UNIVERSITI PUTRA MALAYSIA

RELATIONSHIP BETWEEN ORGANIZATIONAL RESOURCES, CAPABILITIES AND SYSTEMS ON COMPETITIVE ADVANTAGE AND PERFORMANCE OF MALAYSIAN MANUFACTURERS

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GSM 2010 5
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By

‘ALIMIN ISMADI BIN ISMAIL

Thesis Submitted to the Graduate School of Management, Universiti Putra Malaysia, in Fulfillment of the Requirement for the Degree of Doctor of Philosophy

July 2010
DEDICATION

I dedicate this thesis to my beloved parents, Ismail Salleh and Mahani Mohamed Ali, parents-in-law, Mohd Zaferi Abdul Rahman (Allahyarham) and Salmiah Mohamad, and also to my beloved wife, Hasliza, and our five children, Humairaa, Husna, Hanim, Afnan and Aiman
In spite of the importance of attaining competitive advantage in organizations, there has been limited study on the relationship between organizational resources and the way firms are organized to achieve competitive advantage. As such, critics argue that more empirical research is needed in the area of competitive advantage as past studies have concentrated mainly on the attributes of resources and capabilities leading to competitive advantage. They have neglected the important, if not arguably more essential, issue of the relative strength or magnitude of relationship between these variables. As far as competitive advantage from the resource-based view (RBV) of the firm is concerned, this has created a gap in the body of knowledge and also between the theoretical and practical aspect of managing organizations. The objective of this research is to examine the relationship between organizational resources, capabilities and systems, and their effects on competitive advantage and performance of Malaysian manufacturers.

This research was conducted among manufacturers listed in the Federation of Malaysian Manufacturers Directory 2008. A cross-sectional study using structured questionnaire was used to obtain responses from the manufacturers. A pilot study was initially conducted to establish the reliability of the questionnaire scales and
measurements. From the subsequent actual survey, 127 respondents replied and completed the questionnaire (12.7% response rate). Exploratory data analysis was initially conducted to ensure there is no violation of the assumptions of normality, linearity, homogeneity of variance, multicollinearity and homoscedasticity which are amongst the conditions needed in the multivariate data analysis. The confirmatory factor analysis conducted via the structural equation modeling (SEM) technique indicated that the model of relationship between the research variables fits the data well. Apart from the SEM approach, this study also utilized bivariate correlation, simple linear regression and multiple linear regression to examine the relationship between the research variables. In addition, hierarchical multiple regression and two-way ANOVA and/or moderated multiple regression were also employed to test the mediating and moderating effects respectively.

Based on the bivariate correlations, this research has verified that there is a significant positive and linear relationship between organizational resources, capabilities and systems. In addition, the SEM approach and/or multiple linear regression showed that there is a significant positive relationship between organizational capabilities, systems and competitive advantage, and also between organizational resources, systems and performance. The simple linear regression revealed that there is a significant positive relationship between organizational competitive advantage and performance. However, by applying the SEM technique and hierarchical multiple regression, competitive advantage is identified as a non-significant mediator in the relationship between organizational resources, capabilities, systems and performance. Only firms’ age is identified as a significant moderator in the relationship between competitive advantage and performance, and such a relationship is stronger for the old firms compared to the new firms. Despite the non-significant moderating effects of firms’ country of origin, size and product destination in the relationship between competitive advantage and performance, overall this study has managed to provide empirical evidence, support and insight of the perception of Malaysian manufacturers on the
issue of competitive advantage from the RBV. In short, this study has contributed to
the literature, practice and policy of strategically managing organizational resources,
capabilities and systems towards the attainment of competitive advantage and
performance level.
Abstrak  tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk Ijazah Doktor Falsafah

PERHUBUNGAN DI ANTARA SUMBER, KEUPAYAAN DAN SISTEM ORGANISASI TERHADAP KELEBIHAN KOMPETITIF DAN PRESTASI PEKILANG-PEKILANG MALAYSIA

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destinasi produk firma sebagai pemudahcara berkesan di dalam perhubungan di antara kelebihan kompetitif dan prestasi organisasi, secara keseluruhannya kajian ini telah berjaya memberikan bukti empirikal, sokongan terhadap tanggapan dan persepsi para pekilang di Malaysia di dalam isu kelebihan kompetitif dari sudut pandangan berasaskan sumber. Secara ringkasnya, kajian ini telah menyumbang kepada gedung ilmiah, amalan dan polisi pengurusan strategik sumber, keupayaan dan sistem organisasi ke arah pencapaian tahap kelebihan kompetitif dan prestasi organisasi.
ACKNOWLEDGEMENTS

Alhamdullillah, all praise to ALLAH S.W.T. for all the blessings and rewards bestowed upon us.

Firstly, I would like to convey my utmost salutation and appreciation to my main supervisor, Prof. Dr. Raduan Che Rose, for all his guidance and advice given to me throughout my Phd programme. I also would like to extend my gratitude and indebtedness to my co-supervisors, Assoc. Prof. Dr. Jegak Uli and Assoc. Prof. Dr. Haslinda Abdullah, for all their support and comments especially during the thesis writing process. I also wish to thank the Dean, Deputy Dean and all the staff of GSM, UPM for all their assistance.

Secondly, I would like to express my thankfulness to my employer, the Royal Malaysian Customs Department, and sponsor, the Malaysian Public Services Department, for their respective approvals of study leave and financial assistance granted to me that effectively enabled me to pursue my academic ambition.

Thirdly, I would like to extend my sincere gratitude to my beloved parents, Ismail Salleh and Mahani Mohamed Ali, and parents-in-law, Mohd Zaferi Abdul Rahman (Allahyarham) and Salmiah Mohamad, for all their love and encouragement.

Finally, but not least, I would like to deliver a special tribute and appreciation to my beloved wife, Hasliza, and our five children, Humaira, Husna, Hanim, Afnan and Aiman, for their undivided love, patience and understanding, and essentially for the help of maintaining my health and sanity throughout the pursuit of my Phd. It was indeed an interesting and challenging journey.

May ALLAH S.W.T. bless all of us.

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APPROVAL

I certify that an Examination Committee met on 1st July 2010 to conduct the final examination of ‘Alimin Ismadi bin Ismail on his Doctor of Philosophy thesis entitled “Relationship between Organizational Resources, Capabilities and Systems on Competitive Advantage and Performance of Malaysian Manufacturers” in accordance with Universities and University Colleges Act 1971 and the Constitution of Universiti Putra Malaysia [P.U. (A) 106] 15 March 1998. The Committee recommends that the student be awarded the degree of Doctor of Philosophy.

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DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Universiti Putra Malaysia (UPM) or any other institutions.

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‘ALIMIN ISMADI BIN ISMAIL

Date:
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