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Organizational Capabilities, Competitiveness and Business Performance of Mara Digital in Malaysia

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ABSTRACT

MARA Digital's business performance (BP) since its inception in 2015 has been found to be unsatisfactory. This paper aims to determine whether competitiveness and organizational capabilities (OC) have an impact on BP. Empirical data were collected from 310 ICT retailers under Majlis Amanah Rakyat (MARA) and relevant hypotheses were tested using structural equation modelling (SMART PLS software). Findings indicate that OC has a direct and positive influence on BP. However, findings for competitiveness, which acts as a moderator in the relationship between OC and BP, were ambiguous. This study contributes to the theoretical understanding of the relations between OC and BP in start-up companies. The significant role played by OC is the most impactful factor in this study. Firms should understand how different resources and marketing strategies (price, place and promotion) affect their BP. In addition, improving BP that cultivates competitiveness through active acceptance of new technologies and an open mindset towards novel technical skills can directly enhance BP. MARA will benefit from this study through the promotion strategy and its implementation since the current promotion strategy was found to negatively affect business performance. MARA could increase its promotion budget as part of a more effective strategy. In other words, to maintain competitive advantage and be successful, start-up firms need to develop OC and use their physical, human and organizational assets, both tangible and intangible, towards this objective.

Keywords:
Organizational capabilities (OC); competitiveness; Business Performance (BP); MARA

1. Introduction

Majlis Amanah Rakyat (MARA), or the Council of Trust for the People, is an agency under the purview of the Ministry of Rural Development, which was established on 1 March 1966 as a statutory body by an Act of Parliament following a resolution made during the first Bumiputera Economic Congress in 1965. The Council is responsible for developing, encouraging, facilitating and fostering economic and social development throughout the Federation, particularly in rural areas. Digital Mara is one of the ministry's transformation initiatives aimed at developing more ICT entrepreneurs under the holistic model for entrepreneurship development with the hope that the volume of sales in Digital

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Mara will continue to increase in the future. Mara Digital is a pioneer project to prove Bumiputera entrepreneurs can succeed if given the space and opportunity. The Digital Mara Mall is located at Level 3, Bangunan Mara and accommodates 38 Bumiputera IT entrepreneurs. Digital Mara's establishment of ICT centres serves as a business hub for ICT and offers the best alternative in ICT goods, including digital gadgets and services that cater for the needs of users. Existence of the MARA Digital Tower in Kuala Lumpur is an alternative open space for consumers, especially Bumiputera entrepreneurs who have their own ICT business centre. MARA Digital gadgets provide opportunities for entrepreneurs to venture into new markets. Opening of the ICT centre is a stepping stone for Bumiputera traders. MARA Digital provides the public with the opportunity to purchase ICT gadgets without the fear of getting cheated. Hence, improvements brought about with the help of several initiatives such as capital loans and tax breaks can increase the number of importers among the Bumiputera in this country.

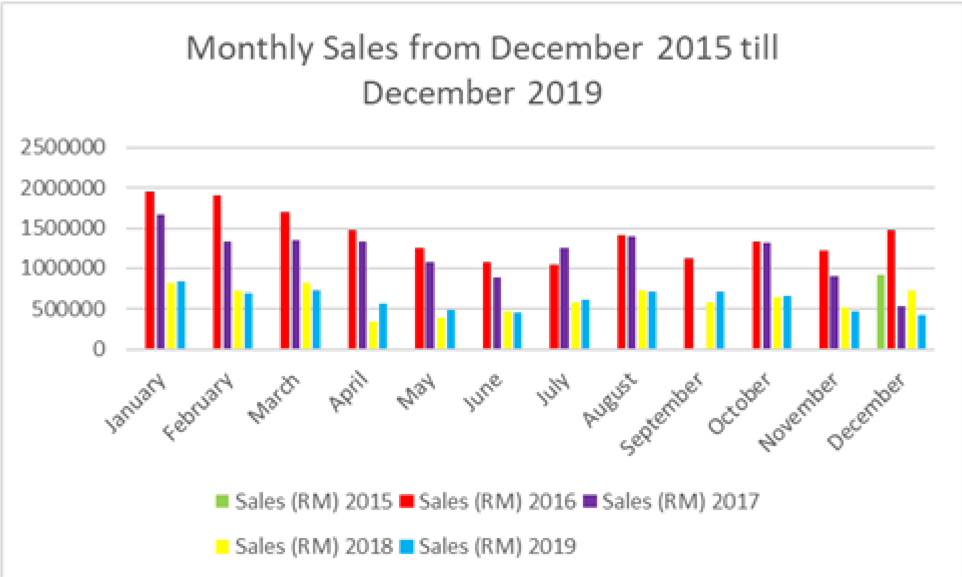

Fig. 1. Monthly Sales from December 2015 to December 2019 (MARA)

Figure 1 shows the monthly sales of MARA Digital from December 2015 to December 2019 and an indication that sales have been deteriorating over the years. What had affected the Business Performance (BP) of MARA Digital? The drop in sales indicates that MARA Digital's BP has not very promising. Hence, how do you increase MARA Digital's BP? The preliminary study also found that most retailers in MARA Digital market their products as if they are working in an organization or as a team, and this indicates that the retailers are actually helping each other, especially in relation to customer satisfaction. They are friendly, knowledgeable, and accommodating when servicing customers and other retailers, which indicates that the retailers are not selfish, but rather prioritize customers' needs, instead of maximizing profits. This healthy competitive environment exists in MARA Digital and it creates a positive impact on the ICT business as it is one of MARA's brands, besides customer loyalty and satisfaction.

