

Value Creation and Government Linked Companies: Towards High Level of Accountability

Nik Herda Nik Abdullah*, Jamaliah Said**

**Faculty of Accountancy, Universiti Teknologi MARA, 40450, Shah Alam, Malaysia
E-mail: 2013729043@isiswa.uitm.edu.my*

***Accounting Research Institute, Universiti Teknologi MARA, 40450, Shah Alam, Malaysia*

Abstract

Value creation plays an important role in maximizing shareholder's wealth. As in every organization's goals, it is also essential for Malaysian government-linked companies (GLCs) to improve their performance by maximizing earnings per share, creating sustainability, achieving strong competition, and ensuring a high level of operational effectiveness. Besides, with value creation, GLCs would improve their accountability from a financial point of view. This study aimed to explore and gain an in-depth understanding of value creation and subsequently develop its measurement in the context of Malaysian GLCs. Two rounds of Delphi Technique were employed in which three experts who had experience in Malaysian GLCs were interviewed to obtain insights into value creation. This paper contributes to a new and enhanced understanding of the importance of value creation in GLCs and how this value creation could be measured.

Key Words: Value creation; government-linked companies (GLCs); accountability; Delphi technique; shareholder's wealth.

1. Introduction

Value creation has become one of the major objectives in every business organization that intends to maximize business performance, customer's satisfaction, shareholder's wealth and sustainable competitive advantages [6, 7, 12]. Value creation is about how organizations implement their value creation process and objectives, interface and relationship with stakeholders, and resource allocation process. However, the importance of having value creation has become a global issue due to the continuous stream of failing companies, discontinued products, stock market pressure, brand destruction and unable to sustain in competitive market [7, 12]. This scenario also has also been observed in some underperforming Malaysian Government Linked-Companies (GLCs).

GLCs were interest in this study due to the rising of issues that they received lately. A number of studies have revealed that the lack of value creation in GLCs is a contributing factor to this issue [1, 7, 10, 16]. In addition, the uniqueness of the characteristics of GLCs such as having direct links to the government via shareholders together with the social and national interests. Yet, as businesses entities, GLCs need to perform well sustain in competitive market and to be accountable in accordance with government policies and this