LINKING THE ANTECEDENTS OF A KEY PLAYER IN NATIONAL'S PALM OIL SECTOR IN ACHIEVING COMPETITIVE ADVANTAGE: MODERATING EFFECTS OF ORGANISATION'S AGE

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ABSTRACT

The concept of strategic positioning as a fundamental element in strategic management used to understand one of the government agencies, the key player in the plantation industry, determines its external environment, internal strategic capabilities factors and understanding its stakeholders' influences-expectations towards achieving competitive advantage. This study aims to examine all the competencies level and the correlation between the external environment, internal strategic capabilities, and understanding its stakeholders' influences-expectations and achieving competitive advantage. This study tries to examine the moderating variable that could affect the relationship between determinants of strategic positioning and achieving competitive advantage, namely the organisation's age. This study employed quantitative and qualitative approaches by using triangulation techniques. Through cross-sectional design, there were 162 completed survey questionnaires returned, but only 150 were useable. The data collections conducted through interviews with the Agency's Board members and surveys. The survey questionnaires distributed to managers who are involved and engaged in the planning and the implementation of strategies/policies relating to the Agency. Findings indicate that the internal strategic capabilities which had created an important correlation in organisations for realising competitive advantage. Besides, the findings demonstrate the indirect effect of age of organisation in the relationship between all the determinants and their position to achieve competitive advantage. Finally, the research outcomes of this study will hopefully provide the reference to other public sector organisations to emulate the model of the Agency in positioning its organisation. It also hoped to set a direction and roadmap for the Agency to go forward as well as enable them to compete domestically and internationally on the scale of competitions.

Keywords: External environment, internal strategic capabilities, stakeholders' influences-expectations competitive advantage, industrial-organisation (I/O) view, resource-based view (RBV).

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1. INTRODUCTION

The relationship between strategic positioning and competitive advantage has been one of the most debated topics in the field of strategic management and marketing perspectives (Hofer & Schendel, 1978; Crawford, 1985; Porter, 1985; 1996; Barney & Hesterly, 2006; Morden, 2007). The scholars above perceived that the environment in which organisations operate is no longer stable and predictable; therefore, strategic positioning can provide a framework which allows organisations to cope with changes and gain their competitive advantage. Concerning this, according to Islami et al. (2020) due to the fast-changing technological advancement, companies are coping with a very competitive, turbulent, and unstable market. Therefore, the manager's focus is on creating a competitive advantage by creating a new way of strategic development, which is appropriate for them and enables a successful adaption of technological and industrial changes. To achieve a position of competitive and sustain the competitive advantage, getting a majority of stakeholders to globally recognise the organisation's capability to innovate is the most crucial factor for competitive advantage in a highly turbulent market condition (Slater et al., 2010; Gloet & Samson, 2016). Observing from the effective approach of strategic management in the private sector organisations, public sector organisations have started to adopt this emerging approach in the 1980s with the notion that it can strengthen their organisation performance, efficiency and effectiveness (Poister & Streib, 2005).

In the twenty-first century, the palm oil industry is the backbone of Malaysia's economic growth. This is to say that Malaysian government is very committed and concerned with the development of this essential commodity. Being the world largest palm oil producer and sustaining the ranking is said to be challenging. Previously, according to Mazaheri et al. (2010) Malaysia and Indonesia are both two countries which are competing for the title as the topmost important palm oil producers globally. According to the report published by Food and Agriculture Organisation of the United Nations [FAOSTAT] (2015), due to the rapid expansion of oil palm plantations in the region, these neighbouring countries represented for more than 80% of the global palm oil supply annually. To enhance the development and sustainable growth of this industry, the responsible government agencies are Malaysia Palm Oil Board (MPOB), Malaysian Palm Oil Council (MPOC), Palm Oil Research Institute of Malaysia (PORIM), Forest Research Institute Malaysia (FRIM) and some local universities (Awalludin et al., 2015). In terms of this, the Malaysian Palm Oil Board (MPOB, 2015) reported that Sabah is known as the largest oil palm planted state, with 1.51 million hectares or 28% of total oil palm planted area, followed by Sarawak with 1.26 million hectares or 23%, while Peninsular Malaysia accounted for 2.62 million hectares or 49%.

One of the key players in the plantation industry in Malaysia is the Agency, which is a government agency responsible for managing government land schemes and commercial development of plantations (Bala et al., 2005). However, given the importance role of the Agency, according to Baraua and Ismail (2016), the transformation of the Agency into an agribusiness entity was purely based on provisions of the Malaysian National Plans. In other words, this scheme is integrated into the broader Malaysian national development agenda. The Agency is a major player in the palm oil industry with 70 oil mills, seven refineries and seven bulking installations. It is also regarded as a global agribusiness group with operations in over ten countries through its key operating assets which are mostly in Malaysia (CIMB Company Reports, 2012). Previously, the land was allocated to this statutory body in order to launch a development programme to alleviate rural poverty for about 122,000 low-income families, using modern farming methods, mostly to plant 4-hectare oil

palm and rubber plots. This land development programme resettled families in new communities (with fully integrated social services) hewn out of tropical forest zones mostly in the states of Pahang, Johor and Negeri Sembilan in Peninsular Malaysia (Khor et al., 2017).

Since then, the Agency has been growing in its role dramatically, and today it has become one of the most successful land settlement organisations in the world (Khor et al., 2017). Some countries in Asia and West Africa adopted the Agency as a model for their land development programme as reported by the World Bank (The Agency, 2011). According to Datuk Faizoull Ahmad, a former Agency Director General Manager commented that, in positioning the Agency, the organisation needs to undergo a series of reforms to begin a comprehensive transformation towards 2020 to achieve a status of the next global player (The Star, 2012). However, starting from 1996, the Agency has not enjoyed substantial grants provided by the Federal Government as it has to be independent in need to re-strategise its organisation to continuously survive and enhance its performance (Chief Operating Officer, 2013).

