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# **Emerging Themes of the Leadership and Green Innovation of the Government-Linked Companies**

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# **Abstract**

The main reason  
businesses need to  
innovate is due to its  
necessity to sustain and

survive, and not for the matter of how brilliant and visionary the leaders of the organisation are.

Innovation has known for its very significant role in

the organisation  
progression and growth.  
Innovation can happen in  
the products, processes,  
and services being  
embarked by organisations

to make more profit by reducing operational cost and making processes more efficient. The concern over the environment all around the world has encouraged

innovation to be more tailored to the “green”. “Green” is a name that is being associated with anything or any action that has impact to the

environment such as green building, green government and green innovation. This constructive research is a qualitative multicases study. Data collection is

done via interviews, focus group discussions and document analysis. The result has been analyzed to see the themes emerging from the data before the

analysis is being interpreted. This paper discusses the impact of green innovation to the top management leadership in the Government-linked

Companies (GLCs) in Malaysia. The key findings highlighted that the leadership must be sensitive and must understand the green

demand and situation in Malaysia and around the world with respect to the industries that these GLCs are operating. This is where the top management

leadership “attribute” is  
justified to fit the green  
innovation implementation.

**Keywords:** green  
innovation, sustainability,  
top management  
leadership, government-  
linked companies

# **Introduction**

## ***Background of the Study***

2010 Malaysia Green  
Forum held in Putrajaya on

26 April 2010 had seen a lot of incentives that would be given by the government to promote a better environment. The Prime Minister announced that

the government is  
considering tax deductions  
for contributions toward  
environment funds and for  
designing buildings that  
work harmoniously with

nature which would be revealed during the 2011 budget. These incentives such as the green technology soft loan scheme with funds

amounting to RM1.5 billion are meant to encourage the exploration of green technology and practices. Indirectly, the “green collar” jobs will help in

developing local green technology and spur the transformation of the country into a green economy (Karim, 2010). In Malaysia, the effort has

been hugely supported by the government and its agencies including the Government-linked Companies (GLCs). The promotions about the Earth

Hour have been advertised  
massively in the  
multimedia for weeks.

Petroliam Nasional Berhad  
(PETRONAS) as one of  
biggest GLCs in Malaysia

whose business success is believed to depend upon balancing the economic, social and environmental objectives as embodied in their Corporate

Sustainability Framework.

On the 27 March 2010,

PETRONAS participated in

switching off non-essential

lights at its facilities for one

hour, including the

PETRONAS Twin Towers,  
the Suria KLCC shopping  
mall, petrol stations and its  
other premises around the  
world from 8.30pm to  
9.30pm Malaysia time.

PETRONAS made a long-term commitment in 2007 through its Energy Loss Management (ELM) framework that sets out medium and long-term

targets for reducing energy consumption and improving energy efficiency, including reducing greenhouse gas emissions, across its

operations (PETRONAS, 2010).

Since the late 1980s, environmentalist activist organisations have

advocated the use of  
consumer pressure through  
boycotts of  
environmentally damaging  
products and through  
positive purchasing of

green products, to influence what firms offer for sale, and, indeed, to influence their policies toward the environment overall

(Green, Morton & New,  
2000).

From the above discussion  
on the motivation for green  
innovation, top

management has to face  
and realise that green is the  
best solution for current  
issues in order for their  
business to be continually  
accepted by the consumer.

Without the support from the consumers, companies cannot grow and sustain for a long time.

Green innovation as the  
focus of this study  
concentrates on the  
technological innovation in  
the 'green' or  
'environmentally-friendly'

context. Technological innovation is a part of the larger process of technological change, which consists of invention, innovation and diffusion.

The difference between the three is that inventions are new technical ideas or devices, innovation is the first commercial or practical use of an

invention and diffusion is the adoption of innovations by others. The government's role in invention is fairly straightforward: funding basic

science and technology and protection of intellectual property rights. Although still not without difficulties, we currently have a greater understanding and more

practice fostering diffusion than innovation (Norberg-Bohm, 1999).

The research questions of the study focused on are;

how the top management of the GLCs perceive green; and how they transform their organisations and business ventures in order to be green?

