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About

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Analyzing the Role of Quality Governance in Green Initiatives and the Impact towards the Organisational Performance

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Abstract

This article presents an analysis of quality governance as an intervening role between the green initiatives implemented by the ISO 14001 EMS firms in Malaysia and the performance of the organisations. Previous research points at the importance of green marketing is expanding and many companies are embracing new strategies. The study aims to investigate the impact of green initiatives on the organisational performance and the quality governance as a moderating factor between the green initiatives and the organisational performance. The current research will include green product, green price, green promotion, green distribution, top management, shared vision and financial resources as a green initiative. A total of 150 responses was collected using simple random sampling technique. This study employs partial least square-structural equation modelling (PLS-SEM) as the main statistical technique. The findings reveal that green product, green pricing, top management, shared vision and financial resources significantly positively affects organizational performance. Management implications for the implementation of green initiatives and marketing are discussed.

Keywords: Green initiatives, Quality governance, Organisational performance, ISO EMS 14001

1. Introduction

This paper addresses the issue on green initiatives, practices of ISO 14001 Environmental Management System certified firms in Malaysia. Due to the challenges of global environmental problems, consumers become concerned about environmental protection; hence the industry's responses and emerges as a green business by practising green philosophies. Many businesses have begun to evolve their production and marketing strategy towards a greener practice. Therefore, the need to study the quality governance aspects is to highlight the importance of this role in ensuring the success of the green initiatives for better performance. Quality governance performed as routine monitoring of the progress and performance of green initiatives. The higher rate of success will encourage other firms to adopt the most effective way to gain the benefits. Hence, a study to test the intervening factor of quality governance by focusing on green initiatives implemented by ISO 14001 EMS Malaysian certified firms is deemed necessary. Recent developments in green industries, particularly in Malaysia have heightened the need for effective green initiatives. This study will include green product, green pricing, green promotion, green distribution, top management, shared vision and financial resources as part of the green initiative.

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There has been limited literature on green initiatives thus far and studies on the quality governance have never been performed in the green context. Therefore, to fill the gap in the literature, this research is designed to analyse the potential role of quality governance on green initiatives implemented by ISO 14001 EMS Malaysian certified firms and organisational performance. In this line, Psomas, Fotopoulos and Kafetzopoulos (2011) stated that the firms can enhance their performance by implementing the ISO 14001 EMS. Lack of information on environmental management system, unsure of the benefits they can expect to obtain are among the reasons found in the literature. This issue has also been supported by Pena, Garrido and López (2014) reported that among the difficulties in implementing ISO 14001 EMS are, implementation and certification cost, do not know the benefit, excessive implementation time and lack of commitment from the top management and subordinates. This issue postulates that governance of green initiatives is important to ensure the success of the implementation in order to achieve organisational objectives.

Furthermore, this study posits that firms' resources as important factors in adopting green initiatives. Resources based-view theory by Hart (1995) emphasises that the firms' resources will result in a more efficient process and/or product or services and improve organisational performance. The resources based-view theory has a wide-ranging collection of relevant resources that can affect the success of a firm. This theory defines firm as a broad collection of resources possessing a heterogenous resources. The firms with sufficient resources can easily establish dynamic capabilities for responding to changes (Eisenhardt & Martin, 2000). Therefore, this theory best fits to the current study. The main contribution of this work includes the different streams in the literature which are green marketing and strategic management. By integrating both areas, the model is expected to create synergistic effects on organisational performance. The next sections will review more relevant literature, highlight on the research gap and the research framework and hypotheses are then developed. The current research is based on the framework proposed in Figure 1.

2. Literature Review

2.1 Quality governance

According to United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP, 2003) governance is defined as a process of decision-making and the process by which decisions are implemented. UNESCAP also identified eight characteristics of good governance, which includes participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. The current researches focused on accountability, participation and transparency as part of the quality governance role.