The autonomous power given, coupled with the changing environment that posed new challenges for the past five decades have evolved the Agency's modus operandi in order to meet these new demands from the external and internal environments. Thus, since 1990, the Agency has been shifting from a social enterprise to a corporatised model (Khor et al., 2017). The Agency excessively urged to undergo a series of transformation to compete domestically and internationally with the market share and customers (Sabri Ahmad, 2011). Very little is known to understand the application of strategic management in the context of strategic positioning for the public sector organisations and to what extent the external environment, internal strategic capabilities factors and understanding its stakeholders' influences-expectations towards achieving competitive advantage. In other words, it seeks to examine the situation of the Agency smallholders and the Agency commercial entities within the regional, national and global trade. The findings are important in understanding the competitive advantage by considering the four influencing factors known as the external environment, internal strategic capabilities factors, understanding its stakeholders' influences-expectations, and age of organisation. Furthermore, the knowledge of the correlations will help to execute the right strategies and directions in which the industrial players can contribute towards performance and building competitive advantage.

Therefore, this paper attempts to examine (1) the level of competencies of external environment, internal strategic capabilities, stakeholders' influences- expectation & perceived competitive advantage (2) the correlations between the external environment, internal strategic capabilities factors and its stakeholders' influences- expectation and achieving competitive advantage (3) the moderating effect of organisation's age in the relationships between the external environment factors, internal strategic capabilities factors and its stakeholders' influences- expectation and achieving competitive advantage. The next sections discussed the relevant literature and methods of the study, followed by findings and discussion of the study. Finally, the study highlighted the conclusion in the last part of the paper.

2.   LITERATURE REVIEW

2.1.   *The External Environment Factors*

According to the industrial organisation model of competitive advantage, the industry and macro environment in which a firm chooses to compete also have a stronger influence on firm performance than the choices managers make inside their organisation (Porter, 1980). The IO theory contends that the industry or environment in which the organisation chooses to compete in has a stronger influence on the organisation's performance as compared to the internal resources and capabilities such as management, marketing or finance (Zainal et al., 2013). They have identified the external variables such as political, economic, social, technological, environmental and legal, which significantly affects the performance of the organisations in achieving a competitive advantage. Previous studies have also found that the IO to be an essential determinant towards achieving competitive advantage (David, 2011).

External environment factor, which describes an organisation exists in the context of PESTEL's forces and how it responds to those variables. External environment analysis aims to determine changes that are taking place externally and viewing the giving opportunities and challenges (threats) by the organisations against their objectives. The PESTEL's analysis comprises of political, economic, social, technological, environmental and legal factors (Johnson et al., 2008; Bryson, 2011; David, 2011). By incorporating the industrial organisation view (IO) theory, this approach requires an assessment made over the external macro factors, also known as the PESTEL framework in achieving competitive advantage (Porter, 1996). Public sector organisations faced with complexities in fulfilling the multiple key external stakeholders, as many of them are having different needs and various demands. Therefore, the other variables in external environments such as political, economic, technological and social influence demand them to upgrade and modify the existing strategies to the newly emerging environmental uncertainty (Wheelen & Hunger, 2006).

Moreover, at an empirical research level, Strandholm and Kumar (2003) have emphasised on the existence of a positive relationship between external environments and the ability to gain a competitive advantage. Another assertion was mentioned by Ireland et al., (2011) who have similarly shared the IO as the external environment regarded as primary determinants of strategies that organisations select to be successful. Therefore, the SWOT analysis reviewed as a tool to analyse and scan the environment. Finally, Lei and Slocum (2005) have identified that organisations should respond to changing environments by studying the rate of technological change which are uncontrollable forces. Hence, this led to the following hypothesis.

H1: External environment factors have a significant correlation with competitive advantage.

2.2.   *Internal Strategic Capabilities*

In this study, the importance of an organisation's internal strategic capabilities emphasised upon how the strategists are concerned about the resources and competences of an organisation before they can develop goals and strategies (Khoo & Smith, 2003). In the earlier research by Teece et al., (1997) also show that every organisation can have its actual and potential strengths and weaknesses, therefore it is crucial to determine what they are and be distinguished one from another. According to this perspective, the organisation should not depend solely on the external opportunities and

threats, but upon what capabilities the organisation can assemble. In addition to that, the RBV stresses the internal aspect of human development as the competitive source to achieve employees' sustainable performance (Zailani et al., 2015). Further, the RBV has continued to grow in popularity and seeking a better understanding of the relationship between resources and competitive advantage.

Internal strategic capabilities suggested as the best strategies for the organisation to achieve a competitive advantage. It is because, internal strategic capabilities are the essence of all the resources and competencies needed by an organisation to survive and prosper (Barney, 2003; Dale, 2005; Johnson et al., 2008, 2009). Thus, the capabilities are more complex entities than resources in which they built up through the use or combination of resources and competences. Resources are either tangible or intangible. The tangible resources here referring to tangible human, financial and other physical assets in producing goods and services (Johnson et al., 2008; Dale, 2005). While the other resources also come in intangible such as the firm's management skills, organisational processes and work routines (Barney et al., 2001).