This study investigated the relationship between three variables, namely OC, competitiveness and BP. The independent variable in this study is OC, the dependent variable is BP and the moderating variable is competitiveness. From a Resources-Based View (RBV) perspective, the essence of firm competitiveness lies in formulating strategies to make the best use of a firm's resources and turn it into capabilities, to enhance the firm's performance [1]. This study implies that organizational capabilities, with the right strategies, can lead to improved business performance. OC is measured in terms of the marketing capability of price, place and promotion. This study defines BP as a set of financial and non-financial indicators that offer information for achieving objectives and results [2]. Hence, BP consists of financial performance (sales growth) and non-financial performance indicators (customer satisfaction and stakeholders' satisfaction). Competitiveness is defined as the capability to excel in designing, manufacturing and selling of goods, as well as establishing services that are superior to the entrant [3]. Competitiveness is a moderator between OC and BP. An organization's success depends not only on its strategic position in the market but also on its sustainability by continually creating and developing unique capabilities [4]. This relationship represents the confluence of different business effects that are derived from the company's capability to alter its BP based on its capabilities [5]. Based on the analysis of several small firms, this study examined how competitiveness moderates the alignment of resources and BP. The RBV provides a theoretical framework for determining which resources and capabilities generate sustainable competitive advantage and can lead to above-normal return rates [6].

1.1 Problem Statement

As mentioned earlier, MARA Digital's BP has been lacklustre. One of the possible causes of the slow growth of MARA Digital BP is that it needs to compete with existing ICT businesses run by ICT players. Besides, since the Malaysian government had just lately began encouraging the Bumiputera to venture into the ICT business in MARA, the indication could be the they lack experience in the ICT business field. Based on these two factors, this article intended to examine whether MARA Digital’s BP is affected by the organization’s capability and competitiveness. Therefore, the objectives of the study are to examine the effect of OC on BP and examine the moderating effect of competitiveness on the relationship between OC and BP. Results regarding the relationship between OC and BP as well as the framework were ambiguous as there was no firm conclusion about the framework’s relationship. This study aimed to corroborate the positive influence of OC (marketing capability) on BP and determine the moderating role of competitiveness on the relationship between OC and BP in MARA Digital. This study also intended to examine the influence of OC on MARA Digital’s competitive performance. It is also expected to give retail managers exposure to implement OC and competitiveness in their business. As for the moderating variable of the relationship between OC and BP, there is a lack of studies that explain the effect of this competitiveness. Hence, a study on the relationship between OC and BP could increase sales and enhance competitiveness, which would then motivate MARA Digital to explore the general ability of RBV and its marketing strategy in such a context. This study was guided by two main research questions, such as:

RQ1: Does OC effect BP?

RQ2: Does competitiveness moderate the relationship between OC and BP?

1.2 Literature Review

1.2.1 Business performance (BP)

BP is one of the highly researched dependent variables in business literature. Performance can be categorized as the organization’s ability to generate adequate results and movements. For various organizations, attaining enhanced performance relies not only on the positive placement of palpable assets and ordinary resources but also on the operative management of information. Thus, business performance comprises a set of financial and non-financial indicators that offer information on the company's achievement of its objectives and outcomes [7]. BP is a gauge that indicates an organization's capability to attain its aims. Business performance is well-defined in terms of a healthy way an organization achieves its aims [8]. Hence, in this study, BP is defined as the level of accomplishment the stipulated objectives, which can also be defined as an indicator of how well an organization has attained its objective. It can implicitly assist an organization to efficiently manage its stakeholders as their confidence in dealing with a well-performing organization has increased. Subsequently, BP is also the result of teamwork and similar to an individual in an organization. Since marketing capability enables firms to develop appropriate strategies and tactical responses, OC enjoys better business performance. The firm's financial performance is more significantly influenced by OC rather than other functional capabilities. Moreover, the direct relationship between OC and BP (non-financial performance) has been identified [9]. In this study, BP is measured based on two important dimensions, namely financial and non-financial performance. As for the financial performance dimension, the measure is sales growth [10], while for the non-financial performance dimension, it is customer satisfaction and vendor's satisfaction [11].

1.2.2 Organizational Capabilities (OC)

The capabilities of successful firms are very often difficult for others to imitate. Firms with superior capabilities create long-term competitive advantage for themselves. They are believed to compete using their capabilities and these capabilities only have value in a particular context. The notion of organizational capabilities has been established within a firm's RBV and marketing strategy [12]. OC is defined as an organization's capacity to deploy its tangible and intangible assets, perform the task, or carry out activities in the firm [13]. Furthermore, capabilities are defined as "a complex bundle of skills and accumulated knowledge, exercised through organizational processes that enable firms to coordinate activities and make use of their assets" [14]. While capabilities are also known as distinctive competencies or core competencies, it is defined as "the knowledge set that distinguishes and provides a competitive advantage" [15]. Based on the above definitions, OC is difficult to imitate and duplicate by other competitors based on its elements of competitiveness and business performance. Marketing capabilities are part of the OC that are closely related to a firm's business activities. Marketing capabilities can be defined as "processes designed to integrate the company's collective knowledge, skills, and resources with business-related market needs, enabling businesses to add value to competitive goods and services while meeting demands" [16]. This study examined three important marketing capabilities as components of OC, such as price, promotion, and place, which were identified by retailers in MARA Digital. Hence, given that information, the first hypothesis for this study is:

H1: Organizational capabilities have a positive effect on business performance.

