Green Practices: Perception of Malaysian SME Owners/Managers

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Abstract

The interest on environment management has been increasing significantly in the last few years and now is considered to be a mainstream challenge for organizations. Small-Medium Enterprises (SMEs) can be of particular significant on green concept as their total impact towards environmental degradation is huge. With increasing awareness of environmental issues, there has been rising demand for environmental friendly business practices. This paper focuses on the owners'/managers' perception and attitude towards SME green concept as well as the need to understand the prospect of going green. The methodology includes understanding of owners'/managers’ perception and attitude towards green concept by using the Theory of Planned Behavior (TPB). Thus, the objective of this study is to determine the relationship between the characteristic of SMEs, resources availability and knowledge variables towards the owners'/managers’ attitude with regard to SME green concepts.

Keywords: SMEs, green concept, SME owners/managers, Malaysia

1. Introduction

In the recent years, Malaysian government has made strong commitment to strengthen sustainability development. In a country like Malaysia, where sustainable economy growth depends on careful protection of environment, the existence of Ministry of Energy, Green Technology and Water (KeTTHA) can help to improve Malaysia’s environmental performance. Setting the right pace for economic regeneration while addressing environmental issues, the Malaysian Government has successfully identified green technology as the emerging driver for sustainable economic growth. Coupled with the pledge by the Prime Minister of Malaysia to reduce the country's CO² emission of up to 40% by the year 2020 during the UNFCC COP Meeting at Copenhagen, Malaysian industries have risen to embrace this challenge in a
favorable policy environment to develop Malaysia into the green economy hub in the ASEAN region.

Many SMEs around the world have little knowledge about environmental management and do not understand the concept of environmental management. Therefore, it is very difficult SMEs to see clear link between EMS implementation and the benefits (Weerasiri and Zhengang, 2012). Empirical research on the effects of best practice of environmental management, which enable firms to simultaneously protect the environment and reduce cost, on firm performance has so far been ignored (Christmann, 2000). Although much of the past researches have focused on the impact of large companies on the environment, it has been suggested that the estimated collective impact of small-medium enterprises (SMEs) on the environment is substantial (Hillary, 2000) and could outweigh the combined environmental impact of large companies. Therefore, it may be argued that greater attention should be given to the SME sector in the social and environmental management literatures.

The concept of green is still very new to Malaysian SME owners/managers, although many green conferences, seminars and campaigns have been carried out for quite some time. The concept for green process and products in Malaysia is at the infancy stage. There is only a little knowledge about the green concept in Malaysia despite all efforts from governmental and private institutions. The issue here is that “are Malaysian SME owners/managers familiar with the green concept and concerned about the environment”? The impact of owners/managers perception and attitude towards green concept are important, as the environmental awareness of consumers caused them to seek for environmental friendly products. Prior researches have shown that the implementation of environmental management practices is influenced by existing and potential stakeholder groups in the form of external pressures from legislators, environmental groups, financial institutions and suppliers, as well as internally, by employees and owner/manager attitudes and knowledge. However, there is need to determine the extent to which Malaysian SMEs owners/managers are actually aware of green concept and the underlying advantages come along with this concept.

2. Literature Review

The ways in which SMEs engage in environmentally responsible practices continue to attract research attention. In recent years, studies in many countries, including Australia, Europe, the United Kingdom and the USA, have identified several trends that seem common to most SMEs (Hutchinson and Chaston, 1994; Barnes, 1994; Merritt, 1998; Tanner et al., 1996; Gerrans and Hutchinson, 1998; Tilley, 1998; Petts et al., 1999; Hillary, 1997). However, there is a growing concern about the effects of SMEs on the environment, as much of the previous researches in the general field of business and environmental management relate to large businesses. This is a problem, because SME are not simply scaled down versions of big businesses (Beaver, 2002). In the context of SME specifically in Malaysia, SME is normally referred to a single owner who runs a small business within the community of his operation place (Nejati and Amran, 2012). On the other hand, management systems in SMEs generally focus on every day business and tend
to be immediate, responding to critical incidence situation management (Weerasiri and Zhengang, 2012). In spite of this, SME owners/managers are less likely to have environmental plans or implement environmental management practices than large firms. This is often due to SME owners/managers believing that there is a cost associated with environmental management with no immediate commensurate economic benefits flowing back to their businesses (McKeiver and Gadenne, 2005). Furthermore, SMEs have several key points of differences to big businesses, which primarily focused on economies of scale and resources. Because of these differences, they need to be engaged appropriately if they are to participate in better environmental practices (Condon, 2004; Walker et al., 2007).

Despite the variety of environmental practices that are implemented, a number of studies have sought to explain the motivations behind the choice of practices and the rationale for environmental practices (Del Brio and Junquera, 2003; Worthington and Patton, 2005; Cote et al., 2006; Lepoutre and Heene, 2006). In most cases, the SME owners/managers believe that the environment is an important issue, and support protection of the environment. However, awareness of formal environmental management systems, specific environmental laws and/or remediation processes is generally very poor and quite limited. SMEs are generally much less likely to embark on environmental improvement programmes than large firms, to adopt a written environmental policy, to utilize a formal environmental management standard, or to undertake an environmental audit. Moreover, there is a significant discrepancy between personal viewpoints and business activity (Tilley, 1998). Hence, various drivers have been identified as being critical to understand what motivate owners/managers of SMEs to engage in environmentally responsible behavior. Most of the environmental practices are driven by financial motives (e.g. cost reduction) (Vernon et al., 2003); complying motives (e.g., to avoid penalties for not complying with regulatory measures) (Patton and Worthington, 2003); and personal motives (e.g., the values and attitudes of the individual owner-manager) (Collins et al., 2001; Dewhurst and Thomas, 2003; Tzschentke et al., 2008). In general, positive attitude of owners/managers towards the environment do not appear to be reflected in their actual business practices. Merritt has called this paradox “... the so-called SME problem in environmental management” (1998, p. 91).