# **Literature Review**

Businesses are above all things, a collection of people and to be the best, the best people should be

hired to create and nurture the best teamwork (Leighton, 2007). For the GLCs to sustain in the industries they are operating, they have to find

ways to optimize the organisational innovation that can improve their organisations' competencies. Green innovation adoption and

diffusion have been actively done across the organisations throughout the world as a means to improve the quality, supply chain and working

environment. Wal Mart, DHL, Microsoft and Toyota are among the giant companies in the world that give technological change as their high

priority especially in their product supply chain to cut cost and reduce delivery time to the customers (Friedman, 2006). It is green when considering

fewer places for stocking  
when warehouses only  
keep things for a week. The  
products that are slower in  
sale will be replaced as  
soon as possible with the

most saleable one. All the chains are linked with the latest ICT network where the headquarters can detect which colours or models

are popular in which outlet  
sold by which persons.

Government-linked  
Companies or GLCs are  
defined as companies that

have a primary commercial objective and in which the Malaysian Government has a direct controlling stake. Controlling stake refers to the Government's ability

(not just percentage ownership) to appoint Board of Director members, senior management, make major decisions (e.g. contract award, strategy,

restructuring and financing,  
acquisitions and  
divestments etc) for GLCs  
either directly or through  
Government-linked

Investment Companies or GLICs (Berhad, 2009).

The study by Singh and Ang (1999) has found that efficiently managed GLCs,

and well formulated and implemented strategies are critical for the success of business organisations.

Top managers' leadership characteristics and styles

could significantly impact an organisation's creativity and innovative ability.

Companies which delegate more autonomy to employees are less

innovative due to factors of  
power distance, and  
balance between  
empowerment and  
specificity of guidance  
provided by the top

manager (Jung, Chow & Wu, 2003).

It is very important for  
GLCs to be lead by the top  
managers whom leadership

factors can enhance the vision of the green organisation operating in green business scenario. New leaders will continue to learn through a

collection of experiences  
and exposure to new ideas  
and the flow of knowledge.  
While different types of  
innovation are common  
place such as breakthrough,

sector and technological,  
most approaches will  
benefit from a social  
constructionist perspective  
that is linked to the  
establishment of various

learning processes and  
innovative cultures  
(Murray & Blackman,  
2006).

GLCs practices in Malaysia may not be the same as practices by government in other countries. Even the meaning of green innovation is also bringing

different perspective to  
different people and  
organisations. Therefore  
this exploring study in the  
leadership and the impact  
of green innovation

implementation in the organisation, can contribute to the body of knowledge development in the area of innovation and technology management.

GLCs managers are usually appointed for the ranks of senior civil servants and military officers being promoted on the basis of their performance and high

quality but they are also being criticized for being too risk-averse and lacking sufficient entrepreneurial drive. A number of new senior executives brought

into the GLCs from the private sectors and some from abroad subsequently, also left before completing their contracts (Ramirez & Tan, 2004).

The leadership of the top management is critical when implementing the green innovation as it would change the culture through the vision they

bring. As being handpicked by the Prime Minister, the top management has to operate with restriction power in some decision making due to political will,

and this could jeopardize the performance and future of the organisation directly, and the county indirectly if the top management cannot

perform with the interest of the country and nation.

There is limited study on the top management leadership in the Malaysia

GLCs with respect to the green innovation context. Most of the studies done are to find the leadership styles related to the GLCs performance, human

resource issues, or  
technology management  
tools and practices in the  
organisations. The aim of  
this study is to promote  
innovation that reduces

environmental impacts  
through waste  
minimization, thus moving  
us toward the goal of a  
minimal waste society  
(Norberg-Bohm, 1999), and

making us understand how  
the top management  
accommodates their  
leadership to the  
surrounding.

Under NEAC's (National  
Economy Advisor  
Committee)  
recommendations, eight  
Strategic Reform Initiatives  
(SRIs) will be anchored

with SRI 8 that is to ensure the sustainability of growth by preserving our natural resources and safeguarding the interest of future generations through

complementing the sustainable public finances through stringent fiscal discipline (NEAC, 2010). This is where Green Technology plays a very

significant contribution in terms of efficiency and investment. The leadership determined in this study will be the additional key elements for

the government to consider when choosing the top managers running the GLCs that can fulfil the aspiration of making year 2010 as the Year of Innovation &

Creativity for Malaysia to fit into the New Economy Model.