A brief explanation of the selected constructs are as follows.

1.2.2.1 Price

Price refers to the monetary value of a product that has been fixed for exchange purposes. It is the amount a customer pays for a product, which is established after considering various factors, such as market share, competition, material costs, product identity and the customer's perceived value of the product. The company may increase or decrease the price of the product if other stores have the same product. Therefore, it is proposed that:

H1a: Price has a significant effect on financial performance (sales growth).

H1b: Price has a significant effect on non-financial performance (customer satisfaction and vendor's performance).

1.2.2.2 Promotion

The promotion concept is applied for products or services as well as the business. Promotion includes all communications a marketer uses in the market for his products or services to create awareness and persuade customers to purchase and retain these customers in the future. This method is also used to improve sales or the business itself. The message regarding the product's features and benefits or the type of services provided is conveyed to target groups. Without communication, the features, benefits and schemes would not be known to the customers and objectives of launching products or services and increasing sales would not be completed. When communication creates awareness, only then will interest be created, and eventually leading customers to make the decision to buy. Various methods of communication can be used for promoting a product, Thus, this study hypothesized that:

H1c: Promotion has a significant effect on financial performance (sales growth).

H1d: Promotion has a significant effect on non-financial performance (customer satisfaction and vendor's performance).

1.2.2.3 Place

The place is the point or location where the product is made available for purchases. The pre-requisite is that the product and the customer should be available at a point (place or location) for a sale to take place, without which the sale will fail to materialise. This term is usually used for the distribution channel and it can include any physical store or an online virtual store. A place is not exactly a physical store but rather the location of a product or the image created in the customer's mind, which depends on the customer's perception. Products or services should reach the customer, which is usually through a channel that is called the distribution channel of placement. Thus, this study hypothesised that:

H1e: Place has a significant effect on financial performance (sales growth).

H1f: Place has a significant effect on non-financial performance (customer satisfaction and vendor's performance).

1.2.3 Competitiveness as a moderator

The firm's competitiveness, which is multi-dimensional in nature, is central to its survival. Many scholars have identified and analyzed it based on competencies, capabilities, customers and competition issues [17]. Competitiveness means the ability of a firm to learn, create, and execute actions directed at customer satisfaction, resulting in more effective actions, which mean different things to different firms. Thus, if survival is vital, it is important to identify the factors that determine it. In other words, competencies and capabilities are the aggregated bundle of a firm's resources. Various studies have examined the relationship between competitiveness and BP and some have reported a significant and positive relationship between competitiveness and BP [18]. In addition, there is still an unclear support that indicates a direct relationship between the variables, where some competitiveness applications are largely unexplored as a moderating variable [19]. Thus, competitiveness has not been previously examined as a moderating variable with BP. This study expects competitiveness to interact with the OC to identify the moderating effects on BP and also, competitiveness can enhance the OC-BP relationship. The literature review revealed that the effect of competitiveness's moderating role on the relationship between OC and BP has received less attention from researchers [20]. Therefore, this study intends to expand the knowledge on MARA Digital's BP by examining competitiveness as a moderator in the relationship between OC and BP. As a result, it is important to investigate the moderating effect of competitiveness. Thus, this study hypothesized that:

H2: Competitiveness moderates the relationship between organizational capabilities and business performance.

1.2.3.1 Innovation Orientation (IO)

Competitiveness is measured using IO, which refers to the belief in the willingness to change that encourages and fosters the adoption of new ideas throughout the firm [21]. From MARA Digital's perspective, IO could relate to efficient research and development efforts when utilizing resources, and becoming more diversified. IO is strongly supported by partners who can pool their resources and capabilities to assist the start-up firm. Hence, IO can be defined as a tendency to engage in and support new ideas, novelty, experimentation and creative processes that could result in new products, services and technological processes [22]. Thus, this study formed the following hypotheses:

H2a: Innovation orientation moderates the relationship between price and financial performance (sales growth).

H2b: Innovation orientation moderates the relationship between price and non-financial performance (customer satisfaction and vendor's performance).

H2c: Innovation orientation moderates the relationship between promotion and financial performance (sales growth).

H2d: Innovation orientation moderates the relationship between promotion and non-financial performance (customer satisfaction and vendor's performance).

H2e: Innovation orientation moderates the relationship between place and financial performance (sales growth).

H2f: Innovation orientation moderates the relationship between place and non-financial performance (customer satisfaction and vendor's performance).