A study on the quality governance also found in extant literature which defined quality governance as the process whereby organisations make important decisions in the quality initiative implementation. Mukhtar and Ali (2011) reported that the quality governance also includes controlling and monitoring the systems implemented to ensure the quality objectives is achieved. Zuhairah and Noor Azman (2017) also suggested for a firm to achieve competitive advantage, quality initiatives should be constantly monitored. This implies that quality governance is needed to ensure the success of quality initiatives for better performance.

Therefore, the concept of quality governance is considered with respect to quality management as a framework for monitoring and controlling management practices to ensure

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the success of the quality initiatives implementation in terms on enhancing performance. The concept of governance has been found in different context and has different meanings. Thus, it is important to highlight and focus the concept of quality governance in this study. The concept of governance are related to corporate governance (Grove, Patelli, Victoravich and Xu, 2011; Campbell and Hushagen, 2002), public governance (Siddiquee and Noor Azman, 2008), global governance (Radin, 2007), and quality governance (Lennan and Ngoma, 2004).

2.2 Green initiatives

Government initiatives and regulations have been resounded by firms to continuously developed a marketing strategies to encourage the purchase of eco-friendly products (Nguyen, Phan, Cao and Nguyen, 2017). The outstanding growth of new green industries indicated the encouraging attention by the marketers. Green marketing refers to the activities undertaken by firms that are concerned about the environment problems through diminish the impact on the environment during the process of planning and implementations of products or services, price, place, promotion (Chamorro & Banegil, 2006). On the other hand, the green products are also known as user friendly products which include energy efficient, green innovation and safe to the environment (Pillai & Patil, 2012; Chen, Lai and Wen, 2006; Kianpour and Jusoh, 2014). Green pricing concerns on pricing practices that include both economic and environmental costs of production and marketing, while providing value to the customers (Martin & Schouten, 2012). A study by Leonidou, Katsikeas and Morgan (2013) has proven that green pricing is directly and positively related to the firms' return on assets. Green promotion refers to communications designed to inform stakeholders about the firms' efforts commitment towards environmental efforts such as advertising (Peattie & Martin Belz, 2010). Green place/ distribution involves efficient management logistics and the entire supply chain to reduce its impact on the environment. A study by Leonidou, Katsikeas and Morgan (2013)revealed that managers are aware that greening their marketing programmes can bring benefits to the firm's future performance. Juwaheer, Pudaruth and Noyaux (2012) recommended that effective green marketing strategies should be further developed on green branding, packaging, labelling and advertising to create demand for the green products. Chamorro and Banegil (2006) stated that the objective of the green initiatives is to decrease the impact on the natural environment during the process of planning of products or services, price, place and promotion and Mourad and Ahmed (2012) pointed out that the goal for green marketing is to gain profitability.

2.3 Organisational performance

Empirical studies on the performance measurement are mostly concerned with financial, operational and non-financial performances. To suit with the nature of green initiatives, the organisational performance will include environmental performance, marketing performance and economic performance. Marketing performance is related to the ability of manufacturing plant to reduce air emission, disposable wastes and the ability to decrease consumption of hazardous (Zhu, Sarkis & Lai, 2008). Economic performance is related to the manufacturing plants' ability to reduce costs associated with purchased materials, energy consumption, waste treatment and financial returns (Zhu, Sarkis & Lai, 2008). Economic performance is generally the most important driver for companies to adopt green practices (Zailani et al., 2012). Ahmed, Ahmed and Najmi (2018) reported that green practices have positive impact on firm's economic and green performance, while marketing performance also acts as an important driver as it measures the effectiveness of marketing functions to meet customers' requirements (Gonzales & Gonzales, 2005). Therefore, the structural relationship between variables is further illustrated in Figure 1.

