel bonding capabilities. Thus, the organization can understand and manage the information more effectively and produce superior products. Market orientation also assists the organization to gain competitive advantages as the organization can gather, interpret, and use the information more systematically than other organizations. Thus, market-driven organizations can sense any changes and trends in the market far ahead from their competitors. Market orientation can create value to an organization as it enables managers to use the information for commercial advantage by controlling and manipulating the information (Uncles, 2000). Therefore, Hypothesis 3 is proposed:

> ***H3*** *: Market orientation has a positive relationship with value creation.*

Entrepreneurship Orientation

Entrepreneurship is a process in which individuals or organizations use resources that they possess, which are valuable and rare to pursue opportunities (Morris, Allen, Schindehutte, & Avila, 2006). A body of the literature has noted that entrepreneurship can positively affect the economy as it increases productivity, improves best practices, creates new products and services, and enhances competitiveness (Entebang, Abu Mansor, & Puah, 2006). This group of studies agrees that entrepreneurship is one of the keys for success for an organization to sustain and become competitive in the market (Lyon, Lumpkin, & Dess, 2000).

A large number of studies have explored the link between entrepreneurship orientation and organizational performance. However, the link between entrepreneurship orientations and value creation is still largely unexplored. Omar and Ishak (20113) explained that entrepreneurship orientation has a significant relationship with organizational performance because it is an important element that can boost the performance, growth, and value creation of an organization. The formation of GLCs arguably leads to entrepreneurship behavior among the public and government-related agencies, as privatization provides an environment that encourages entrepreneurial activities (Antoncic & Hisrich, 2003). The Prime Minister of Malaysia, YAB Dato' Sri Najib Tun Haji Abdul Razak, stated that innovation and entrepreneurship have the ability to create competitive advantages and value creation, and that they improve the quality of life of society (Science2action, 2011)[2]. Several studies have recognized that entrepreneurship orientation is a tool to gain competitive advantage that boosts performance and creates value for an organization. Organizations that possess entrepreneurial activities are more likely to perform better than other organizations (Antoncic & Hisrich, 2003). Thus, Hypothesis 4 is proposed:

2 Retrieved from http://www.science2action.my/

H4 : *Entrepreneurship orientation has a positive relationship with value creation.*

Figure 1 presents the framework used in this study and the relationship between sustainable competitive advantage and value creation in Malaysian GLCs. Figure 1 shows that the four components of sustainable competitive advantage (i.e., innovation, organizational learning, market orientation, and entrepreneurship orientation) may have a significant influence on the value creation of GLCs. Therefore, these components of sustainable competitive advantage represent the independent variables in this study. Value creation represents the dependent variable.

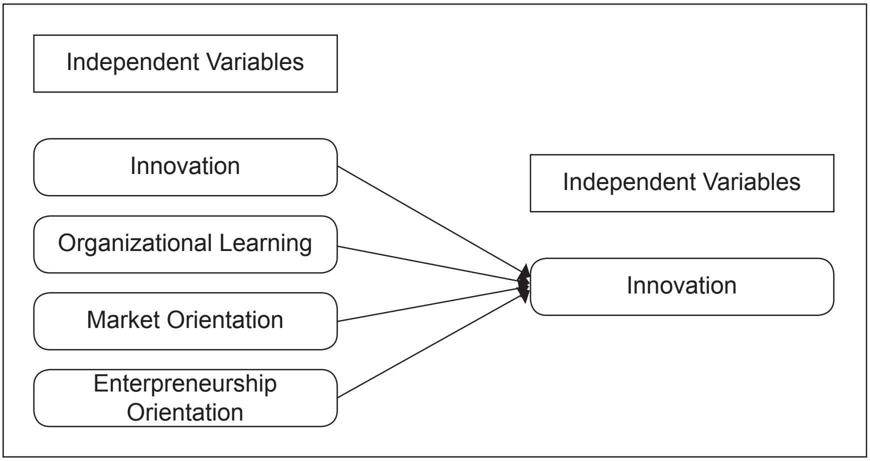

Figure 1: Framework of this Study

RESEARCH DESIGN

Study Objectives

The main objective of this study is to examine the link between sustainable competitive advantage and value creation in GLCs. Specifically, this study aims to examine whether

1. a relationship exists between innovation and value creation of GLCs in Malaysia,

2. a relationship exists between organizational learning and value creation of GLCs in Malaysia,

3. a relationship exists between market orientation and value creation of GLCs in Malaysia, and

4. a relationship exists between entrepreneurship orientation and value creation of GLCs in Malaysia.