This concept has recently challenged as the debate continues regarding the best strategy for the organisations that are largely dependent on the important elements of internal strategic capabilities and meant to achieve a competitive advantage. Every organisation must have the resources it needs to deliver its goods and services. However, it is a well-accepted claim that not all the resources and competences will lead to achieving a position of competitive advantage. It is congruent with the writing of other scholars (see Zainal et al., 2013; Johnson et al., 2008; Prahalad & Hamel, 1990; Barney, 1991) that the usefulness of internal factor is only valid and can be a source of competitive advantage when it is 'unique'. 'Unique' means when it is valuable, rare, hard to imitate and substitute the organisation's ability to exploit its resources. Therefore, the more qualities the resource has, the better likelihood it has to achieve competitive advantage (Barney, 1991). Hence, this led to the following hypothesis.

H2: Internal strategic capabilities have a significant correlation with competitive advantage.

2.3. The Stakeholders' Influences-Expectations

Stakeholders' needs and expectations included in the organisation's strategic positioning process. According to John M. Bryson, stakeholders are the crucial and critical components of an organisation to succeed (Bryson, 2004). An analysis of the satisfaction of stakeholders should be carried out. It perceived that the organisation fails to satisfy its stakeholders if it is unable to identify its stakeholders. The criteria used by them to judge the organisation and how the organisation performs must also put into consideration (Bryson, 2004; Rainey, 2003). Most importantly, here is how much power each stakeholder has in the organisation, what the needs and expectations are of the stakeholders, and how these satisfied themselves or by other stakeholders involved. This approach conducted through various means such as surveys, interviews and group discussions. Lastly is to judge how well the organisation performs against the stakeholders' criteria by developing strategies in order to get the most effective support. This strategy should match the competencies and positions of various stakeholders to influence the organisation. It includes training, supervision, information, etc. (Finkenflügel, 2006). Furthermore, Bryson (2004) perceived that the three above aforementioned steps in the stakeholders' analysis permit the strategic managers to effectively place themselves in the shoes of others, highlight the critical

stakeholders and how they influence the organisation's strategies. In other words, if the organisation strategies tailored towards accommodating the influence and need of its group of stakeholders, it leads to effective performance and contribute to gaining a competitive advantage. Besides that, the analysis is a promising method in helping the organisation develops a good understanding of the most important stakeholders and work out their power, influence and interest in accommodating the organisation's priority.

Additionally, Eden and Ackermann (1998), Boschken (2002), Rainey (2003), Bryson (2004), Finkenflügel (2006) and many others have also looked into the understanding of stakeholders analysis. For instance, they have proposed it as the basic analysis techniques, which consists of a minimum of three steps. The first is to identify whom the organisation's stakeholders are in getting a more precise picture of its stakeholders. It includes listing the different stakeholders and a description of what they do. It is followed by the step to specify the criteria the stakeholders use to assess the organisation's performance and anticipate the kind of influence they have. As pointed out in the earlier work of Pfeffer and Salancik (1978) who have defined an effective organisation as "the organisation which satisfies the demands of those in the environment (i.e. stakeholders) from which it requires support for its continued existence". In this regard, they proposed that an organisation would be ineffective if it misread or misinterpreted such demands, remained committed to past practices or failed to see the various conflicts in demands. Hence, this led to the following hypothesis.

H3: *Stakeholders' influences-expectations have a significant correlation with competitive advantage.*

2.4.   *Age of Organisation*

In this context of the current study, the organisation's age is proposed to have a moderating factor on the relationship between each determinant of strategic positioning and achieving competitive advantage. This variable is adapted from the studies of Alimin et al., (2010), Abu Bakar (2011) and Nordin and Shahimi (2014) where they believe the organisation's age is vital in strengthening the performance and a position of competitive advantage. In the context of this study, they have drawn that the organisations' age acts as a moderator for the respective relationship.

Concerning this, past studies reported numerous perspectives based on their views. Organisation age according to Abu Bakar (2011) and Ayyagari et al., (2011) is classified into three groups; young firm for enterprise operating less than five years; intermediate/mid age firm and matured/established/older firm are those operating from six to ten years, and more than ten years respectively. On the other hand, Alimin et al., (2010), Fort et al., (2012) and LiPuma et al., (2013) divided firm age into two groups, new firm and old firm. A more conclusive studies viewed that organisation's age was measured by the number of years the organisations had been in operation (Morgan et al., 2004; Ainuddin et al., 2007; Hashim & Zakaria, 2007), based on nominal or ordinal scales (categorical variable) (Sekaran, 2010). In addition, they have conducted their studies on the impact of organisation's age in the relationship between competitive advantage and performance earlier. They have established a significant moderating role of an organisation's age in the relationship between competitive advantage and performance. For example, a study conducted by Higon (2011) investigated the role of organisation age as the moderating effect on the relationships between innovation and competitive advantage. He demonstrated that organisation age may

substantially affects the relationship between innovation and competitive advantage. This researcher suggested that young organisation behave more proactive, flexible and aggressive.

Aziz & Samad (2016) presented a more recent findings of the effect of organisation age as the moderating variable. Their findings suggested that organisation age may fully moderate the influence of innovation on competitive advantage. The study found that the moderation effect of organisation age plays a vital role on the relationships between innovation and competitive advantage. They also reported that the influence of innovation on competitive advantage become stronger if the firm age of SMEs is less than five years. It implies that the younger the firms, the stronger the influence of innovation on competitive advantage in foods manufacturing SMEs in Malaysia. In contrast, previous studies also reported that older organizations can suffer a "liability of obsolescence" in which they can survive for a time on their initial store of resources, if their operations are highly inertial and unchanging, and become increasingly misaligned with their environment (Islami et al., 2020; Barron et al., 1994). Furthermore, a statistical report by Eurostat Statistic Explained (2016) revealed that approximately 55 percent of a newly established organisation failed to celebrate their fifth years anniversary. The results of this study created a remarkable phenomenon for the newly born organisations. In short, despite being the newly born organisation and uncertain, the study found that they must learn how to survive and must create successful patterns of operations despite having limited resources. Other empirical studies, however, report conflicting results. They viewed that the firm age did not give significant effects on the relationship between innovation and competitive advantage (Zhang, 2006).