1.2.4 Underpinning Theory

Based on the Resource-based View (RBV) theory, heterogeneous resources are characterized as valuable, rare, inimitable and non-substitutable and should be secured to maintain a firm's competitive advantage that could lead to enhanced firm performance. RBV theorists [23] argue that firms need to achieve competitiveness to respond to ever-changing market conditions by strategically deploying resources and capabilities possessed by the firm and adding new capabilities to existing ones. Consequently, if organizations or firms can strategically deploy their resources and capabilities, they can convert their competitive endeavors to support their interests in the best way and create sustainable competitiveness [24]. RBV also has OC as its core component, where appropriate resources can be used to gain competitiveness in the market. To achieve competitiveness, a firm must consider its external position based on a marketing perspective, whereas according to RBV, internal capabilities must be addressed [25]. Based on this perspective, a firm must think of itself (internal capabilities) and its markets (external position) interactively as sources for achieving business performance and formulating marketing strategies [26].

A Marketing Strategy consists of specific strategies for targeting markets, positioning, marketing mix, and marketing expenditure. It outlines how the firm intends to create value for target customers in order to capture value (loyalty) in return. The firm plans how each strategy responds to threats, opportunities, and critical issues spelled out earlier in the plan [27]. In this phase, the strategy as well as products and services are still conceptual and the founders are still mainly delivering ideas. Firms are still focusing on innovation and experimentation with resources [28]. In this phase, retailers need to carefully acquire and manage resources, while discarding resources irrelevant for further development. Since firms are still small and limited in resources, managerial cognition is especially important in this phase and decisions taken in this stage regarding resources and capabilities are path-breaking for the firm's future development and success [29]. Thus, this study created a research model that depends on these two theories to test the effects of both OC and competitiveness on business performance.

1.2.5 Conceptual framework

Based on the literature review, OC and competitiveness provide an appropriate theoretical framework for explaining the direct and indirect effects on business performance. Capabilities include price, promotion and place, while competitiveness is posited as a moderator. It can be concluded that all these factors are expected to play a crucial role in contributing to the business performance outcome. Figure 2 shows the proposed model of the conceptual framework based on RBV and strategic marketing.

Despite the growing empirical and theoretical research in RBV of a firm, its usefulness and position as a paradigm is still being debated [30]. It has been argued that more empirical research is needed to strengthen support for this important theory. Based on the literature review, significant gaps in the theoretical perspective were identified. For example, several researchers have identified OC as a firm's important resource, but there is still a lack of empirical studies that incorporate OC into RBV and BP [31]. This might be due to the different specialization of research streams where RBV in related to strategic management, and OC is related to BP. Consequently, additional research should acknowledge this insight and investigate how well the RBV integrates with the marketing strategy to enhance business performance. For this reason, this study had identified several aspects of marketing capability, such as price, promotion and place, as components of OC in this study. In response to this gap, another equally important factor that guides this study is the research context.

The influence of organizational capabilities and competitiveness on business performance was thoroughly observed and examined in MARA Digital.

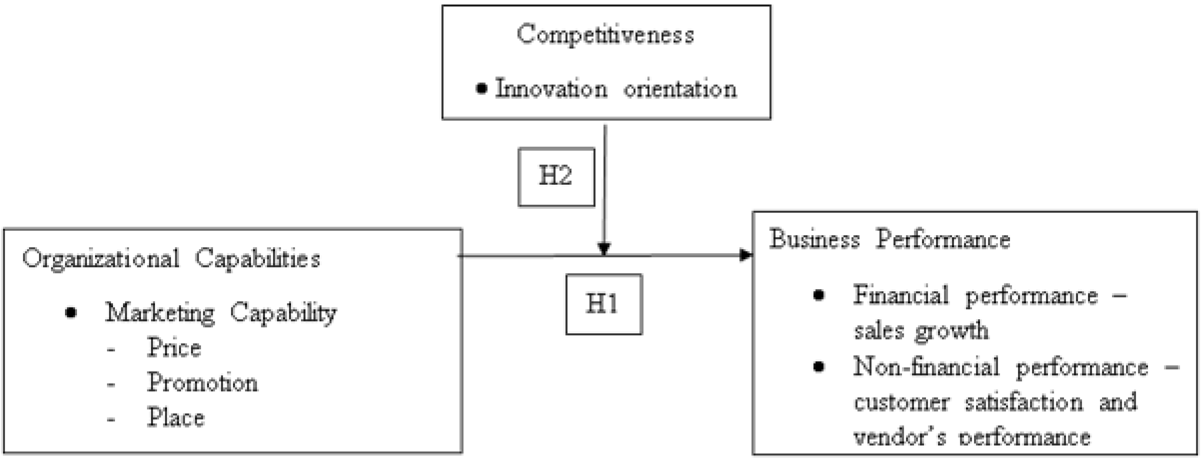

Fig.2. The Research Framework of this Study

2. Methodology

2.1 Sample and Data collection method

The survey in this study was the structured questionnaire survey with closed-ended questions adopted from previous studies related to the field of OC and competitiveness. The is a quantitative study and data were collected by a administering a survey instrument containing structured questions to managerial level employees from ICT retailers under MARA in Malaysia. A non-probability sampling method was used for this research and 320 questionnaires were distributed among respondents and 310 questionnaires were returned, representing a response rate of 96 per cent.

