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Business Survival and Sustainability through Comprehensive Value Creation in Malaysian Government-Linked Companies

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Abstract: Corporate value creation aids corporate managers plan and execute strategies successfully while securing sustainable competitive advantages. This paper aims to explore the extent of top management emphasis on the measures of value creation that are deemed important for business survival and sustainability in the context of Malaysian government-linked companies (GLCs). A questionnaire survey was distributed with a response rate of 47%. Findings revealed that enhancing business opportunities, brand recognition and reputation and improved operational performance are the top three most important non-financial measures. Meanwhile, the top three financial measures are sales growth, return on investment and market value.

Keywords: Value Creation; Business Survival; Sustainability; Government-Linked Companies

INTRODUCTION

Value creation plays an important role in every organisation that aims to achieve business sustainability, competitive advantages, enhanced organisational performance and a long-term business survival during an economic downturn. The success of value creation can be assessed through improvements in sales growth, image and reputation, financial strength, customer satisfaction, product variation and brand loyalty (Sulaiman, 2016; Abdullah and Said, 2014; Acharya, Gottschalg, Hahn, and Kehoe, 2013). Thus, generating value creation would attract the interest of stakeholders to invest in an organisation, such as government-linked companies (GLCs). In fact, due to the funds provided by the government, such value creation gives them greater responsibility and accountability.

GLCs contribute extensively towards the development of the nation's economic growth by improving the quality of life for Malaysians through such programs as building large-scale infrastructures (Abdullah and Said, 2016) and educational programs, such as the Graduate Trainee Programme to train fresh graduates and the PINTAR Programme to improve the academic performance of children from low-income families. However, several GLCs have performed poorly as early as in the 1990s. (PCG, 2007). Numerous scholars have reported that one of the factors causing this issue is the lack of value creation (Ting and Lean, 2012; Zin and Sulaiman, 2011; Lau and Tong, 2008). Although the government introduced the GLC Blue Book to assist value creation among GLCs, the issue has not been fully addressed and the most important measures in generating value creation have yet to be identified.

Therefore, this study aims to explore the extent of top management emphasis on the measures of value creation that are deemed important for business survival and sustainability in the context of GLCs. The research finding contributes to the growing body of literature on value creation and GLCs. It also provides evidence of the importance of financial and non-financial dimensions in assessing value creation. Thus, this study paves a way towards assessing the success of value creation that promotes competitiveness in the industry, sustainable competitive advantages, business survival and sustainability and secures long-term performance and economic prosperity.