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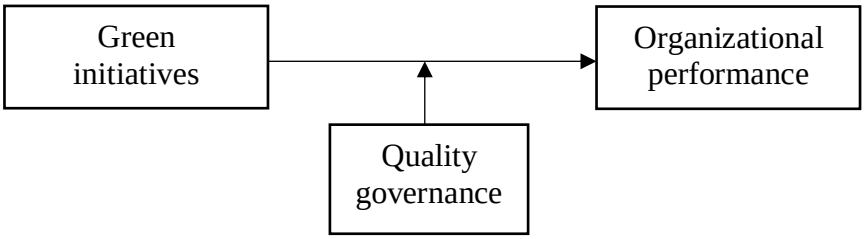

Figure 1: Research Framework

3. Methodology

This study will employ Partial Least Square-Structural Equation Modelling (SEM) as a statistical analysis. The structural equation modelling (SEM) was considered as a more comprehensive and flexible approach to research design and data analysis than any other statistical model. This analysis technique can determine the hypothesised relationship through path analysis and structural equation modelling. The current study is a cross sectional study, using description and hypothesis testing, and the type of investigation is a causal relationship, using questionnaires and in-depth interviews from a few selected ISO 14001 EMS certified firms in Malaysia.

3.1 Sampling plan

The targeted population of the study includes manufacturing sectors located in Malaysia and that have already certified with ISO 14001 EMS, available in the Federation of Malaysian Manufacturers (FMM) directories 2013. The reason for selecting this sector is, ISO 14001 certified firms were selected because they were expected to have embarked on the adoption of green initiatives. The unit analysis of the study is the firm. This study seeks information on green initiatives pursued by the firms; hence the target respondents must be knowledgeable in respective areas.

3.2 Empirical findings

This study has performed a detail analysis concerning data preparation such as assessment of missing values, outlier's detection and normality. Upon cleaning the data, there were no missing values and no outliers were detected both in multivariate and univariate technique of assessing outliers. After dealing with the outliers, the result of the assessment of normality were all good. Furthermore, common method variance was not an issue for this study to further the data analysis and descriptive statistics of the respondents and all the constructs were outlined. Consequently, after all the preliminary assessment were met, this study then proceeds with the discussion of measurement model analysis which included the assessment of construct reliability, convergent validity and discriminant validity. All the requirements of the measurement model analysis were satisfied and the following analysis (structural model analysis) were carried out. This section also discusses the analysis of the measurement model in examining the correlation between construct and items. To carry out the PLS-SEM analysis, the first consideration is to assess the measurement model which is also referred to as outer

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model (Hair, Hult, Ringle, & Sarstedt, 2014; Henseler et al., 2014). This consists evaluating the individual item's reliability, convergent validity, internal consistency and discriminant validity for all reflective constructs (Hair Jr, Hult, Ringle, & Sarstedt , 2014; Klarner, Sarstedt, Hoeck, & Ringle, 2013).

As suggested by Hair, Hult, Ringle & Sarstedt, 2017), factor loadings, CR and AVE are used to assess convergent validity. The assessment of convergent validity. The factor loading of each indicator except for PDT1 (0.691), PDT5 (0.676), PRC3 (0.651), TRANS1 (0.702), PTC1 (0.627), ENVP1 (0.683), ENVP2 (0.694), ENVP3 (0.656), ENVP5 (0.613) have not achieved the recommended value of 0.708 (Hair et al., 2017). According to Hair et al. (2017), indicator loading between 0.40 and 0.70 should be considered for deletion only if the deletion will lead to an increase in CR and AVE (p. 122). In this study, indicators loading below the threshold value is retained because it complements the CR and AVE, thus convergent validity has been achieved for each of the construct. Moreover, all the ten constructs composite reliability ranges between 0.877 to 0.959 indicating that the items measuring the construct possesses high internal consistency. Similar to this, the average variance extracted (AVE) is higher than the threshold value of 0.50 (Hair et al., 2017; Ramayah, Cheah, Chuah, Memon & Ting, 2016). This study concludes that convergent validity has been established.

