# Market Orientation for Better Accountability of Government-Linked Companies

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## Abstract

This study assesses the status of the current level of market 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 ten factors of market orientation practices by using the five-point Likert scale. The data were analysed using descriptive statistics. On an average, 86.6% of the respondents agreed that they focus on these factors of market orientation. The federal owned GLCs place more emphasis on market orientation than the state owned GLCs. This study suggests improving the practices of market orientation of GLCs in Malaysia by emphasizing on providing close attention to after-sales service, responding rapidly to the threats of competitive actions, regularly discussing the competitors' strengths and strategies by top management, and freely communicating successful and unsuccessful customer experiences across all business functions. It is suggested that Malaysian GLCs should serious invest in market orientation to deliver higher accountability outcomes.



**Key Words**: market orientation, accountability, government-linked companies, sustainable competitive advantage, Malaysia


## 1. Introduction

In Malaysia the government owns at least twenty percent of paid up capital in the Government Linked Companies (GLCs). Therefore it is expected that GLCs are actively involved in market orientation to ensure better accountability. Market orientation 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). However, there is no guarantee that all of the resources will lead to competitive advantage or value creation. This is because, according to Kraaijenbrink and Spender (2011), people may perceive values differently.

In order to ensure the sustainability of some government agencies, the government of Malaysia decided to privatize the companies, which led to the formation of the Government-Linked Companies (GLCs). GLCs are defined as companies that achieve the primary commercial objective of the Malaysian government (Khazanah, 2014) and the Malaysian government has a direct controlling stake in these companies (OECD, 2013). The controlling stake refers not only to the percentage of their ownership, but also their direct or indirect influence in the appointment of directors and senior management officers. They also make