In their study to develop a framework for examining

leadership in extreme contexts, Hannah, Uhl-Bien, Avolio and Cavarretta (2009) notice the importance of leadership dynamic study has on the

reliably successful  
performance in extreme  
events where leaders  
cannot jeopardize the  
organisations future with  
their wrong judgment in

decision making. With respect to this study where current global economic challenges and environmental critical issues are the extreme

contexts, top management of Malaysia GLCs can adopt and diffuse green innovation in their businesses strategy in order to keep their

business sustained and successful. Due to the constraints and contingencies in green innovation contexts, the confirmation on the validity

of assumptions and the boundaries of current models of leadership will be further granted (Hannah et al., 2009).

From this study finding, it is the intention of the researcher to introduce additional building blocks that contribute to future theory-building and

research in having a better  
knowledge of leadership in  
green innovation that  
enlightens a significant  
gratitude of the  
mechanisms and ontology

of leadership and impacts on green innovation. With highly motivation to opt for 'green' around the world, the leadership of top management is very critical

in bringing the organisation to become green organisation. New business paradigms and models can only be initiated if having the appropriate leadership

that senses the competitive advantage green innovation has over their business competitors.

Green Technology has created new jobs and has reduced others for example; more bills can be paid online and this will reduce the jobs of the

person at the bank counter.  
Knowledge workers are  
using portable ICT tools  
such as; i-Phone and  
Blackberry to send emails,  
check the news, and have

meeting over the line with  
colleagues from a different  
continent with a different  
time zone. Green  
Technology not only makes  
information travels faster

but decision and action by the right authorities, such as top managers, can be taken appropriately and concurrently with the situation happening

anywhere the organisation is operating.

With the increase in number of people to be served every year, the GLCs

need to take more  
significant role in  
championing green  
innovation through their  
Green Technology adoption

in the administrative and technical operations levels.

## **Research Design**

In determining the research design, the researchers

have to consider the philosophical worldview assumptions that they bring to the study, the strategy of inquiry that is related to this worldview

and the specific methods or procedures of research that translate the approach into practice (Creswell, 2009).

The interpretive and theoretical frameworks

have been applied in the qualitative by researchers to shape their study. The sampling tactics used a saturated approach.

The strategies of inquiry for qualitative approach are constitutes of narrative research, phenomenology, grounded theory, ethnography and case

study (Creswell, 2009).  
This study uses multiple  
case studies together with  
interpretive approach. Yin  
(2009) stated that case  
studies are generalizable to

theoretical propositions  
and not to populations or  
universe. Due to that  
reason, a different  
organisation might find  
value through supporting

innovation in different ways (Tabor, 2007).

For the initial data collection, the researchers conduct an individual

interview and a focus group discussion interview. A prominent statesman participates in the individual interview. The focus group discussion

interview is conducted with the involvement from the top managers of the GLCs. Focus groups can be used both during the preliminary or exploratory stages of a

research project, where questions are explored and hypotheses generated, and at later stages for assessing the development, effectiveness or impact of

green innovation  
implementation (Litosseliti,  
2003).

Both interviews assist the  
researchers to get

information from the people inside the GLCs and how they deal with green innovation in their companies. Data from both collection methods were

triangulated to get a better understanding of the research problems. Moran-Ellis et. al, (2006) use triangulation to refer to the epistemological claim that

findings are compared from two or more different research methods that enable the researcher to conclude whether an aspect

of a phenomenon has been accurately measured.

# **Findings and Descriptions**

From the interviews conducted, eight themes have been identified to

emerge from the data collection that are related to the focus of the study. The emerged themes from the data are tabulated below.

# **Table 1: Themes Emerged from the Data Collection**

**Plases see Table 1 in full  
PDF version**

*Leader's Qualities (LdQua)* are the characteristics that are also being referred to as the subjective attributes that the top management should possess. The

participants agree that the attributes can be obtained whether they are already born with them or through nurturing transformation process. Leaders in the top

management positions  
must be competent and  
efficient in understanding  
the current financial and  
investment market, new  
customer demand, and new

imposed regulatory that is related to their companies operation.