The assessment of discriminant validity both the Fornell and Larcker (1981) and heterotrait-monotrait ratio of correlations (HTMT) based on the multitrait-multimethod matrix suggested by Henseler et al., (2015). The assessment of discriminant validity using Fornell and Larcker criterion is used to test discriminant validity. The square root of AVE of each construct is larger than the correlation estimates of the factors. This indicates that all the constructs are distinct from one another based on Fornell and Larcker criterion. However, according to Henseler et al. (2015), Fornell-Larcker criterion have an unacceptably low sensitivity, which means that they are largely unable to detect a lack of discriminant validity. Therefore, this study also assessed the discriminant validity using HTMT as proposed by Henseler et al. (2015) as a solution to issue on the former method. Henseler et al. (2015) suggest 0.85 and 0.90 as useful starting points. All the values fulfil the criterion of $HTMT_{.90}$ (Gold, Malhotra & Segars, 2001) and $HTMT_{.85}$ (Kline, 2011). This indicates that discriminant validity has been establish. In addition to this, the result of HTMT inference also shows that the confidence intervals does not show a value of 1 on any of the constructs which also confirms discriminant validity (Henseler et al., 2015).

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The structural model analysis presented in Table 2; followed Hair et al. (2017) five step procedure which shows satisfactory findings. The results of the collinearity assessment proved that all the constructs do not have collinearity issues. Path coefficient analysis indicated that five out of eight hypotheses were supported and significant at 95% (i.e. H1, H2, H5, H6, H7). The assessment of co-efficient determination (R^2) shows that the exogenous (independent) variables can explain is 46.9% of the variance in the dependent variable. Besides, each of the constructs had small effect sizes on dependent variables variable. The result of the assessment of predictive relevance (Q^2) yielded a value more than 0 indicating that the independent variables had a predictive relevance over the dependent variable.

Lastly, Table 3 presents the assessment of moderating effect. The result from the bootstrapping using interaction effect technique suggested that there is no moderating effect on the relationship between independent variables and the dependent variable, hence, H8-H14 is not supported. The result of this study showed that quality governance does not moderate the relationship between green initiatives and organisational performance. In the next section, the summary of the findings and discussions on the results will be presented to justify the findings.

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Table 1: Assessment of Measurement Model

Construct	Items	Loadings	Composite Reliability	AVE	Convergent Validity (AVE > 0.5)
Green Product	PDT1	0.691	0.877	0.59	YES
	PDT2	0.824			
	PDT3	0.833			
	PDT4	0.802			
	PDT5	0.676			
Green Pricing	PRC1	0.794	0.901	0.649	YES
	PRC2	0.851			
	PRC3	0.651			
	PRC4	0.876			
	PRC5	0.835			
Green Promotion	PROM1	0.903	0.953	0.801	YES
	PROM2	0.916			
	PROM3	0.892			
	PROM4	0.882			
	PROM5	0.88			
Green Distribution	DIS1	0.737	0.926	0.716	YES
	DIS2	0.847			
	DIS3	0.901			
	DIS4	0.893			
	DIS5	0.842			
Top Management	TOP1	0.792	0.936	0.787	YES
	TOP2	0.904			
	TOP3	0.953			
	TOP4	0.893			
Shared Vision	MV1	0.868	0.944	0.808	YES
	MV2	0.932			
	MV3	0.888			
	MV4	0.907			
Financial Resources	PR1	0.864	0.934	0.78	YES
	PR2	0.891			
	PR3	0.918			
	PR4	0.859			

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Table 2: Assessment of Structural Model

Hypothesis	Relationship	Direct Effect (β)	Standard Error	T - Statistics	Decision	R^2	F^2	Q^2
H1	Green Product -> OP	0.16	0.084	1.896	Supported	0.469	0.031	0.235
H2	Green Pricing -> OP	0.297	0.093	3.187	Supported		0.089	
H3	Green Promotion -> OP	0.012	0.113	0.106	Not Supported			
H4	Green Distribution -> OP	-0.072	0.097	0.741	Not Supported		0.005	
H5	Top Management -> OP	0.201	0.111	1.817	Supported		0.039	
H6	Shared Vision -> OP	0.229	0.083	2.778	Supported		0.063	
H7	Financial Resources -> OP	0.302	0.095	3.18	Supported		0.094	

