Perceived corporate entrepreneurship in GLCs: evidence from Malaysia

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Introduction

The role of public enterprises in developing countries in terms of their economic and social contributions is vital to support overall national economy growth. In Malaysia, public enterprises are defined as companies that have a commercial objective and where the Malaysian Government has a direct controlling stake. This includes shareholding as well as power to appoint board members, senior management, and making major decisions either directly or through government-linked investment companies (GLICs) (Putrajaya Committee on GLC High Performance, 2006). These enterprises are known as government-linked companies (GLCs).

Over the years, the growth of GLCs has been phenomenal in various key sectors of the economy. GLCs constitute a significant part of Malaysia’s economic structure (Putrajaya Committee on GLC High Performance, 2005). The Government argues that there is an inextricable link between the nation’s overall economic success and GLCs performance. As such, the Government posits that GLCs can play a crucial role in economic development as well as the industrialization of the nation by 2020. However, the overall performance of GLCs continues to be a major concern. Studies indicate that the practice of corporate entrepreneurship within established organizations may lead to organizational superior financial performance (Zahra, 1991).

What is corporate entrepreneurship?

Corporate entrepreneurship (CE) has been defined inconsistently. CE tends to be perceived as an entrepreneurial activity, an entrepreneurial process, an entrepreneurial strategy, behaviour of a firm pursued and implemented by employees within established organizations. Its purpose is to generate a stream of continuous innovation, strategic renewal, and corporate venturing activities. This will create organizational growth, profitability and competitive position (Morris et al., 2008; Covin and Slevin, 1991).

Method

This paper examined the extent to which GLCs have pursued and engaged in CE activities by soliciting data directly from top management team of six GLCs in Malaysia. These companies employ between 15,000 and 22,000 employees nationwide. The face-to-face interview survey was carried out by asking key respondents to indicate on a Likert scale ranging from 7 (very high) to 1 (very low) regarding their perception of CE initiatives in their organizations.