Sample Selection

GLCs in Malaysia were chosen as the sample in this study because of the increasing attention given to such organizations due to their unique characteristics, such as their relationship with the government and the national obligation attached to them. Moreover, GLCs have an advantage in terms of their operations, resources, and business opportunities because they receive assistance from the government and public investors (Ting & Lean, 2011).

The executives and managers of GLCs were approached to represent the GLCs because they have an adequate level of knowledge about the organization, have access to strategic information, and are familiar with the environment. Each respondent was given an envelope that consists of a cover letter and the questionnaire. The respondents were assured of confidentiality. The questionnaires were distributed to the respondents over a period of six months.

Research Instrument

This study employed a questionnaire survey which was developed based literature review. The questionnaire survey was divided into five sections. Section A requests the respondents to provide their opinion on the level of innovation in their company. The questions in this section are adapted from Lin, Chen, and Shun Chiu (2010). The respondents are asked to respond on their (i) product innovation, (ii) marketing innovation, and (iii) service innovation. The respondents are asked to respond on the level of innovation based on a five-point scale ranging from "1=strongly disagree" to "5=strongly agree." The items included in this section are shown in Table 1.

Table 1: Innovation

Description of Items
• Our organization experiences continuous improvement inexisting products, processes, and services. • Our organization provides innovation training/education toemployees. • Our organization constantly introduces new ways of managing our business. • Our organization engages in business process re-engineering. • Our organization adopts innovative work designs. • Our organization leads innovative pricing, distributing, and promoting method in markets. • Our organization continually enlarges potential demand markets. • Our organization imports innovative warranty and maintenance systems to enhance customer satisfaction. • Our organization imports innovative claim-clearing procedures and methodsto enhance customer satisfaction. • Our organization adopts innovative order management and follow-up systems.

Section B requests the respondents to provide their opinion on organizational learning practices in their companies. This section adapts the questions from McLaughlin (2002). The respondents are asked about their (i) commitment to learning, (ii) shared vision, and (iii) open mindedness. The respondents are asked to respond on organizational learning based on a five-point scale ranging from “1=strongly disagree” to “5=strongly agree.” The items included in this section are shown in Table 2.

Table 2: Organizational Learning

Description of Items
• Employee learning is an investment and not an expense. • Managers agree that our organization's ability to learn is the key to our competitive advantage. • A strong agreement is found in our organization's vision across all levels, functions, and divisions. • Almost all employees are committed to the goals of the organization. • Almost all employees view themselves as partners in charting the direction of the organization. • Employees are not afraid to critically reflect on the shared assumptions about the way the organization is managed. • The organization encourages employees to think outside the box. • A good deal of organizational conversation keeps alive the lessons learned from history. • Unsuccessful organizational endeavors are always analyzed, and the lessons learned are widely communicated. • Top management repeatedly emphasizes the importance of sharing knowledge in our organization.

Section C requests the respondents to discuss the market orientation practices in their companies. The questions in this section are based on behavioral components adapted from McLaughlin (2002). The components are (i) customer orientation, (ii) competitor orientation, and (iii) inter-functional coordination. The respondents are asked to respond on market orientation based on a five-point scale ranging from "1=strongly disagree" to "5=strongly agree." The items included in this section are shown in Table 3.

Table 3: Market Orientation

Description of Items
• We constantly monitor our level of commitment and orientation to serving customers' needs. • Our strategy for competitive advantage is based on our understanding of customer needs. • Our business is driven by our beliefs about how we can create greater value for customers. • We give close attention to after-sales service. • We rapidly respond to competitive actions that threaten us. • Top management regularly discusses competitors' strengths and strategies. • All our business functions (e.g., marketing/sales, manufacturing, and research and development) are integrated in serving the needs of our target markets. • All of our business functions and departments are responsive to each other's needs and requests. • We freely communicate information about our successful and unsuccessful customer experiences across all business functions. • Our managers understand how everyone in our business can contribute to creating customer value.