Table 3: Assessment of Moderating Effect of Quality Governance

Hypothesis	Relationship	Beta	Standard Error	T - Statistics	95% Confidence Interval of the Indirect Effect	
H8	Quality Governance*Green Product -> Organizational Performance	0.162	0.099	1.644	-0.329	-0.002
H9	Quality Governance*Green Pricing -> Organizational Performance	-0.027	0.119	0.230	-0.224	0.159
H10	Quality Governance*Green Promotion -> Organizational Performance	0.130	0.110	1.181	-0.033	0.333
H11	Quality Governance*Green Distribution -> Organizational Performance	-0.206	0.100	2.049	0.036	0.357
H12	Quality Governance*Top Management -> Organizational Performance	-0.161	0.105	1.531	-0.330	-0.018
H13	Quality Governance* Shared Vision -> Organizational Performance	-0.053	0.101	0.530	-0.228	0.103
H14	Quality Governance*Financial Resources -> Organizational Performance	-0.172	0.095	1.801	-0.331	-0.026

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4. Results and Discussions

This study aims to investigate the role of quality governance as a moderator between green initiatives and the organisational performance. The research questions and research objectives derived from the problem are highlighted in this study. To answer the research questions and achieve the objectives of this study, 14 hypotheses were developed, and they were tested using structural equation modelling.

The first objective of this study was to examine the influence of green initiatives and organizational performance. As proposed from the literature, green initiatives consist of green product, green price, green promotion, green distribution, top management, shared vision and marketing resources. Therefore, there are 7 hypotheses were tested to answer the first research objective (H1, H2, H3, H4, H5, H6, H7). The results of the structural model showed that only five out of seven hypotheses were significantly positively supported, namely green product, green pricing, top management, shared vision and marketing resources. However, predictors such as green promotion and green distribution is found to be not significantly related. This show that the relevant hypotheses H1, H2, H5, H6, and H7 were supported, while the other hypotheses H3 and H4 were not supported. This indicated that not all the green initiatives have significant positive effects on organisational performance.

Hypothesis [H1] states that there is a significant relationship between green product and organizational performance. The results of this study confirmed that green product was found to positively influence organisational performance. Table 1 shows green product was found to influence organisational performance whereby this element has significantly and positively related ($\beta = .160$, $p < 0.05$), thus H1 are supported. The result is similar with the previous study stated that the green product innovation performance had significant and positive relationship with firm performance (Lin, Tan & Geng, 2013). The researchers supported that the firm will able to improve their market position, affirm brand name, and attract new customers when they have a good product innovation performance (Lin,Tan & Geng**,** 2013). Therefore, the green product may help the firm in order to achieve business targets (Lin,Tan & Geng**,** 2013). Table 2 also shows green pricing was found to influence organisational performance whereby this element has significantly and positively related ($\beta = .297$, $p < 0.05$), thus [H2] are supported. The result was similar with previous studies whereby green pricing have significant and positive relationship with firm's performance (Eneizan, Abd & Bustaman, 2015). The researchers added that green pricing practices are considered in both economic and environmental costs of production and marketing and at the same time the firm must simultaneously providing value for customers and a fair profit for business (Eneizan, Prof & Bustaman, 2015). Table 2 also shows top management was found to influence organisational performance whereby this element has significantly and positively related ($\beta = .201$, $p < 0.05$), thus [H5] are supported. The result was similar with the previous study which stated that top management have significant and positive relationship on firm's performance (Kutan, 2016). Therefore, it is clearly stated that top management plays significant role to increase the performance of firms. This is proven with the question of 'Our top management team is committed to environmental preservation' whereby the researcher assume that it is important to select the right leaders to make the right decisions and guide all the workers to obtain company's goals successfully. Table 2 also shows shared vision was found to influence organisational performance whereby this element has significantly and positively related ($\beta = .229$, $p < 0.05$), thus [H6] are supported. The result was similar with the previous study whereby mission and vision statement is positively and significantly related with firm's sustainable performance (Akeem & Edwin, 2016). Previous studies discovered that the mission and vision statements have become the guideline for the company. A clear shared