On the basis of these empirical studies, it shows that there are mixed findings related to the moderating effect of organisation age. Therefore, the current study intends to examine the moderating effect of organisation age on the relationship between the determinants that form the basis of strategic positioning and competitive advantage in the context of national palm oil industries. Essentially, this study pointed out that as the organisation gets older and has vast experience, they discover many perspectives and learn about its abilities as well as about how to think better in enhancing its performance. In this aspect, this study divides the Agency into newly established and long time established. Hence, it is expected that long established organisations are said to be having relationship that contribute to performance. As a result, it is important to investigate the moderating effect of organisation age. Thus, following hypothesis is predicted.

H4: The organisation's age significantly moderates the relationship between determinants of strategic positioning and achieving competitive advantage.

2.5. Research Model

According to the industrial organisation model of competitive advantage, the industry and macro environment in which a firm chooses to compete also have a stronger influence on firm performance than the choices managers make inside their organisation (Porter, 1980; 1985). The IO theory contends that the industry or environment in which the organisation chooses to compete in has a stronger influence on the organisation's performance as compared to the internal resources and capabilities such as management, marketing or finance (Zainal et al., 2013).

The resource-based view (RBV) posited primarily in the application of tangible or intangible resources of the firm and played their roles as the foundation for the competitive advantage

(Penrose, 1959; Wernerfelt, 1984; Rumelt, 1984). Contrary to the expectations of the industrial organisation (IO) view theory proponents, the proponents of RBV are broadly consistent that organisational performance primally determined by internal resources that classified into three categories (Barney, 1991; Grant, 2001; Ireland et al., 2011; David, 2011). This theory asserts that it brings an advantage to the organisation in pursuing a particular strategy that is not currently being implemented by any competing organisation.

Additionally, several professionals and academicians in this field of strategy have associated the belief on the thorough understanding of stakeholder analysis in a particular organisation (Peters, 1996; Light 1997; Osborne & Plastrik 1997; Barzelay, 2001; Kettl, 2002). It believed that the expectations of the stakeholders reflect the bases of formulation and the implementation of strategies. A study by Boddy and Paton (1998) notes that managers have to judge how each of the following three points affects the bases of formulation and the implementation of strategies which pursued. In this context, it assists the managers to identify what stakeholders expect from the organisation, the forces which influence from outside the organisation and the internal resources and capabilities that influence from inside of the organisation. This claim recognises stakeholders as an important component for the organisation that could impact the organisation's competitive advantage.

With respect to this context, Figure 1 shows the proposed model of theoretical framework based on the I/0, RBV and Stakeholders Analysis. This study proposes external environment, internal strategic capabilities and its stakeholders' influences-expectation factors are the antecedents that can influence the competitive advantage and the indirect effects of the organisation's age acts as the moderating variable. In sum, all these factors are expected to play a crucial role in contributing to the competitive advantage.

Figure 1: Theoretical Framework of the Study
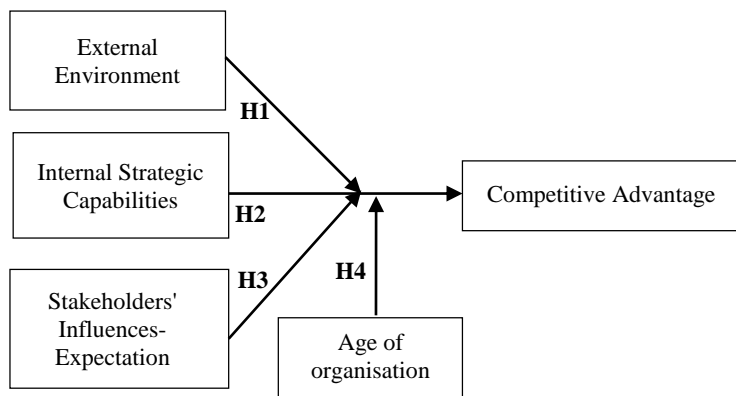
3. METHODOLOGY

3.1. Research Design

This study employed quantitative and qualitative approaches by using triangulation techniques. The rationale of triangulation is to gain more confidence in the results when different methods or sources that lead to the same results are used (Sekaran & Bougie, 2010). This study adopted a purposive and convenience sampling methods. The sampling technique employed in this study is confined to specific types of people who can provide the desired information, either because they are the only ones who have it or confirm to some criteria set by the researcher (Sekaran & Bougie, 2009). One of the criteria set up for this study is to have top, middle, senior and first-line managers who are involved in the planning and the implementation of strategies/policies relating to FELDA Group as the sample. A more recent comprehensive study by Subba's (2010) review has noted that it is a general view that the general manager is the main actor in understanding the strategic management. However, one should not take such a narrow view of strategists. Anyone who holds the key and precedent of setting actions can be called a strategist. Strategists encompass a collection of organisational actors namely Boards of Directors, Chief Executive Officer/ Managing Directors, SBU Level Managers, Senior Managers, Middle Level Managers and Lower-Level Managers (Khoo & Smith, 2003). As described by Gravetter and Farzano (2016) these sampling techniques are less expensive, much easier to be conducted and a timelier method than any probability sampling methods. There were 162 completed questionnaires returned, but only 150 were useable. Following Roscoe (1975) as cited in Sekaran and Bougie (2016) who suggest that as a rule of thumb for influencing sample size, "sample size between 30 and 500 are appropriate for most research". Thus, it is decided to target a total of 250 managers as the sample size of this research. In other words, it is considered to be sufficient in size to represent and generalise to the research population with an acceptable level of confidence (Woodside et al., 2009).