2.2 Questionnaire development

The questionnaire consists of two parts, with the first part comprising the demographic section related to respondents' background consisting of five items. The second part consists of thirty-two items related to OC, Competitiveness and BP. A 7-point Likert scale was used to measure the three categories of structures, namely OC, competitiveness and BP. The scales ranged from "1" - strongly disagree to "7" - strongly agree. The 7-point Likert scale is a valid and appropriate measurement, as many previous researches have used seven scales to measure OC, competitiveness and BP [32]. In this study, the OC dimension (price, promotion and place) was measured by adapting indicators suggested by [33-35]. The competitiveness dimension (innovation orientation) in this study contains six items and was adapted from [36-39]. Meanwhile, BP indicators for financial performance (three items) measured sales growth, the non-financial performance (eight items) measured customer satisfaction, and the vendor's performance was adapted from [40-43].

2.3 Respondents' Profile

320 questionnaires were distributed among ICT Retailers under MARA who were selected by using the purposive sampling technique. 310 questionnaires were returned and 12 incomplete

questionnaires were disqualified, leaving 298 questionnaires for analysis. Table 1 shows the frequency some of the items concerning the respondents.

Table 1
Profile of Respondents

Gender		
	Frequency	Percent
Male	209	70.1
Female	89	29.9
Total	**322**	**100**
Year of Birth		
	Frequency	Percent
Gen Z Born 1996 to now	110	36.9
Millennials/Gen Y: Born 1997 to 1995	148	49.7
Generation X: Born 1965 to 1976	40	13.4
Total	**298**	**100**
Length of Company Establishment		
	Frequency	Percent
1 month – 6 months	54	18.1
6 months – 12 months	43	14.4
12 months – 18 months	83	27.9
More than 18 months	118	39.6
Total	**298**	**100**
Type of Items Sold by the Company		
	Frequency	Percent
Handphone	100	33.6
Laptop	100	33.6
Camera	10	3.3
Accessories	88	29.5
Total	**298**	**100**
Type of Services That Company Provided		
	Frequency	Percent
Repair	190	63.8
Upgrading	100	33.6
Others	8	2.6
Total	**298**	**100**

3. Results

3.1 Data Analysis and Results

This study used the partial least squares (PLS) approach to test the developed model. PLS is a second-generation multivariate technique [44] that can simultaneously evaluate the measurement model (the relationship between constructs and their corresponding indicators) and the structural model to minimize the error variance [45]. The smart PLS Version 2.0 software [46] was used to analyze data in this study. In addition, following the suggestions of [47], the bootstrapping method (500 resamples) was also used to determine the significance levels of loadings, weights and path coefficients.

Common method variance needs to be examined when data are collected via self-reported questionnaires, especially when both, the predictor and criterion variables, are obtained from the same person [48]. [49] also noted that, “invariably, when self-reported measures obtained from the same sample are utilized in research, concerns over same-source bias or general method variance arise". There are several remedies for this issue suggested in the literature. One of the common methods used to detect this issue is the Harman's single factor test, which is done by inserting all the principal constructs into a principal component factor analysis [50]. Evidence method bias exists when a single factor emerges from the factor analysis, or one general factor accounts for the majority of the covariance among the measures [48] In this study's analysis, the factor captured 41.84 percent of total variance, which is below 50 percent as proposed by [50] and it was demonstrated that there was no bias in the data.

3.2 Measurement Model

Convergent validity is the degree to which multiple items are used to measure the same concept are in agreement. As suggested by [43,44], this study used factor loadings, composite reliability (CR) and average variance extracted (AVE) to assess convergent validity. The recommended values for loadings were set at > 0.5, the AVE should be > 0.5 and the CR should be > 0.7. Figure 3 shows that this study has conceptualized the constructs. Table 2 shows that the results of the measurement model exceeded the recommended values, thus, indicating that convergent validity has been established (Figure 4). After confirming the convergent validity, this study proceeded to assess the discriminant validity using the [51] method. Discriminant validity is the degree to which items differentiate between constructs or measure distinct concepts. The criterion used to assess this is by comparing the AVE with the squared correlations or the square root of the AVE with correlations. As shown in Table 3, this study used the second method, which is to compare the square root of AVE with the correlations. The criteria are that if the square root of the AVE, shown in the diagonals, is greater than the values in the row and columns on that particular construct, then it can be concluded that the measures are discriminant. Table 3 shows that the discriminant validity will be considered established when the diagonal elements are higher than the other elements in the column and row in which they are located. Based on the output provided, the results are shown in the table below, which demonstrates satisfactory discriminant validity.

