

UNIVERSITI TEKNOLOGI MARA

GREEN INTELLECTUAL CAPITAL,
PROACTIVE ENVIRONMENTAL
STRATEGY AND MALAYSIAN
MANUFACTURING FIRMS'
COMPETITIVE ADVANTAGE

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Thesis submitted in fulfillment
of the requirements for the degree of
Doctor of Philosophy
(Accountancy)

Faculty of Accountancy

August 2019

ABSTRACT

In the light of corporate sustainability issues, the environmental challenge should be appropriately addressed whilst maintaining firms' competitive advantage. The paradigm shift towards knowledge-based economy has prompted management focus to achieve competitive advantage by intensifying the green intellectual capital resources and proactive environmental strategy in causally ambiguous, socially complex and rare. However, whether or not and how the green intellectual capital as well as proactive environmental strategy contributes to the firms' competitive advantage has always been argued. Hence, the main purpose of this study is to investigate whether green intellectual capital and proactive environmental strategy have positive significant relationship with firms' competitive advantage. Green intellectual capital comprises of green human capital, green innovation capital, green organisational capital and green relational capital while proactive environmental strategies are represented by greening strategy and beyond greening strategy. This study utilised survey research by collecting data from 224 managers in the Malaysian manufacturing sector, where the firms are listed in the FMM directory. Results of multiple regression analysis highlighted that there is a positive significant relationship between green intellectual capital and competitive advantage. A positive significant relationship exists between green intellectual capital dimensions and firms' competitive advantage with the exception of green human capital. Green organisational capital was found to be the most contributor towards firms' competitive advantage that shows the manufacturing firms' high commitment towards sustainability. Furthermore, the results of hierarchical regression revealed that proactive environmental strategy does not moderate the relationship between green intellectual capital and firms' competitive advantage. The results of the study revealed that the creation, transfer and application of green intellectual capital that is a valuable, rare, inimitable and non-substitutable resource is imperative to become more superior to other competitors. However, the dynamic capabilities of proactive environmental strategy have yet to be embraced. This study contributes to a new measurement of green intellectual capital, filling the gap of the financial accounting and reporting field. Additionally it also enhanced monitoring system of environmental activities and assist managers in their strategic resource planning decision.

ACKNOWLEDGEMENT

Firstly, I thank Allah for granting me the opportunity to embark on this challenging PhD journey and to complete my PhD thesis successfully. Thus, I am deeply grateful and indebted to my supervisors, Professor Dr. Roshayani Arshad and Associate Professor Dr. Amrizah Kamaluddin for their guidance, encouragement and continuous support in every possible way throughout my studies.

My gratitude and thanks go to the panels of assessors during the Viva-voce, progress presentations and PhD defense proposal, especially Associate Professor Dr. Haslinda Yusoff, Professor Dr. Abu Hassan Md Isa, Associate Professor Dr. Subhash Abhayawansa, Professor Dr. Zubaidah Zainal Abidin, Associate Professor Dr. Huang Ching Choo and Associate Professor Dr. Kalsom Salleh, for their constructive comments and suggestions.

My appreciation goes to the committee members of UiTM Human Resource Development Department and Malaysian Ministry of Higher Education for awarding me with the 'SLAI Scholarship' and granting the financial assistance throughout this PhD journey. Acknowledgement also goes to the Rectors of UiTM Perak, Programme Coordinators of Faculty of Accountancy, UiTM Perak, and Post Graduates Coordinators, Faculty of Accountancy, UiTM Shah Alam, for their administrative support.

I am also grateful to all the respondents of this doctoral research, and others who helped me during the development of survey instrument and data collection. Special thanks to my colleagues and friends for the knowledge, experience, motivational and inspirational thoughts that they have shared with me in facing life's ups and downs as a PhD student.

As the completion of this thesis has been a lengthy process, my deepest gratitude also goes to my beloved husband, Noraizuddin Ibrahim, who has always been there whenever I need help. I could not have completed this thesis without his understanding and consistent support. To my adorable sons, Nafiz Zafri and Nafiz Zakwan, who are the pride and joy of my life, both of you have been the motivational force for me to get through this journey.

I also would like to thank my siblings, Haini, Saifol Muallim, Norhaidah, Muszalipah, Adiah and their family members for their understanding and moral support. My love and deep appreciation go to my mother, Hajjah Ay on Nahrawi, who encourages me to go after what I want with all I have, and that every day, every second of my life I strive to be a strong person just like her. Finally, to my very dear late father, Haji Ahmad Yahya Ngah Dimin, for the vision and determination in educating and teaching me to live by Islamic values. Thank you to all for your prayers and good wishes. May Allah bless all of us.

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