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vision among the subordinates is important as it will provide direction in their strategic planning. Table 4 shows financial resources was found to influence organisational performance whereby this element has significantly and positively related ($\beta = .302$, $p < 0.05$), thus [H7] are supported. The result is similar with the previous studies which stated that the financial resources had positively related on firm's sustainable performance (Adomako & Danso, 2014).

The remaining predictors in this research is found not significantly related which are green promotion and green distribution. Table 2 shows that green promotion is found to be not significantly related to the organisational performance due to ($\beta = .0.12$, $p > 0.05$), thus [H3] are not supported. The result was similar with previous study which stated that green promotion positively and significantly related to the firm's performance (Eneizan et al., 2015). Table 2 also shows that green distribution is found to be not significantly related to the organizational performance due to ($\beta = -.072$, $p > 0.05$), thus [H4] are not supported. The result was similar with previous study whereby green distribution have positive and significant relationship with firm's performance (Eneizan, Prof & Bustaman, 2015).

The main objective of the current research is to examine the quality governance as a moderating construct between green initiatives and organisational performance. For the assessment of the moderating effect of a construct, it is required to for a study to develop an interaction effect between the moderator and the predicting variables and examine its effects on the endogenous variable.

In this study, there are seven interaction effects were tested to achieved research objective (H8, H9, H10, H11, H12, H13, H14). The results of the assessment model showed the analysis on the moderating effect of quality governance on the relationship between the independent variables (green initiatives) and organisational performance indicated that, quality governance does not moderate the relationship between (green product, green pricing, green promotion, shared vision, top management and financial resources and organizational performance. Results show that quality governance weakens the relationship between (green distribution and financial resources) and organisational performance.

Meanwhile, Table 3 shows the result of the moderating effect assessment. First, the interaction effect results of Quality Governance*Green Product -> Organisational Performance ($\beta = 0.162$, t-value = 1.644) suggests that Quality Governance does not moderate the relationship between green product and organizational performance, thus H8 is not supported. Second, the interaction effect results of Quality Governance*Green Pricing -> Organisational Performance ($\beta = -0.027$, t-value = 0.230) suggests that Quality Governance does not moderate the relationship between green pricing and organizational performance, thus H9 is not supported. Third, the interaction effect results of Quality Governance*Green Promotion -> Organizational Performance ($\beta = 0.130$, t-value = 1.181) suggests that Quality Governance does not moderate the relationship between green promotion and organisational performance, thus H10 is not supported. Fourth, the interaction effect results of Quality Governance*Green Distribution -> Organisational Performance ($\beta = -0.026$, t-value = 2.049) suggests that although the t-statistics is significant, however, the beta value of the moderation is negative indicating that quality governance weaken the relationship between green distribution and organisational performance, thus H11 is not supported. Firth, the interaction effect results of Quality Governance*Top Management -> Organisational Performance ($\beta = -0.161$, t-value = 1.531) suggests that Quality Governance does not moderate the relationship between top management and organisational performance, thus H12 is not supported. Sixth, the interaction

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effect results of Quality Governance*Shared Vision -> Organisational Performance (β = -0.053, t-value = 0.530) suggests that Quality Governance does not moderate the relationship between shared vision and organisational performance, thus H13 is not supported. Seventh, the interaction effect results of Quality Governance*Financial Resources -> Organisational Performance (β = -0.172, t-value = 1.801) suggests that although the t-statistics is significant, however, the beta value of the moderation is negative indicating that quality governance weakens the relationship between financial resources and organisational performance, thus H14 is not supported.

