

# Entrepreneurial orientation of public enterprises in Malaysia

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## Introduction

Scholars and practitioners often associate the entrepreneurial orientation (EO) of a firm with private owned business entities. Within the context of organizational entrepreneurship, research shows that EO of a firm has a significant relationship with its performance (Wiklund, 1999). EO is the demonstration of a firm's innovativeness, proactiveness and risk-taking (Covin and Slevin, 1989; Miller, 1983). On the other hand, the overall performance of public enterprises in Malaysia continues to be a major concern. Perhaps, the underperformance of these enterprises is due to low degree of their entrepreneurial orientation. This paper highlights the key aspects of entrepreneurial orientation achievement in these companies.

## Method and results

A face-to-face survey was conducted in 2007 with top management team of six large, established public enterprises or government-linked companies (GLCs) to find out the extent to which these companies have demonstrated entrepreneurial orientation capabilities. The respondents were asked to indicate on a Likert scale ranging from 1 (very low) to 7 (very high). The study involved companies operating in aviation, telecommunication, energy, postal, and banking/financial sectors. These companies are major players in the country. The results are discussed below.

### *Innovativeness*

Innovativeness portrays organizational willingness and a tendency to achieve the desired innovation demonstrated in terms of behaviours, strategies, activities and processes. As a consequence, innovativeness usually result in new products/services or changes in service/product lines, developing new R&D processes, new methods of production, developing new systems/applications or introducing as well as implementing new procedures. Accordingly, the impact of organizational innovativeness on its performance depends on the degree of innovation that is being pursued. It has been argued that more substantial and radical types of innovation tend to have a significant impact on organizational overall performance, while incremental innovation seems to have a low and short term impacts because such innovation usually concentrate on minor or process improvement initiatives or activities. Given this, when there is a major disruption occurs, organizations concentrating too much on incremental innovation initiatives may find themselves less competitive and lack of sustainability.

Generally, public enterprises in this country tend to have a strong emphasis in the marketing of true and tried products/services (mean = 6.00). However, most of the initiatives were incremental in nature (i.e. minor improvement on products/services/processes/strategies).

The result of the study also indicates that public enterprises appeared to have a strong emphasis on R&D initiatives (mean = 5.00). However, further investigation revealed that