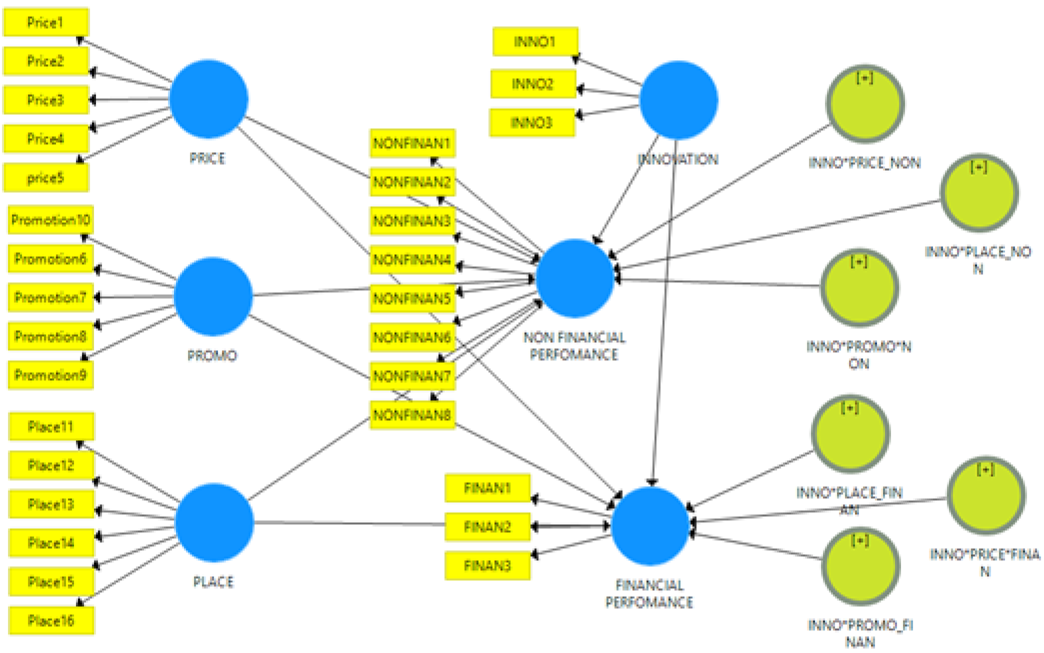

Fig.3. Measurement Model

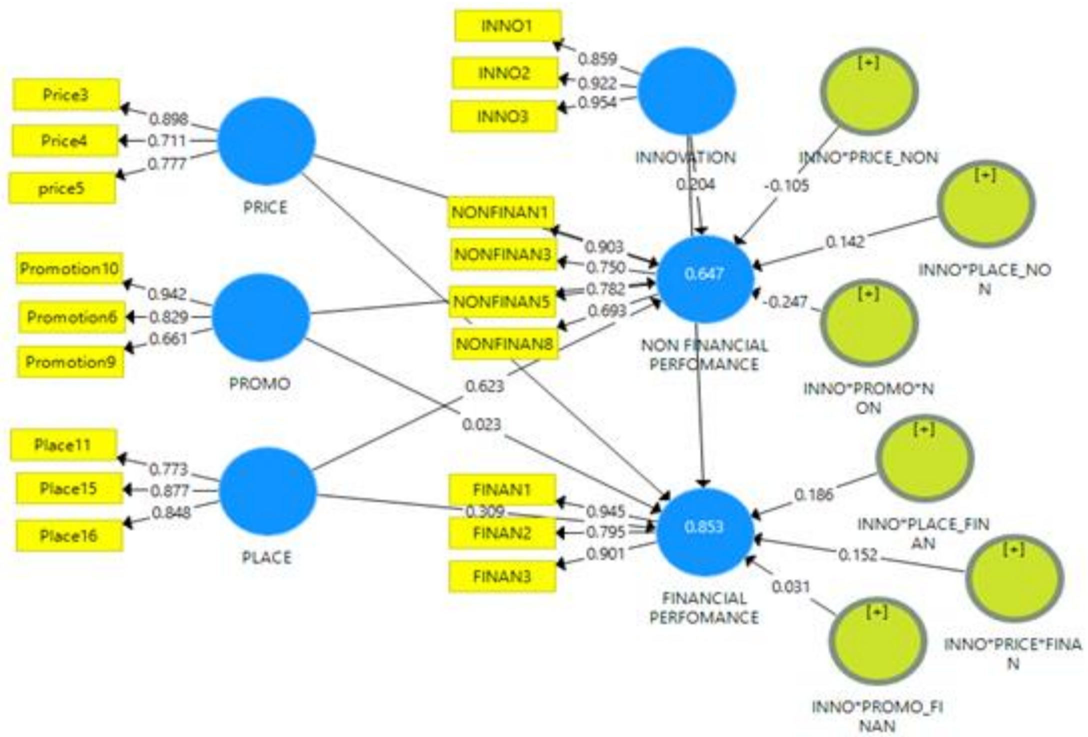

Fig.4. The PLS algorithm results

Table 2
Measurement Model-Convergent Validity

Construct/Item	FL	CA	CR	AVE
Place		0.78	0.87	0.70
Place11	0.77			
Place15	0.88			
Place16	0.85			
Price		0.72	0.84	0.64
Price3	0.90			
Price4	0.71			
price5	0.78			
Promotion		0.78	0.86	0.67
Promotion10	0.94			
Promotion6	0.83			
Promotion9	0.66			
Innovation		0.90	0.94	0.83
INNO1	0.86			
INNO2	0.92			
INNO3	0.95			
Finance Perfomance		0.86	0.91	0.78
FINAN1	0.95			
FINAN2	0.79			
FINAN3	0.90			
Non finance Perfomance		0.79	0.86	0.62
NONFINAN1	0.90			
NONFINAN3	0.75			
NONFINAN5	0.78			
NONFINAN8	0.69			

Notes: FL = factor loadings; CA = Cronbach Alpha; CR = composite reliability; AVE= average variance extracted.