Section D requests the respondents to respond on questions related to entrepreneurship orientation. The questions related to management support for corporate entrepreneurship in this section were adapted from Hornsby, Kuratko, and Zahra (2002). The respondents are asked to respond on entrepreneurship based on a five-point scale ranging from "1=strongly disagree" to "5=strongly agree." The items included in this section are shown in Table 4.

Table 4: Entrepreneurship Orientation

Description of Items
• Individual risk takers are often recognized for their willingness to champion new projects, whether they eventually turn out successful or not. • Employees in our organization are often encouraged to take calculated risks with new ideas. • The term "risk taker" is considered a positive attribute for people in the organization. • Our organization supports many small and experimental projects with the realization that some will undoubtedly fail. • Our organization actively searches for business opportunities. • Our key executives are risk takers in exploring business opportunities. • The top management of my organization considers rapid growth as the dominant goal.

Section E requests the respondents to respond on value creation. The questions in this study were adapted from Wang and Wang (2012). Value creation is measured using two different variables: non-financial aspect and financial aspect. The non-financial aspect is measured on the basis of customer satisfaction, quality development, responsiveness, brand value, environment and community issue, and reputation. The financial aspect is measured through the average return on investment, sales growth, profit growth, and average return on sales. The respondents are asked to compare all the value-creation measures of their organization against those of their competitors in the same industry for at least three years.

Table 5: Value Creation

Description of Items
• Customer satisfaction • Quality development • Responsiveness • Brand value • Environmental and community issue • Average return on investment • Sales growth • Profit growth • Average return on sales • Reputation

RESULTS

Demographic Information

Table 6 presents the demographic profile of the respondents in this study. The results show that the male respondents represent 41.0% out of the 134 respondents, and the female respondents represent 59.0%. Majority of the respondents (38.1%) are in the age group of 30–40 years. Thirty-three (24.6%) respondents are between 41 years and 50 years old, 32 (23.9%) respondents are less than 30 years old, and 18 (13.4%) are from the above 51 years old age group.

Table 6 also shows that most of the respondents are from middle management (50.7%), 59 (44.0%) of the respondents are from the low management, and only 7 (5.2%) of the respondents are from the top management. About 104 respondents (77.6%) hold university degrees. A total of 19 (14.2%) and 10 (7.5%) respondents are diploma and professional qualification holders, respectively. Only one (0.7%) respondent holds a SPM/Malaysian Certificate of Education (MCE)/certificate. In terms of frequency, the highest frequency shows that 80 (49.7%) respondents have been working for five years and above, whereas the lowest frequency shows that 12 (9.0%) respondents have been working for less than one year in the organization.

This study includes a wide spectrum of economic activities, such as pharmaceutical, construction, broadcasting, telecommunication, utilities, and banking activities. Sixty-eight (50.7%) respondents work in other types of industries, and 53 (39.6%) and 13 (9.7%) respondents work in the service and manufacturing industries, respectively. In terms of the number of employees in an organization, the highest frequency shows that 82 (61.2%) employees work in large organizations with more than 1000 employees, and the lowest frequency shows that nine (6.7%) respondents work in medium size organizations with between 501 and 1000 employees.

Table 6: Demographic Information

Demographic Profile	Frequency	Percentage (%)
Gender:		
Female	55	41.0
Male	79	59.0
Age Group:		
Under 30 years	32	23.9
30 to 40 years	51	38.1
41 to 50 years	33	24.6
51 years and above	18	13.4
Job Position:		
Top management	7	5.2
Middle management	68	50.7
Low management	59	44.0
Level of Education:		
SPM/MCE/Certificate	1	0.7
Diploma	19	14.2
University degree	104	77.6
Professional qualification	10	7.5
Number of Years Working in GLCs:		
Less than 1 years	12	9.0
1 to 3 years	26	19.4
4 to 5 years	16	11.9
More than 5 years	80	59.7
Type of Industry:		
Service	53	39.6
Manufacturing	13	9.7
Others	68	50.7
No. of Employees:		
Less than 100	17	12.7
100 to 500	26	19.4
501 to 1000	9	6.7
More than 1000	82	61.2

Sustainable Competitive Advantage and Value Creation

Table 7 presents the results of the correlation analysis between the components of sustainable competitive advantage and value creation. The results show positive relationships among innovation, organizational learning, market orientation, and entrepreneurship orientation toward value creation. The results of the analysis show a mixture of moderate and strong correlations, in which a positive relationship is found among value creation toward innovation (r = 0.592), organizational learning (r =0.696), market orientation (r =0.724), and entrepreneurship orientation (r =0.706). The relationship between the components of sustainable competitive advantage and value creation are significant at the level of 0.01. No multicollinearity exists in this study because the correlation is below 0.80. Pallant (2011) explained that multicollinearity exists when independent variables are highly correlated (r =0.9 and above).

