

**THE IMPACT OF MANAGEMENT PRACTICES  
AND EMPLOYEE INVOLVEMENT ON  
ORGANIZATION FINANCIAL PERFORMANCE:  
THE CASES OF GLCs IN MALAYSIA**

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**MASTER OF SCIENCE (MANAGEMENT)  
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**Msc 2011**



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THE CASES OF GLCs IN MALAYSIA**

**By**

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**KOLEJ PERNIAGAAN**  
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## ABSTRAK

Di Malaysia, Syarikat Berkaitan Kerajaan (SBK) ialah syarikat hak milik negeri. SBK menyumbang sebanyak 16-18% pembentukan dana kasar negara dan 9-10% Keluaran Kasar Tempatan. SBK memainkan peranan penting kepada ekonomi negara, maka, pemahaman terhadap perubahan yang dilalui oleh syarikat-syarikat ini adalah amat mustahak serta memerlukan kajian yang lebih intensif. Oleh itu, kertas kerja ini secara amnya ingin menyelidik satu isu utama iaitu pengurusan kualiti dan lebih menjurus kepada perhubungan di antara amalan pengurusan dan penglibatan pekerja ke arah prestasi kewangan syarikat di dalam tiga SBK iaitu TNB, TM dan Maybank. Soal kaji selidik dihantar kepada eksekutif di tiga SBK di sekitar Lembah Klang dan sejumlah 282 soal kaji selidik dianalisa menggunakan *Statistical Package for Social Sciences* (SPSS). Hasil kajian ini menunjukkan bahawa amalan pengurusan dan penglibatan pekerja berhubung kait secara positif dengan prestasi kewangan syarikat di dalam organisasi. Hasil kajian daripada regresi berganda menunjukkan pemboleh ubah bersandar signifikan kepada prestasi kewangan organisasi. Pihak pengurusan seharusnya memberi lebih keprihatinan kepada peranan amalan pengurusan dan penglibatan pekerja ke arah menjamin prestasi kewangan.

Kata kunci: syarikat berkaitan kerajaan (SBK), amalan pengurusan, keberkesanan kumpulan, ganjaran dan penghargaan, prestasi kewangan syarikat.

## ABSTRACT

In Malaysia, Government-Linked Companies (GLCs) are state-owned organization. GLCs contribute approximately 16-18% of the nation's gross capital formation and 9-10% of national Gross Domestic Product (GDP). GLCs are vital to the economy, thus an understanding of the changes that this type of organization is going through is definitely important and necessitate intensive research. Hence, this study intends to investigate a particular issue with regard to this industry which is quality management and in which more specifically, this study will explore the relationship between management practices and employee involvement towards organization financial performance in three GLCs namely; TNB, TM and Maybank. The questionnaires are sent to executives in three GLCs within the vicinity of Klang Valley and a total of 282 questionnaires were analyzed using Statistical Package for Social Sciences (SPSS). The results indicated that management practices and employee involvement are positively correlated with organization financial performance. The multiple regression result shows that both independent variables are a significant predictor for organization financial performance. The recommendation here is that management should seriously look into the role of management practices and employee involvement towards the success of financial performance.

Keywords: government-linked companies (GLC), management practices, team effectiveness, communication, rewards and recognition, organization financial performance.

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## **LIST OF ABBREVIATION**

E&U	Energy and Utilities Division
GLC	Government-Linked Company
KNB	Khazanah Nasional Berhad
Maybank	Malayan Banking Berhad
ROA	Return on Asset
ROE	Return on Equity
SPSS	Statistical Package for Social Sciences
TM	Telekom Malaysia Berhad
TNB	Tenaga Nasional Berhad
TQM	Total Quality Management

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

#### 1.1.1 Government-Linked Companies (GLCs)

Due to some limitation regarding GLCs in other countries, this part focuses on GLCs in Singapore. By definition, GLCs are companies in which some shares are owned by the government. Like all commercial entities, GLCs also produce and sell goods as well as services in a competitive market environment. GLCs account for a significant proportion of the Singapore economy and the stock market. Singapore established its GLCs in key industries after independence in 1965, but simultaneously offered incentives for foreign multinational companies (MNCs) to set up operations and regional headquarters in Singapore. The government saw both GLCs and MNCs as essential to providing the lift for Singapore's economic take-off. Most of these companies were established in the 1960s and 1970s, primarily to facilitate Singapore's economic development in specific sectors. In the 1980s and 1990s, GLC were formed mainly from the corporatization of former government departments and statutory boards.

The GLCs' reach is wide, and includes Singapore's national airline (Singapore Airlines); two leading telecommunications operators (SingTel and ST Telemedia); south-east Asia's biggest banking group (DBS); the main shipyards (Keppel and SembCorp); the port operator (PSA); a shipping company (Neptune Orient Lines), and a number of other businesses. GLCs account for nearly half of the 20 largest listed companies and 41% of

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