In *Normal Practices* (*NormP*), the participants

have the same opinion that  
normal activities,  
perceptions and decision  
making done by the top  
management in the  
organisational strategies

and operation have restricted the organisation to venture into new challenge, change and innovation.

For *Developing Leaders* (*DevLd*), the participants suggest approaches of how the future and current top management should be groomed and prepared for

new business challenges.  
Potential leaders can go  
through gradual  
assessment to gain new  
skills and knowledge within  
and outside the companies,

at regional and global levels.

*Innovation (Inno)* refers to the needs and necessity that top management

should act upon for the survival, success and sustainability of their organisation. The participants concur that innovation should be

placed at high rank in the organisational strategic planning.

*Green Innovation (GI)* is defined as an innovation

practice concept in the organization related to energy saving, pollution prevention, waste recycling, green product designs, or corporate

environmental  
management. In business,  
it is identified as current  
effective innovation to  
reduce operational cost,  
improve corporate image

and branding to the customer perceptions, and corporate social responsibility.

Administration and Operation/Production are

the places where  
technological change is  
directly involved and  
stakeholders (top  
management, employees,  
customers, users,

community) need to adapt and learn to use the new innovation.

*Leader's Roles (LdRole)*  
reflect the responsibilities

of the top management in running the organisation. As leaders, they must pay attention to details on the financial and investment issues, groom talents from

the inside to shoulder the  
future organisation  
leadership, to be sensitive  
to sustainability issue  
(people, planet, profit), and  
to admit and react fast to

failure so that appropriate corrective measures can be done before they are too late.

The participants believe *Culture (Cult)* is very much concerned with the value systems of certain races to success. Issues regarding working culture, work

ethics, and gender bias  
must be handled properly  
by the top management  
through motivation and  
behaviours' influences to  
ensure that the

organization can success and sustain. The young executives, especially the Generation Y, are so eager to be in the top positions. Unfortunately, less

exposure, experience, knowledge and skills at certain corporate levels might bring disadvantage for them when they are at the top. Their deficiency in

certain areas and  
knowledge will jeopardize  
the companies' future.

*GLCs' Challenges (GLCsChI)*  
show the challenges the top

management leadership of  
GLCs face at some points  
are different from  
Multinational Companies  
(MNC) or Small-Medium  
Enterprise (SME). They are

different in terms of national aspiration, visions, strategies and directions. GLCs, as the government investment arms, need to balance between strategies

and political will because they are labelled as national companies that carry national aspiration.

As the initial findings, those identified themes guide the researchers to understand the importance of green innovation in the organizational

sustainability in the context of GLCs. The rigorous document analysis related to the study will be done to get more information and identify more new or

additional data emerging from them. The triangulation of the data is not yet done as rigorous document analysis and with

the subordinates are still in the process.

If companies try to enhance their green brand equity, they should incorporate the

ideas of green brand image,  
green satisfaction, and  
green trust into their long-  
term environmental  
strategies in the stage of

strategy planning (Chen,  
2010).

## **Conclusion**

This study aims to understand the top management leadership in the GLCs with the current

situation that focuses on  
environment preservation.  
Green innovation  
implementation in the  
administration and  
operation/production

across the companies is targeted to reduce cost, improve corporate branding and make process more efficient.

The researchers conduct two individual interviews and one focus group discussion interview as the initial data collection to get clear understanding of the

issues. Then documents published related to the green innovation in and by GLCs are being collected. The emerging themes from the data show that eight

themes are identified by the top management as being crucial for the nature of leadership with regards to green innovation.

Therefore, in conclusion,

the top management must  
have all the best attributes  
but the success is very  
much depending on how  
their leadership attributes  
are tailored and changed

with the current situation and future demands.

For future study, it can be expanded to understand how MNCs and SMEs in

Malaysia implement green innovation in their companies. The scope of the study should also cover the other groups of executives in the

companies such as  
executives, lower  
management and middle  
management.

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