Table 7: Correlation Analysis

	Organizational Learning	Market Orientation	Entrepreneurship Orientation	Value Creation
Innovation	0.685**	0.671**	0.562**	0.592**
Organizational Learning		0.792**	0.628**	0.696**
Market Orientation			0.681**	0.724**
Entrepreneurship Orientation				0.706**

Regression Analysis

Table 8 exhibits the results of the regression analysis, with value creation as the dependent variable and the four components of sustainable competitive advantage (i.e., innovation, organizational learning, market orientation, and entrepreneurship orientation) as the independent variables. The p-value of this study is 0.397 for innovation, 0.022 for organizational learning, 0.007 for market orientation, and 0.000 for entrepreneurship orientation. The results on entrepreneurship orientation indicate that this component has the most significant relationship toward value creation, followed by market orientation and organizational learning. The least significant relationship is innovation.

Table 8: Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.566	0.248		2.284	0.024		
Innovation	0.071	0.084	0.066	0.850	0.397	0.478	2.093
Organizational Learning	0.220	0.095	0.219	2.327	0.022	0.323	3.097
Market Orientation	0.276	0.100	0.269	2.764	0.007	0.301	3.317
Entrepreneurship Orientation	0.293	0.063	0.348	4.635	0.000	0.506	1.977

a. Dependent Variable: Value creation

The first objective of this study is to examine whether innovation has a positive relationship with value creation. Hypothesis 1 is developed to achieve Objective 1. Hypothesis 1 states that innovation has a positive relationship with value creation. As shown in Table 8, a positive relationship exists between innovation and value creation (coefficient =0.066, t =0.850, p= 0.397). However, Hypothesis 1 is not supported because the p-value is greater than 0.05. Thus, the result indicates that innovation capabilities, process innovation, marketing innovation, and service innovation in GLCs have no relation with customer satisfaction, quality development, responsiveness, brand value, environmental and community issue, average return on investment, sales growth, profit growth, average return on sales, and reputation.

The second objective is to examine whether organizational learning has a positive relationship with value creation. Hypothesis 2 is developed to achieve Objective 2. Hypothesis 2 states that organizational learning has a positive relationship with value creation. As shown in Table 8, a positive relationship exists between organizational learning and value creation (coefficient =0.219, t =2.327, p =0.022). Hypothesis 2 is supported as the p-value is less than 0.05. The result indicates that commitment to learn, shared vision, and open-mindedness in GLCs influence customer satisfaction, quality development, responsiveness, brand value, environmental and community issue, average return on investment, sales growth, profit growth, average return on sales, and reputation.

The third objective is to examine whether market orientation has a positive relationship with value creation. Hypothesis 3 is developed to achieve Objective 3. Hypothesis 3 states that market orientation has a positive relationship with value creation. As shown in Table 8, a positive relationship exists between market orientation and value creation (coefficient =0.269, t =2.764, p =0.007). Given that the p-value is less than 0.05, Hypothesis 3 is supported. Thus, the result indicates that focusing on customer orientation, competitor orientation, and inter-functional coordination in GLCs is associated with customer satisfaction, quality development, responsiveness, brand value, environmental and community issue, average return on investment, sales growth, profit growth, average return on sales, and reputation.

The fourth objective is to examine whether entrepreneurship orientation has a positive relationship with value creation. Hypothesis 4 is developed to achieve Objective 4. Hypothesis 4 states that entrepreneurship orientation learning has a positive relationship with value creation. As shown in Table 8, a positive relationship exists between entrepreneurship orientation and value creation (coefficient =0.348, t =4.635, p =0.000). Given that the p-value is less than 0.05, Hypothesis 4 is supported. Thus, the result indicates that GLCs that place high emphasis on corporate entrepreneurship tend to have better customer satisfaction, quality development, responsiveness, brand value, environmental and community issue, average return on investment, sales growth, profit growth, average return on sales, and reputation.