Pertaining to the perspective of the owners/managers of SMEs, there are three main barriers preventing them from engaging in good environmental practices. These are: the characteristics of SMEs in general, resource availability (including financial, human and time), and, lastly, their personal interest and knowledge of (or lack of) environmental management. Many owners/managers of SMEs do not see environmental issues, or the need to act in an environmentally responsible way, as a significant issue for their business (Condon, 2004; Revell and Blackburn 2004; Studer et al., 2005). Some have an overall lack of knowledge about effective environmental and sustainability issues (Tilbury et al., 2005) or of specific practices that they can implement (Walker et al., 2007) and are fearful of doing things wrong (NCBS, 2006b). They lack an understanding of both environmental problems and risks and of the potential benefits of environmental improvements (Revell and Rutherford, 2003). They lack the expertise and confidence of doing something that is not core business as most SME
owners/managers are good technicians but poor managers (Redmond et al., 2008). Many owners/managers either perceive that their business has no impact on the environment (McKeiver and Gadenne, 2005) or consider the impact to be small and therefore insignificant (Tilley, 1999). The final deterrent is that they see environmental responsibility as too costly (Bustamante and Jennings, 2006; Lekas, 2006; Nutek, 2003; Bubna et al., 1999).

It is the latter motivating factor that has proved the most complex to investigate, given its often contradictory outcomes, i.e., owners/managers with positive attitude to the environment and a motivation to improve their environmental practices do not always translate this worldview into action (Tilley, 1999; Drake et al., 2004; Redmond et al., 2008).

3. Theory Of Planned Behaviour

The Theory of reasoned Action (TRA) was developed by Icek Ajzen and Fishbein (1980). Later, their model was extended to Theory of Planned Behaviour (TPB) by Icek Ajzen in the year 1985. TPB is a theory which links attitudes and behaviors (Ajzen, 1991). Initially, TRA was developed to examine the relationship between attitude and behaviour of a person. Two main variables of TRA are attitude towards behaviour and subjective norm, which significantly affect the behavioral intention and lead to an actual behaviour. Attitude towards the behaviour is based on the person’s belief that the behaviour will lead to certain outcomes. The person will also evaluate the outcomes as to whether it is for or against that behaviour. The person’s perceptions are influenced by the family members and friends who are likely to think about the behaviour and the extent of the person to comply with others. Subjective norm refers to the person’s subjective judgment for a given behaviour. The concept of behaviour intention states that an individual’s motivation to engage in behaviour is defined by that individual’s attitudes and beliefs. It also indicates the level of commitment of a person to perform such behaviour; that is, the higher the commitment, the more likely is the person to perform the behaviour. TPB was extended by Ajzen (1985, 1991) by incorporating perceived behavioral control since TRA was criticized that the model is neglecting the social factors that influence an individual’s behaviour. Perceived behavioral control refers to a person’s perceptions of how easy or difficult it is to engage in the particular behaviour. It addresses both internal control (e.g., person’s abilities) and external constraints (e.g., opportunities) needed to perform the behaviour (Ajzen, 1991). The TPB of Ajzen (1991) is, perhaps, the most influential and the popular social-psychological model for explaining and forecasting human behaviour in specific conducts. In order to understand different behaviour, many researchers have applied the TPB in varied situations.

4. Proposed Methodology

According to the precepts of the Theory of Planned Behavior model, an organization’s behavior response to an environmental issue arising from its operations would depend very much on its intention to adopt that respond mode (e.g., going green concept or green initiatives). The firm’s behavioral intention, in turn, would depend on three factors: its attitude towards a particular
response mode, its subjective norm and its perceived behavioral control. In general, the more favorable an individual performing a particular behavior, the more likely he or she will intent to perform the behavior (Chennamaneni, 2006). Furthermore, Wang and Ritchie (2012) suggest that TPB is useful to test psychological factors because it not only covers most of these psychological factors, but also helps to identify the determinants of behaviour. This study will attempt to answer the research questions regarding the owners/managers perception and attitude towards green concept by using the TPB.

TPB assumes the attitude of owners/managers towards a particular behavior, subjective norms and perceived behavioral control which are three main determinants of the perception and attitude towards green concept. Figure 1 shows the conceptual framework of TPB with application towards green concept among the SME owners/managers in Malaysia.

The owners/managers attitudes towards environment are made up of their belief which they accumulate from their lifetime. Subjective norm of this study include environmentalists and green movement. In other words, subjective norms mean how others or people who are important to the owners/manager can influence their attitude towards green concept. Perceived behavioral control is described as people’s behavior or factors which will make the behavior easy or more difficult to perform (Ajzen, 1991). There are many control factors which may inhibit the owners/managers to performance a particular behavior. In this study, the perceived behavioral control is motivation. External factors such as characteristics of SMEs, resources availability and knowledge will affect the owners'/managers’ attitude, subjective norms and perceived behavioral control. All these factors will build the owners'/managers’ confidence and trust towards green concept.

![Conceptual framework of Theory of Planned Behavior application towards attitude of green concept among the SME owners/managers in Malaysia.](image-url)
5. Conclusion

This study sought to estimate the owners/managers attitude towards environment which will directly or indirectly influence the owners/managers attitude towards SME green concept. Theory of Planned Behavior (TPB) was the most appropriate theory to investigate the owners'/managers' perception and attitude towards SME green concept. As far improvements, further surveys and research should be carried out using structural equation modeling analysis to test, validate and enhance the model shown above. The results obtained will be presented in a later article.

References


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