



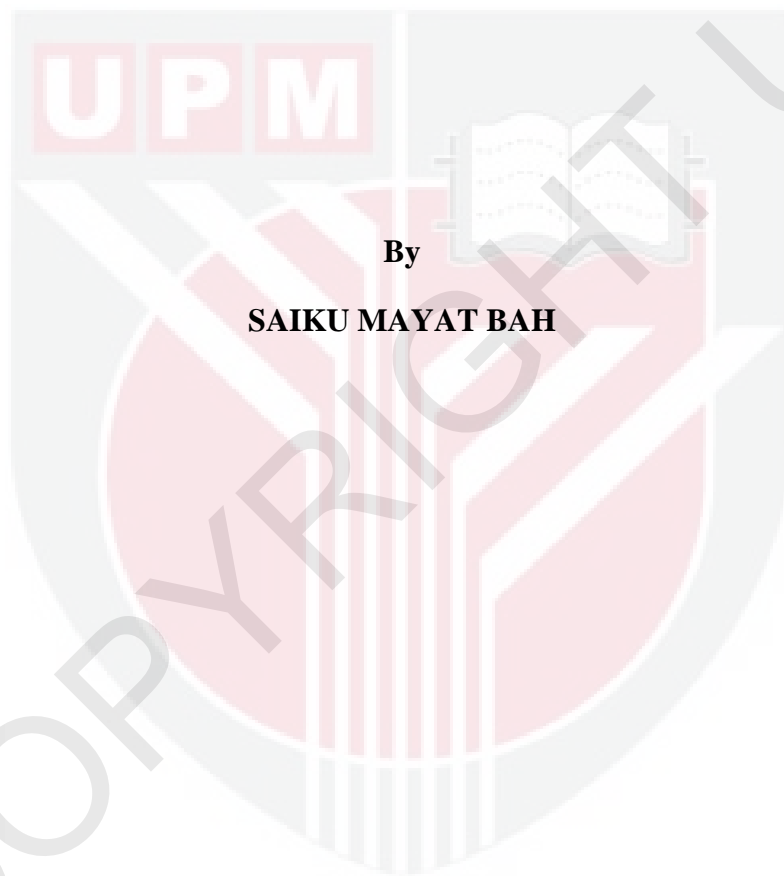
UNIVERSITI PUTRA MALAYSIA

**IMPACT OF ENVIRONMENTAL PROACTIVITY ON FIRM
PERFORMANCE IN MALAYSIA**

SAIKU MAYAT BAH

GSM 2011 5

**IMPACT OF ENVIRONMENTAL PROACTIVITY ON FIRM PERFORMANCE IN
MALAYSIA**



**By
SAIKU MAYAT BAH**

**Thesis Submitted to the Graduate School of Management,
Universiti Putra Malaysia, in Partial Fulfillment of the
Requirements for the Degree of Master of Science**

September 2011

DEDICATION

To

Mohamed .M. Bah, Mohamed .M. Bah & Saiku .M. Bah

Brother, Son & Nephew

You deserve it.