DISCUSSION AND CONCLUSIONS

This study examines the relationship between sustainable competitive advantage, which comprises of innovation, organizational learning, market orientation, and entrepreneurship orientation, with value creation. Past studies have examined the relationship between sustainable competitive advantages and value creation. However, only a few studies have investigated these relationships in the context of GLCs. This situation motivates the present study to examine the issue.

This study concludes that a positive relationship exists between sustainable competitive advantage and value creation. A positive relationship exists between value creation and organizational learning, market orientation, and entrepreneurship orientation in GLCs. However, no relationship is found between innovation and value creation. These results are consistent with the findings of Baker (2014) and Xin, Yeung, and Cheng (2009), which found that organizations involved in radical innovation do not have a significant relationship with value creation, as organizations will derail from their objective and fail to fully utilize their resources if the organizations are aggressive in their innovation performance. Thus, the organization causes significant losses. Midttun, Blomgren, Fet, Lakovleva, Wenstop, Staurem, and Toporowska (2013) argued that product innovation is usually related to radical innovation.

The 10th Malaysia Plan stated that Malaysia has a shortage of skilled manpower because of the lack of training and exposure to knowledge, as some organizations refuse to practice organizational learning. These organizations consider such practices as an additional cost (Johnson, Catania, Freitag, Gmach, Hamstra, McLaughlin, & Williamson, 2005). Previous studies have proved that organizational learning enhances the value creation of an organization (Kloot, 1997; Garavan, 1997; Choe, 2002; Ramin, Taib, Hashim, Noordin, & Yasin, 2013). The results showing a positive relationship between organizational learning and value creation indicate that the organization will benefit from the knowledge it gains in various ways. For example, organizational learning assists the organization to continuously improve, enhances their skills and knowledge (Chawla & Joshi, 2011), and ensures their sustainable future (Singh, 2011).

Organizations can also create value by practicing market orientation activities. Market orientation assists companies to understand the needs and desires of customers and enables companies to produce products or services that the customers are willing to pay for and add value to their products or services (Otero-Neira, Arias, & Lindman, 2013). Moreover, organizations can read the strategies or actions of their competitors. The result showing a positive relationship between market orientation and value creation is consistent with that of Arumugam, Guptan, and Sganmugam (2011), who found market orientation as a way for an organization to enhance value creation and create competitive advantage. Thus, the organization can analyze its competitors' strategy, take precautionary steps, and perform good strategies by practicing market orientation. Furthermore, the organization can sense the changes in the market and is prepared to cope with these changes.

Entrepreneurship orientation plays an important role in an emerging economy because it enhances innovation and creates new products and markets (Boso, Story & Cadogan, 2013). Previous studies have shown that entrepreneurship orientation has a significant relationship with value creation because it enables the organization to boost performance, grow (Omar & Ishak, 2013), and improve the quality of life of the community. Extensive studies have proved that entrepreneurship orientation enhances the value creation of an organization (Ferreira, 2002; Antoncic & Hisrich, 2003; Entebang, 2010; Korsgaard & Anderson, 2011; Omar & Ishak, 2013). The result in this study is consistent with that f Entebang (2010), who found that entrepreneurship has a significant positive relationship with value creation. Thus, the organization creates value and performs better than its competitors by engaging in entrepreneurship orientation, as the organization is able to create new products, enhance their competitiveness, and improve productivity (Entebang, Abu Mansor, & Puah, 2006).

Organizational learning, market orientation, and entrepreneurship orientation have a significant effect on value creation in GLCs. This study found that sustainable competitive advantage could enhance the value creation of GLCs, as organizations create value to their organization and their stakeholders (i.e., employees, suppliers, and customers) through sustainable competitive advantage (Patari, Jantunen, Kylaheiko, & Sandstrom, 2011). Given that GLCs are one of the primary agendas of the Malaysian Government, GLCs must play their role in creating value and understand the internal factors that contribute to value creation. Without value creation, an organization has no reason to exist in the market (Kraaijenbrink & Spender, 2011). Amirul and Daud (2012) stated that GLCs lack value creation and the ability to create the organizations' value through talent, skills, and capabilities. Therefore, creating value is important to achieve sustainable growth and to improve the competitiveness of GLCs in the market.

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