To support the results from the quantitative data, semi-structured interviews conducted with 2 Board Members of the Agency who have a broad and extensive perspective of the present situation of strategic management practices representing the influential group. This number is assumed to fall within the above suggestions, as the participants were selected from hierarchical decision-making positions, as Perry (1998) advised. As the triangulation approach used to increase a better and deeper understanding of the study phenomenon, it is greatly indispensable to be adopted. In order to analyse the data, descriptive statistics using mean and standard deviation and inferential statistics through correlation analysis were used to determine the level of each competency and the correlations between the external environment, internal strategic capabilities factors and its stakeholders' influences-expectation and achieving competitive advantage. The process analysis PROCESS macro for SPSS, Hayes (2013) was used to examine the moderating effect of age of organisation in the relationships between the external environment, internal strategic capabilities factors and its stakeholders' influences-expectation and achieving competitive advantage. The qualitative research's interviews undertaken to support and complement the analysis of the quantitative results. It is also important in this discussion to demonstrate the interrelationship between variables and the validation of the quantitative and qualitative results.

3.2. Sample Profile

Respondents in this study comprised of the top, middle, senior and first line management who are engaged and involved in the planning and the implementation of strategies/policies relating to the Agency. In this study, a total of 250 questionnaires were distributed to these targeted respondents. Out of these 162 were returned during collection. However, only 150 were usable for the study (60% response rate). For questionnaires, as a rule of thumb, a 30% return is seen as fairly satisfactory and more than 50 per cent is good (Gillham, 2011). Some of the respondents were approached personally about the purpose of the questionnaires and the researcher had the opportunity to explain briefly about the questionnaire and simultaneously wait for respondents to answer. However, due to the respondents' work schedules, some of them were unable to return them to the researcher on the same day but posted them later. Despite the extreme care taken through personally administration survey, such good response rate was anticipated as they were very keen to help and the perceived importance of the study to their organisations.

Based on the demographic profiles of the study's respondents, descriptive statistics indicated that, most of the managers were male (66.7%). The largest age group was represented by the 31 years old and above (56.7.%) compared to 30 Years Old and below (43.3%). Next, most of these managers have higher levels of education (Bachelor's degree) with the total of (58.7%). The majority (96%) of the managers in this study received tertiary level of education, (24%) of the managers are holding postgraduate qualification, whereas not fewer than 4% were only educated at a secondary level. In terms of job classification, the majority of them were at first-line managerial level and middle-level management (47.3% and 29.3% respectively). it is indicated that most of them (56%) are less than 5 years with their current position. Whereas the least of them (14.7%) are holding their position more than 20 years. Furthermore, the organisation's age was measured by the number of years the organisation had been in operation. Most of them (72%) are from long established (>10 years) and the remaining (28%) represents newly established (<10 years). Hence, the profiling characteristics signified the applicable demographic requirements for the study.

4. RESULTS

4.1. Reliability and Validity

Data were first analysed to ensure the goodness of measures before the formal examination of the proposed model and testing appropriate hypothesis. The reliability and validity are assessed to examine the measures and ensuring these are developed reasonably good (Sekaran & Bougie, 2010). A principal components analysis (PCA) was conducted to validate the underlying dimension associated with 49 items. The output illustrates that the Kaisen Meyer Olkin (KMO) Measure of Sampling Adequacy for the 4 dimensions solution was .90, which is 'superb' and above the acceptable limit of .5 (Field, 2009) with significant Bartlett Test of Sphericity is highly significant (Chi square = 5398.52, $p < 0.000$). This indicates that the data are suitable for factor analysis (Coakes, 2013; Hair et al., 2010; Meyers et al., 2006). As in this present study, for a sample size more than 150, a factor loading of 0.45 is appropriate to access the significant items (Hair et al., 2010). Therefore, any items loaded at less than 0.45 or loading in different factors were subject for deletion and dropped out during the process.

Cronbach alpha was employed to determine reliability. The following Table 2 explains the Cronbach alpha values and all the low loading items for each construct were removed, respectively. As the total scales for reliability varies from 0.856 and 0.924, the high reliability of each construct is indicated.

Table 1: KMO Bartlett's Test

Kaiser–Mayer–Olkin measures of sampling adequacy	0.895
Bartlett's Test of Sphericity	5398.520
Approx. chi-square	
df	1176
Sig	0.000

Table 2: Factor Loading and Reliability Test

Scale	Items	Factor Loading	Cronbach's Alpha
Competitive Advantage	B3	0.776	**0.924**
	B2	0.767	
	B5	0.721	
	B4	0.694	
	B1	0.666	
	B9	0.656	
	B12	0.654	
	B7	0.595	
	B8	0.546	
	B6	0.515	
	B11	0.510	
	B13	0.495	
	B10	0.488	
Stakeholders' Influence- Expectation	E3	0.761	**0.917**
	E6	0.708	
	E5	0.655	
	E10	0.654	
	E1	0.639	
	E8	0.631	
	E4	0.628	
	E9	0.619	
	E2	0.600	
	E7	0.562	
	E11	0.537	
External Environment Factor	C1	0.717	**0.856**
	C9	0.701	
	C3	0.675	
	C2	0.661	
	C4	0.592	
	C5	0.549	
	C6	0.510	
	C10	0.508	
	C7	0.502	
Internal Strategic Capabilities Factor	D3	0.585	**0.867**
	D4	0.547	
	D8	0.533	
	D10	0.518	