In this study, the analysis revealed that quality governance does not moderate the relationship of the predicting variables (green product, green price, green promotion, green distribution, top management, shared vision and financial resources) with the organizational performance. In addition to that, quality governance also weakens the relationship between two predicting variables (financial resources and green distribution) with organisational performance.

In the previous study, dimensions of quality governance which consist of accountability, transparency and participation were proven as the important factors that contribute to the performance improvement (Halachmi, 2002). However, this study found that quality governance does not moderate the relationship between green initiatives and organizational performance. Although, the result is not consistent with the previous study, the role of quality governance is still relevant and should be considered.

In the context of green initiatives implemented by the ISO 14001 certified firms in Malaysia, the systematic approach facilitated by the Environmental Management System includes organisational structure, planning, activities, responsibilities, practices, procedures, process and resources for developing, implementing, reviewing and maintaining the environmental policy. It can be justified that, the role of quality governance to advocate, monitoring and controlling the quality management practice and maintaining the implementation is almost comparable the management tools of ISO 14001 EMS. The ISO 14004 (guideline regarding principles, systems and supporting techniques) and ISO 14000 standards that comprise environmental auditing, environmental performance evaluation, environmental labelling, and life-cycle assessment. Well-executed and implemented ISO 14001 EMS will provide organisations with the capability to measure and monitor the environmental aspects of its operations. Although quality governance does not moderate the relationship between green marketing strategies and organisational performance, it can be concluded that the quality governance is still a crucial element.

5. Contributions of the Study

Through this research, several implications can be drawn. Theoretically, this study contributed to the existing body of knowledge concerning green initiatives and quality governance in the context of green industry. Firstly, this research extends the resource-based view theory. The issues have been hardly explored in previous researches and this study provides a new understanding of the significance of quality governance in quality initiative implementation to achieve organisational objectives in performance enhancement. The originality of this study lies in the new aspect of quality governance as intervening role as a study on the quality governance never been performed on ISO 14001 EMS. The finding of this study is expected

to add knowledge about the importance of quality governance in ensuring the success of the strategy implementation.

This study is expected to disclose the green initiatives as an important factor required to implement the ISO 14001 EMS. Thus, it can advance the manager's understanding of the effectiveness of green initiatives and the impacts on the organisational performance. It is apparent that an enhanced knowledge will facilitate and expedite in green initiatives among marketers seriously, as identifying the best green marketing strategy will enhance the marketer's marketing program. Therefore, the best strategy and the results of the outcome developed in this study, may be utilised by other marketers to enhance the organisational performance. For future research, population and sample selection for future research could be conducted by separating the manufacturing and service industries. This would be more meaningful in terms of comparing the results across different types of industries.

6. Conclusion

Using an integrated theoretical framework, this research has examined the factors that influence the performance of the organisation for implementing green initiatives in their business practices. The factors consist of green initiatives, quality governance and organizational performance. This study has provided an evidence that the issue of quality governance is still relevant and should be considered, except that in this study, the management tool of ISO 14001 EMS embedded in the organisation is being implemented effectively throughout the organisation. The systematic approach of the quality system is highly depending on the commitment and co-operation from all levels and functions within the organisation. The ISO 40000 is designed to focus on the environmental management structure that governs the operation process. ISO 14000 series are the ISO 14001 standards that comprise environmental auditing, environmental performance evaluation, environmental labelling. Based on the published standard in ISO 14001, it is clearly stated that ISO 14001 addresses not only the environmental aspects of an organisation's processes, but also those of its products and services. Thus, quality governance in the is context does not strengthen the relationship between green marketing strategies and organisational performance. This study contributes new insights to the body of knowledge as well as practitioners as the efforts of the firms towards the environment and sustainability. Nevertheless, this research helps to advance the understanding of quality governance. To achieve the industrialised nation by the year 2020, Malaysia must maintain the environmental problems specifically related to the industrial pollution and emission. Malaysia has realised that environmental conservation is paramount to achieve future sustainable development.

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