Table 3
Discriminant Validity of Construct - Fornell-Larcker Criterion

CONSTRUCT	X1	X2	X3	X4	X5	X6
FINANCIAL PERFOMANCE (X1)	**0.88**					
INNOVATION (X2)	0.72	**0.91**				
NON-FINANCIAL PERFOMANCE (X3)	0.63	0.55	**0.79**			
PLACE (X4)	0.76	0.68	0.76	**0.83**		
PRICE (X5)	0.76	0.54	0.47	0.61	**0.8**	
PROMO (X6)	0.15	0.03	0.25	0.25	0.12	**0.82**

3.3 Structural Equation Modelling-Partial Least Squares

In order to evaluate the structural models' predictive powers, this study calculated the R^2, which indicates the amount of variance explained by the exogenous variables [52]. The bootstrapping technique with a re-sampling of 500 helped calculate the path estimates, and t-statistics for the hypothesized relationships. In the PLS path models, path coefficient was measured to determine whether the research hypotheses could be accepted or rejected. The path coefficient reflects the expected change in the endogenous variable compared to a unit change in an exogenous variable. The higher beta value indicates that the chances of a predictor to be significant are greater. However, PLS Path modelling does not assume that data is normally distributed because parametric tests cannot be applied to determine whether the coefficients are significant. As a result, this study employed the bootstrapping process to measure the confidence interval of the path coefficients and statistical inference, as shown in Table 4.

Table 4 shows the results for the structural modelling analysis. The analysis indicates that **organizational capabilities have a positive effect on business performance.** Path coefficient for Price-> financial performance was 0.24 and t-value 6.16 and p-value was 0.000, which is less than 0.05. Thus, **H1a** can be accepted. This means that price has a significant effect on financial performance (sales growth). Path coefficient for Price-> non-financial performance was -0.02 and t-value 0.25 and p-value was 0.800, which is more than 0.05; thus, **H1b** cannot be accepted. This means that price has no significant effect on non-financial performance (customer satisfaction and vendor's performance). Path coefficient for Promo-> financial performance was 0.02 and t-value 0.94 and p-value was 0.350, which is more than 0.05; thus, **H1c** cannot be accepted. The finding shows that promo is not significant in affecting financial performance (sales growth). The path coefficient for Promo-> non-financial performance was 0.12, t-value was 2.31 and p-value was 0.020, which is less than 0.05; thus, **H1d** was accepted. The result shows that promo has a significant effect on non-financial performance (customer satisfaction and vendor's performance). The path coefficient for Place-> financial performance was 0.31, t-value was 8.95 and p-value was 0.000, which is less than 0.05; thus, **H1e** can be accepted. This means that place has a significant effect on financial performance (sales growth). The path coefficient for Place-> non-financial performance was 0.62, t-value was 8.45 and p-value was 0.000, which is less than 0.05; thus, **H1f** can be accepted. This means that place significantly affects non-financial performance (customer satisfaction and vendor's performance).

Next, the moderating effect of competitiveness on the relationship between OC and BP was tested. To test the moderation effect, this study used the interaction effect procedure [53]. The **H2** states that competitiveness moderates the relationship between organizational capabilities and business performance, while **H2a** states that innovation orientation moderates the relationship between price and financial performance (sales growth). The interaction term is significant since the coefficient value is 0.15, t-value is 4.62 and the p-value is 0.000, which is less than 0.05, indicating the presence of moderation effects. Thus, **H2a** can be accepted. Whereas **H2b** states that innovation orientation moderates the relationship between price and non-financial performance (customer satisfaction and vendor's performance). The interaction term is significant since the coefficient value is -0.11, the t-value is 0.76 and the p-value is 0.440, which is more than 0.05, indicating the absence of moderation effects. Thus, **H2b** can be accepted. **H2c** states that innovation orientation moderates the relationship between promotion and financial performance (sales growth). The interaction term is significant since the coefficient value is 0.03, t-value is 1.17 and the p-value is 0.240, which is more than 0.05, indicating the absence of moderation effects. Thus, **H2c** cannot be accepted. **H2d** states that innovation orientation moderates the relationship between promotion and non-financial performance (customer satisfaction and vendor's performance). The interaction term is significant since the coefficient value is -0.25, t-value is 3.48 and p-value is 0.000, which is less than 0.05, indicating the presence of moderation effects; thus, **H2d** can be accepted.