D1	0.486
D7	0.485
D2	0.484
D13	0.464

4.2. *Descriptive and the Correlational Analysis Among the Study Variables*

Descriptive data are mean, and standard deviation, for all independent variables and dependent variable that are part of this research. As Table 3 displays the competencies level, an interesting observation can be made with all the variables. Based on the response, the external environment factors (M = 3.91, SD = 0.48) explain that most of the Agency Group managers agreed that their organisation was able to capitalise of its external environment opportunities and coping the challenges. Then, the internal strategic capabilities factors (M = 3.87, SD = 0.52) explain that most of the managers agreed that their organisation is competent to define their internal strengths and weaknesses so as to capitalise and overcome them. It means that, the managers of Agency Group agreed that their organisation possessed competency to identify their internal strengths and eliminating weaknesses which exist in the controllable environment. Based on the Table 3, it can be manifested that the stakeholders' influences-expectations factors (M = 3.82, SD = 0.55) as the weakest competency possessed by Agency Group to ascertain whether the organisation has the required competency to incorporate their stakeholders' needs and influences into their strategies.

In addition, Table 3 also presents the results of using mean score to indicate the levels of perceived competitive advantage of Agency Group. Based on the response, results indicate that Agency Group seems to have high competitive advantage level (M = 4.03, SD = 0.56). In other words, with regard to the level of competitive advantage, it manifests the achievement of competitive advantage of Agency Group. The results show that Agency Group is on the right direction and has greater ability on realising competitive advantage to enable them to compete domestically and internationally on the scale of competitions. Using a 5 -point Likert-scale, competitive advantage was measured based on an interval scale from 1 (very low) to 5 (very high). Next, Table 3 also demonstrated the results from Pearson Correlation analysis among the study variables. It was found that external environment, internal strategic capabilities factors, stakeholders' influences-expectations factors were significantly correlated with achieving competitive advantage ($r = 0.546$, $p < 0.05$; $r = 0.720$, $p < 0.05$; $r = 0.664$, $p < 0.05$; respectively). Therefore, it can be concluded that this study's second objective was achieved with all its developed hypotheses were supported.

Table 3: Summary of Mean(M), Standard Deviation (SD) and Correlational Among the Study Variables

No.	Variable(s)	M	SD	1	2	3	4
1	**Competitive Advantage**	4.03	0.56	-			
2	**External Environment Factor**	3.91	0.48	**0.546**[**]	-		
3	**Internal Strategic Capabilities Factor**	3.87	0.52	**0.720**[**]	0.660[**]	-	
4	**Stakeholders' Influences-Expectation**	3.82	0.55	**0.664**[**]	0.571[**]	0.755[**]	-

Note: Sig. level: *** $p < 0.001$, ** $p < 0.01$, and * $p < 0.05$.

Lastly, as shown in Table 4, a test of multiple moderation was conducted using the PROCESS macro for SPSS (Hayes, 2013), and all coefficients were estimated using 5000 bootstrapped resampling draws. In order to determine whether the relationships between all the external environment factors (IV1), internal strategic capabilities factors (IV2) and the stakeholders' influences-expectations factors (IV3) and competitive advantage were moderated by organization's age, interaction terms were created and tested in this model. There was a significant interaction between external environment and competitive advantage $\beta = 0.05366$, 95% CI (0.2215, -0.8517), $t = 3.3657$, $p < 0.05$. Moreover, the interaction between internal strategic capabilities factor and competitive advantage, $\beta = 0.4379$, 95% CI (0.1240, -0.7519), $t = 2.7569$, $p < 0.05$ as well as the interaction between stakeholders' influences-expectations factor and competitive advantage $\beta = 0.6102$, 95% CI (0.3491, -0.8713), $t = 4.6189$, $p < 0.05$ were also significant. Therefore, the following H4 is supported.

Table 4: Summary of Moderating Variable using Process Analysis

Variables	β	SE B	t-value	p-value	Decision
External Environment Factor (IV1)	0.05366 (0.2215, -0.8517)	0.1594	3.3657	$p = 0.0010$, $p < 0.05$	Supported
Internal Strategic Capabilities Factor (IV2)	0.4379 (0.1240, -0.7519)	0.1588	2.7569	$p = 0.0066$, $p < 0.05$	Supported
Stakeholders' Influences-Expectation (IV3)	0.6102 (0.3491, -0.8713)	0.1321	4.6189	$p = 0.0000$ $p < 0.05$	Supported

5. CONCLUSION

5.1. Level of Competencies of External Environment, Internal Strategic Capabilities, Stakeholders' Influences-Expectation and Perceived Level of Competitive Advantage

The purpose of this study was to examine the level of competencies of external environment, internal strategic capabilities, stakeholders' influences-expectation and perceived level of competitive advantage. Based on the results, it is found that Agency Group is competent to understand the opportunities and challenges (threats) confronting its organisation and to use this understanding to identify strategies that will enable the organisation to outperform its rivals. They also agreed that the organisation possessed competency to respond to all possible challenges and exploiting the opportunities which exist in the external environment. It implies that, their competency to analyse the impacts of external environment factors in this respect is apparently excellent, despite the claims that these elements are considered to be uncontrollable to the organisation (David, 2011). Secondly, indeed in this study, the ability to control these internal elements found to be less than the ability to control the external forces which exist in the uncontrollable environment. Further, this confirms Al-Rousan and Qawasmeh (2009) findings on the ability of the organisation to analyse the impacts of internal environment factors that were less competent rather than external analysis on the ability to gain a competitive advantage. Additionally, it is found that, based on their managers' responses, Agency Group seemed to do better in understanding the needs and expectations of their stakeholders as the bases in the formulation and implementation of strategies. Apparently, the Agency Group had the competency to identify who its stakeholders are but have lacked competency in interpreting what their expectations are, what power they have to influence and how the organisation fulfils their expectations.

