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Title : FACTORS INFLUENCING FIRM'S ENVIRONMENTAL PERFORMANCE IN MALAYSIA

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The changes in the global environmental conditions have placed great challenges to the governments, industries and societies. Business organizations are often blamed to be the sources of these environmental problems. Their role in mitigating these problems shall not be underestimated. Higher environmental performance can be translated into eco-advantage which enhances a firm's competitiveness. Drawing from the resource-based theory, this study aimed to examine the internal and external factors influencing the environmental performance of firms certified under the ISO 14001 in Malaysia. Five hypotheses were generated by taking into consideration two internal factors (i.e. environmental policy and environmental training) and three external factors (i.e. regulatory stakeholders' pressure, community stakeholders' pressure and customer pressures). The total population of the study was 643 firms. Thus, this study employed census, with all the 643 firms used in the study. Five (5) face-to-face interviews and thirty (30) pilot tests from 15 firms were conducted to pretest the survey questionnaire. A total of 628 questionnaires were mailed to the respondents after excluding 15 firms from the pilot test. A total of 268 manufacturing firms responded to the questionnaires. In this research, structural equation modeling was applied to test the hypotheses. It was found that the "environmental policy",

"environmental training", "regulatory stakeholder's pressures" and "customer pressures" influenced the firm's environmental performance in which "customer pressures" was found to be the dominant factor. Two novel findings included the positive impact of regulatory stakeholder's pressure on (1) the firm's environmental policy; and (2) the firm's environmental training. This research provide a model to synthesize both internal (environmental policy and environmental training) and external (regulatory stakeholder's pressure and customer pressures) constructs that influence a firm's environmental performance. Findings from this study may motivate managers to integrate environmental agenda as the firm's corporate strategy. The empirical results and the findings shed lights on the practitioners as to how to enhance a firm's environmental performance through green practices incorporated in both the internal factors (i.e. environmental policy and environmental training) and external factors (i.e. regulatory stakeholders' pressure, community stakeholders' pressure and customer pressures). In addition, this research provides an aspiration to firms that have yet to implement EMS practices and to encourage them to be more eco-friendly.