

UNIVERSITI TEKNOLOGI MARA

**BUSINESS ENVIRONMENTALISM
STRATEGY, COMPETITIVE
ADVANTAGE AND
ORGANISATIONAL
PERFORMANCE IN MALAYSIAN
HOTEL INDUSTRY**

JUNAINAH BINTI JAIDI

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ABSTRACT

As the today's tourists are becoming increasingly concerned with the environment and environmental products, the management teams within the hotel industry believe that the integration of environment aspects into their business strategies will lead to better organisational performance. Hotel managers believe that the environmental integration is able to create value and competitive advantage. This research, which is grounded in the resource-based view, examined the relationship between business environmentalism strategy (corporate environmentalism and environmental management accounting practices) and organisational performance among Malaysian hotels. This research further examined the mediating role of competitive advantage on the link between environmental business strategy and organisational performance. Employing the simple random technique, data were collected from 122 hotel managers from 3 to 5-star hotels in Malaysia. The data was analysed using the Partial Least Squares (PLS) approach to Structural Equation Model (SEM). Results of the hypotheses testing showed that all seven hypotheses were supported. Thus, it was concluded that both corporate environmentalism and environmental management accounting practices have a positive and significant relationship with organisational performance. It was also found that competitive advantage partially mediated the relationship between corporate environmentalism and environmental management accounting practices with organisational performance. Given the substantial explanatory power of the model findings, this research has provided significant theoretical and practical contributions. This study has successfully provided a theoretical model that explains the contribution of environmental business strategy on the organisational performance of the Malaysian hotel industry by extending the current theoretical framework for corporate environmentalism. Added to the framework is the element of environmental management accounting practices as part of the strategic management component. Furthermore, this study has also provided a deeper understanding and practical suggestions on how the integration of environmental aspect into the business strategy may help the organisations gain competitive advantage, which directly contribute to better performance. Of the most important finding, internal environmental orientation (IEO) has been revealed to be insignificant in the formation of corporate environmentalism compared to the other three dimensions; marketing environmental strategy (MES), corporate environmental strategy (CES), and external environmental orientation (EEO). Even though it has been proven in the literatures that all the four dimensions are equally important in the formation of corporate environmentalism. To conclude, this research has provided important insights into the role of business environmentalism strategy towards organisational performance in general, and the Malaysian hotel industry specifically. More importantly, this research has opened up possibilities for further research in the adoption of business environmentalism strategy in Malaysia and other developing countries.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Organisational performance has frequently been a focus of research in the field of organisational studies. Most organisational performance studies attempt to identify the antecedent of organisational performance or try to distinguish the key factors that make it possible for some organisations to be more successful than others (Spanos, Zaralis & Lioukas, 2004; Adner & Helfat, 2003; Gopalakrishna & Subramanian, 2001; McGahan, 1999; McGahan & Porter, 1997; Powell, 1996; Roquebert, Phillips & Westfall, 1996; Rumelt, 1991; Wright, Kroll, Tu & Helms, 1991; Kim & Lim, 1988). Measuring and assessing organisational performance is considered a vital aspect in the strategic management of an organisation as it shows how well the organisation is doing to reach its vision, mission, and goals. Considering the importance of organisational performance, numerous studies have been conducted to link organisational performance with various factors that can contribute to better performance. Among those that have been investigated include factors such as strategic resources, human capital, organisational culture, and environmental strategy. The increase of public awareness towards environmental factor, for example, has attracted a new concern for researchers and practitioners alike.

Researchers and practitioners are concerned over the relationship between environmental factors and the organisational performance of certain industries. Within the tourism industry, for instance, this interest is especially directed towards hotel performance (Wu & Wu, 2014; Fujii, Iwata, Kaneko & Managi, 2013; Litt, Sharma & Sharna, 2013; Chan, He, Chan & Wang, 2012; López-Rodríguez, 2009). The new focus on the impact of environmental strategy on organisational performance may be able to fill the gap of previous research findings. As such, this matter will serve as the missing link that will be the focus of this study. Moreover, studies that link the construct of environmentalism on the performance of tourism industries are rather scarce. According to Noor, Shaari and Kumar (2014), it is therefore a plausible area of research. In addition, studies on environmental strategies are considered rare in