Most importantly, the results demonstrated that Agency Group seems to have highly competitive advantage level. In other words, with regard to the level of competitive advantage, it manifests the high achievement of competitive advantage of Agency Group. These results signified a greater ability of Agency on realising competitive advantage so as enable them to compete domestically and internationally on the scale of competitions. In this respect, Agency Group is on the right track. Information on the extent of the achievement of competitive advantage was also sought during the interview. The findings demonstrated by one of the participants who explained that;

…'I think probably the most important thing to our continued success with regard to the competitive advantage level, our group is in its right direction. Now, we are the largest and a leading crude palm oil (CPO) player in the world with 6.6 percent market share and 17.4 percent market share in Malaysia. This evidently seen as Agency Group has been ranked the third largest oil palm plantation operator in the world, with a 2.1 percent market share as compared to Sime Darby, Golden Agri, Astro Agra, Wilmar and other palm oil operators. Moreover, the group is the second largest palm oil refiner. Through its agency commercial arm, it is one of Malaysia's largest and most diversified agro-based companies focused on multiple crops especially oil palm and rubber, oils and fats, oleo-chemicals, sugar, logistics and other services. With a global presence, its overseas footprint spans the globe, with operation more than 10 countries, it is based on the CIMB Reports 2012. It is also the largest sugar refiner in Malaysia through MSM Holdings. In addition to this, the group is building its reputations based on the involvement of its organisation's Corporate Social Responsibility (CSR) through Agency Foundation. We believe Corporate Social Responsibility (CSR) is very important to growing the business. The stakeholders and the Agency community must be enjoying the benefits of our growth. We understand that CSR is very important. We set up the Agency Foundation to assist in CSR activities. It took us several years to build our organisation's name reputation. We believe that we are well-positioned to capitalise on the growing demand of our customers…

- Board Member B.

5.2. *Correlation Between the External Environment Factor and Competitive Advantage*

In addition, this study explicitly deliberated and proved that there was a solid conceptual link between all the factors to achieving competitive advantage. Firstly, the obtained result showed that external environment factors had a strong positive correlation with the competitive advantage. In this model (external environmental factors impact on competitive advantage), empirical evidence indicates that external environmental factors have a positive impact on realising competitive advantage.

The findings are also congruent with the evidence postulated by Bryson (2011) that the PESTEL Framework has assisted the public sector strategists to think, act and learn strategically on the impacts of external environmental influences and trends and the need to use the information and ideas in responding with this rapidly changing environment. However, the organisations need to have a competent ability to respond either offensively or defensively to external forces (David, 2011). By formulating a sound strategy in taking advantage of external opportunities and minimising the impact of potential challenges (threats), an organisation should be able to achieve a position of competitive advantage. External forces must be well interpreted by the strategic actors

within the organisation and must adequately respond to the changing and volatile environments. In this regards, the Agency Managers have to operate in an environment that is always changing and where nothing is constant for long.

On top of that, the findings of this study enriched our knowledge specifically on the influence of various demands and pressures from the external forces which have shaped and influenced this organisation towards competitive advantage. These findings also confirm and partially support to the theory of Porter (1985), who asserted that the ability for the organisation to develop its competitive advantage driven by the industrial organisation (IO) view theory. It is the external environment that provides organisational opportunities. It is worth mentioning that based on Zainal et al., (2013) the IO theory to competitive advantage states that the organisation's external environmental factors have a stronger influence in helping the organisation to achieve its competitive advantage as compared to the internal resources and capabilities such as management, marketing or finance. They have identified the external variables such as political, economic, social, technological, environmental and legal, which significantly affect the performance of the organisations in achieving a competitive advantage. Acknowledging the findings as mentioned above, one of the informants shared his thought:

…We have to accurately analyse with the impacts brought by Political, Economic, Social, Technological, Environmental and Legal forces in the external environment. We have to continuously scan, review and interpret all those external forces to look for the opportunities and threats. Those are the priorities and focus areas which we have to perform and not being left out. To me, we cannot escape ourselves from doing that. In order to be effective, the institution must be responsive to external environmental influences. For example, what are the political, economic, and social forces and their impacts and influence to our organisation as most claimed them interrelated on realising competitive advantage? Ultimately, we have put our considerable efforts regarding this...

- Board Member B.

5.3. *Correlation Between the Internal Strategic Capabilities Factor and Competitive Advantage*

Secondly, based on the obtained results, internal strategic capabilities factors had a significant positive relationship towards achieving competitive advantage in the Agency. More specifically, the results highlight the crucial of the managers to carry out an in-depth analysis of their organisational resources and competences capabilities continuously. This present result is consistent with the prior study conducted by Sofka and Teichert (2006) on how organisational strategic resource and competencies translated into a competitive advantage of an organisation. It showed that the alignment of a firm's resources with its environment had been widely studied by linking resources to a competitive advantage (Novicevic & Harvey, 2004). Hence, the results from the above-aforementioned study proved there is strong support on the association between internal strategic capabilities factors and achieving competitive advantage.