Table 4
Summary of the Structural Model

Hypothesis	Relationship	OS	SM	SD	t-Values	p-Values	Findings
H1a	PRICE -> FINANCIAL PERFOMANCE	0.24	0.24	0.04	6.16	0.000	Supported
H1b	PRICE -> NON-FINANCIAL PERFOMANCE	-0.02	0	0.06	0.25	0.800	Not Supported
H1c	PROMO -> FINANCIAL PERFOMANCE	0.02	0.03	0.02	0.94	0.350	Not Supported
H1d	PROMO -> NON-FINANCIAL PERFOMANCE	0.12	0.12	0.05	2.31	0.020	Not Supported
H1e	PLACE -> FINANCIAL PERFOMANCE	0.31	0.31	0.03	8.95	0.000	Supported
H1f	PLACE -> NON-FINANCIAL PERFOMANCE	0.62	0.62	0.07	8.45	0.000	Supported
	INNOVATION -> FINANCIAL PERFOMANCE	0.24	0.24	0.04	6.23	0.000	Supported
	INNOVATION -> NON-FINANCIAL PERFOMANCE	0.2	0.19	0.06	3.45	0.000	Supported
H2a	INNO*PLACE_FINAN -> FINANCIAL PERFOMANCE	0.19	0.18	0.04	4.95	0.000	Supported
H2b	INNO*PLACE_NON -> NON-FINANCIAL PERFOMANCE	0.14	0.1	0.14	1	0.320	Not Supported
H2c	INNO*PRICE*FINAN -> FINANCIAL PERFOMANCE	0.15	0.15	0.03	4.62	0.000	Supported
H2d	INNO*PRICE_NON -> NON-FINANCIAL PERFOMANCE	-0.11	-0.07	0.14	0.76	0.440	Not Supported
H2e	INNO*PROMO*NON -> NON-FINANCIAL PERFOMANCE	-0.25	-0.22	0.07	3.48	0.000	Supported
H2f	INNO*PROMO_FINAN -> FINANCIAL PERFOMANCE	0.03	0.03	0.03	1.17	0.240	Not Supported

OS = original sample, SM = sample mean, SD = standard deviation

H2e states that innovation orientation moderates the relationship between place and financial performance (sales growth). The interaction term is significant since the coefficient value is 0.19, t-value is 4.95 and p-value is 0.000, which is less than 0.05, indicating the presence of moderation effects: thus, **H2e** can be accepted. **H2f** states that innovation orientation moderates the relationship between place and non-financial performance (customer satisfaction and vendor's performance). The interaction term is significant since the coefficient value is 0.14, t-value is 1 and p-value is 0.320, which is more than 0.05, indicating the non-presence of moderation effects; thus, **H2f** cannot be accepted. The analysis indicates that the results are ambiguous with respect to competitiveness as being the moderator in the relationship between OC and BP.

4. Discussion and Conclusion

The objective of this study is to examine the effect of OC on BP and the moderating effect of competitiveness on the relationship between OC and BP. Findings show that OC has a significant relationship with BP; thus, **H1** is supported. The results are ambiguous with respect to competitiveness as a moderator in the relationship between OC and BP. It shows that product/service prices significantly impact MARA Digital with regard to both financial and non-financial performance, which means that retailers should prioritizes price setting that delivers maximum value for its customers. Setting prices that are significantly higher than the competition would lead to reduced customer satisfaction and degrade financial performance in the long term. For instance, pricing allows the firm to use pricing tactics to respond to changes and earn higher revenue. Thus, MARA must set prices that appropriately balance profits with product/service value in such a manner that both stakeholders are satisfied. Moreover, since innovation orientation was found to moderate the relationship between price and business performance, implementing new business technologies might help strengthen the relationship between price and product sales through value creation. In this context, the success of innovation orientation in MARA Digital retailers is related to different performance characteristics, such as cash flow, profitability and increasing competitive advantage.

Promotion too was found to both, positively and negatively impact BP. As for MARA Digital, this means selecting promotional techniques that are both inexpensive but effective enough to reach customers. Many respondents agreed that the marketing plan should be implemented only after a marketing strategy has been devised. Majority of managers agreed that televisions, radio, newspaper, magazine, internet and mobiles are all very suitable for implementing retail marketing strategies for gaining BP in MARA Digital. Retailers should consider prioritizing advertising through social media or word-of-mouth (WOM), which is not only cost effective in mitigating the negative impact of promotion over financial performances, but also effective enough to engage and communicate with customers to ensure satisfaction. Furthermore, retailers might consider the use of big data tools that allows more precise targeting of audiences with appropriate services/products, leading to satisfied customers, since innovative orientation positively moderates the promotion-customer satisfaction relationship.

Place was found to be the only variable to positively affect both, the firm's financial as well as non-financial performance. This indicates that location or place plays an important role in overall sales growth and customer satisfaction in Malaysia's ICT industry. The impact on MARA digital means that it must pay special attention to choosing a place regarding locality, neighbourhood, and block. Locations must not only be easily accessible but should also be in prominent and visible areas. This off course affects how organizations under MARA digital choose locations or areas of operation in their future expansion strategies. Moreover, investing in new methods, technologies, or techniques in relation to location/place will positively moderate the place-sales growth relationship, as shown in the results. Hence, top managers of MARA Digital are advised to focus on improving innovation orientation that can influence sales. They should focus on designing stores that are convenient and provide a better experience for customers. This effort will increase sales that will eventually improve MARA Digital's performance. This study found that OC and competitiveness play an essential role in enhancing BP and the innovative mindset of managers significantly impacts the performance of MARA Digital retailers.

4.1 Recommendation Future Research

The limitation of this study is that it only focused on one respondent from each organization since the issues are organization-wide. Therefore, future research should use a longitudinal design with multiple respondents. In addition, future research should also consider conducting a mixed-method study by using a questionnaire survey and in-depth interviews with MARA Directors or Director of Division in MARA Digital and all the retail managers in MARA Digital, particularly those focusing on upstream activities. Furthermore, future research should also include other relevant organisational capabilities, such as market orientation, customer orientation, innovativeness and competitive advantage.

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