The above-aforementioned results are in alignment with the examination of such a relationship in the prior research. According to Barney and Hesterly (2006), "it helps the organisation understands which of its resources and capabilities are likely to be sources of competitive advantage and which are less likely to be sources of such advantages". In this regards, today's most progressive

organisations have moved from treating selected human resource practices (e.g. training) as obligatory cost factors to regarding them as strategic weapons in the battle for competitive advantage (Blume et al., 2010). It aimed to see how the organisation focuses on developing internal strategic capabilities of the organisation in its striving for realising competitive advantage. As perceived by a participant on the importance of the internal environment that linked the ability to gain a competitive advantage for a particular organisation:

…Definitely, strong internal elements in the Agency have proven such relationship. We have utilised our strengths in terms of experience and qualified management team with a strong track record in the agribusiness industry, with members of our key management possessing an average of over 30 years of related experience. Our management has experience spanning both the upstream and the downstream segment, in the palm oil and sugar industries, manufacturing and logistics, corporate strategy and business planning, accounting and finance, marketing and human resources. Therefore, we believe these internal strengths capitalised to further reinforce on achieving competitive advantage…

- Board Member A

5.4.   *Correlation Between the Stakeholders' Influences-Expectations Factors and Competitive Advantage*

Lastly, the findings demonstrated that there was a significant strong relationship between stakeholders' influences-expectations factors and achieving competitive advantage. The results of the present study led to the conclusion that the practice and involvement of managers to analyse the impact of stakeholders' influences-expectations factors as the bases in the formulation and implementation of strategies significantly increased towards achieving competitive advantage in the Agency. The findings obtained in this current study further validates with the earlier ideas of Bryson (2004) who believes stakeholders are the crucial and critical components of an organisation to succeed. It has also confirmed that the Agency managers have recognised the importance of stakeholders' influences-expectations factors as the bases in the formulation and implementation of strategies. In fact, in the previous study, Carpenters and Sanders (2009) stressed on the importance of analysing stakeholders influence and expectation to an organisation's vision and mission. The organisation perhaps needed to improve its strategy making in fulfilling these stakeholders' expectations, particularly in the shareholders' and local communities' areas. As mentioned and described by a participant of this study:

…The organisation is good at identifying and prioritising the stakeholders' needs when formulating the strategies. This perspective proved the relationship between stakeholders' influence-expectation on realising competitive advantages. They are the groups of people who have stakes and could impact on the performance of the organisation as well as becoming our main concern….

- Board Member B

5.5. ***The Effect of Age of Organisation in the Relationship Between the External Environment, Internal Strategic Capabilities and Stakeholders' Influences-Expectations Factors on Realising Competitive Advantage***

For the last discussion, this study interestingly discovered that the age of organisation does have a moderating effect in the relationship between the external environment, internal strategic capabilities and stakeholders' influences-expectations factors on realising competitive advantage.

As revealed in the findings, organisation age was also a significant moderator in the three interactions. Generally, the results of this study confirmed and were alignment with those reported in other studies which were about to influence on competitive advantage when interacting with organisation's age (Delmas, 2001). Consistent with this notion, the available empirical evidences show that as the organisation's age increases the better of that organisation's surviving and achieve a competitive advantage (Das, 1995; Shanmugam & Bhaduri, 2002). Evidently, it has been suggested that the age of an organisation is positively related to its productivity levels and have found a positive effect of age on organisational growth (Haltiwanger et al., 1999). One participant stressed that:

…I believe the age of the Agency which has been around for more than 50 years acts as a catalyst, enablers and drivers in facilitating Agency Group to move forward and be able to compete in the next wave of its transformation. I believe, with our present achievements and high performance of Agency Group, it is expected that the organisation to be able to capitalise on its reputation, expertise and experience to increase its market share over the longer term….

-Board Member B

6. CONCLUSION

The aim of this study was to examine the levels of competencies of external environment, internal strategic capabilities and stakeholders' influences-expectations factors competencies. The results revealed that the Agency Group Board Members also agreed the levels of competencies between each of specific competency are capable of influencing organisation's strategies on realising competitive advantage. The organisation will lose the ability to build competitive advantage and enhanced its performance if the strategies are not tailored with the importance of those competencies. The fundamental thrust of strategies in Agency Group had been to enhance their organisation's performance through strengthening the competencies of its external environment, internal strategic capabilities and stakeholders' influences-expectations factors which the managers believed to form an effective strategy for realising competitive advantage. The changes taking place in the environment should be continuously examined by aligning those forces to fit with their competencies.

Also, empirical findings indicated that the internal strategic capabilities which had created an important correlation considered building internal strategic capabilities in the organisation in striving for realising competitive advantage. Therefore, this study strengthens the idea that the internal strategic capabilities factors which linked to the resource-based view (RBV) theory of competitive advantage are particularly relevant in explaining these current findings. The focus of the Agency managers has been to enhance the organisation's performance and generate competitive

advantage by strengthening its internal strategic capabilities factors in terms of human resources, financial position, leadership, organisational culture and organisational structure.

Furthermore, the findings demonstrated the indirect effect of age of organisation in the relationship between all the determinants and their position to achieve competitive advantage. Agency group as an established organisation with a great reputation and vast experience in the plantation industry, therefore, it helps to enhance their competencies in realising competitive advantage. It is believed that there is a need to advance and confirm the previous findings by undertaking this current research. However, very limited research has been conducted particularly to examine the impact of determinants of strategic positioning on competitive advantage, especially an absence in the public sector organisations in developing and emerging nations such as Malaysia per se and, therefore, this empirical contribution enhances the theoretical knowledge on strategic management practices in the public sector from the perspective of developing countries. Future research is suggested to validate the significance of the tested determinants as well as testing other moderation and mediation variables, for example, while investigating this issue. In terms of the methodology, testing different research approaches in different industries for greater understanding and breadth of knowledge about the competitive advantage issues in Malaysia may be adopted to explore this phenomenon.

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