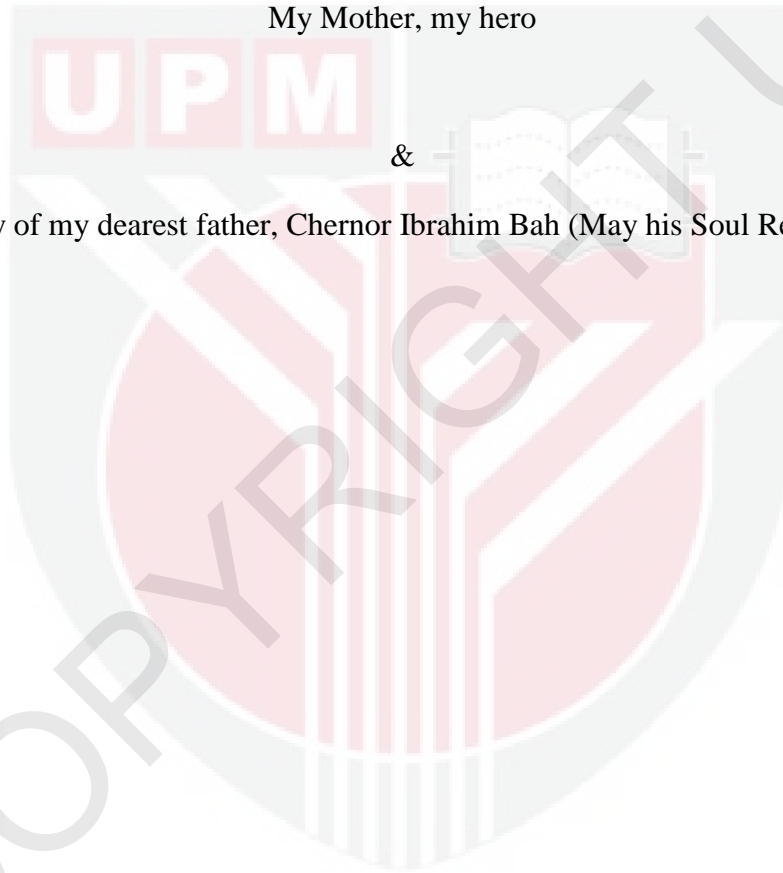
To

Haja Lauratu Jalloh

My Mother, my hero

&

In memory of my dearest father, Cherner Ibrahim Bah (May his Soul Rest in Peace)



Abstract of thesis presented to the Senate of Universiti Putra Malaysia in partial fulfilment of the requirement for the degree of Master of Science

IMPACT OF ENVIRONMENTAL PROACTIVITY ON FIRM PERFORMANCE IN MALAYSIA

By

SAIKU MAYAT BAH

September 2011

Chair: Professor Murali Sambasivan, PhD

Faculty: Graduate School of Management

In spite of the significant amount of work that has been conducted to investigate the effect of environmental proactivity on firm financial performance, limited research has focused on other firm performance outcomes such as operational performance and stakeholder satisfaction. The roles played by interacting and mediating constructs have also been largely ignored in the environmental proactivity/firm performance literature. This study thus, investigated the impact of environmental proactivity on multiple firm performance outcomes and at the same time evaluated the roles played by intervening as well as interacting factors on this relationship.

Drawing on stakeholder theory and the resource-based view of the firm, this study hypothesized that environmental proactivity is positively related to (1) operational performance, (2) organizational learning, (3) environmental performance, (4) stakeholder satisfaction and (5) financial performance. The study also hypothesized that the type of

technologies deployed to address environmental issues moderates the relationship between environmental proactivity and operational performance. Environmental performance was hypothesized to mediate the association between environmental proactivity and stakeholder satisfaction and stakeholder satisfaction was hypothesized to mediate the relationship between environmental proactivity and financial performance.

The study was conducted in Malaysia and data was collected through self-administered questionnaires that were sent to respondents in the target sample that was drawn from a list of firms obtained from the Capital IQ database. A total of 291 usable responses were received and used for the data analysis. Structural equation modelling (SEM) was used for hypothesis testing and the results provided support for six of the eight hypotheses posited in the research framework.

The findings indicated that environmental proactivity was positively related to operational performance, organizational learning, environmental performance, stakeholder satisfaction and financial performance. Significantly, the mediating role of stakeholder satisfaction was also supported by the data. However, the mediating role of environmental performance and the moderating role of types of technologies were not supported by findings. The overall findings thus seem to support the theoretical model of the research.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi sebahagian keperluan untuk ijazah Master Sains

IMPAK PROAKTIVITI PERSEKITARAN TERHADAP PRESTASI SYARIKAT DI MALAYSIA

Oleh

SAIKU MAYAT BAH

September 2011

Pengerusi: Profesor Murali Sambasivan, PhD

Faculti: Graduate School of Management

Sesungguhnya, kajian dan penyelidikan yang signifikan telah dilakukan untuk menyiasat kesan proaktiviti persekitaran terhadap prestasi kewangan syarikat, namun tidak banyak kajian atau penyelidikan yang memberi tumpuan kepada hasil prestasi yang lain seperti prestasi operasi dan kepuasan pemegang taruh. Peranan yang dimainkan oleh parameter interaksi serta parameter pengantar telah diabaikan dalam kesusasteraan proaktiviti persekitaran/ prestasi firma. Justeru itu, kajian ini menyelidik kesan proaktiviti syarikat ke atas pelbagai prestasi firma dan pada masa yang sama, menilai peranan yang dimainkan oleh faktor interaksi dan pengimbang dalam perhubungan tersebut.

Berdasarkan teori pemegang taruh dan pandangan yang berteraskan sumber syarikat, kajian ini mengandaikan bahawa proaktiviti syarikat adalah berkait secara positif dengan (1), prestasi operasi (2) pembelajaran organisasi, (3) prestasi persekitaran, (4) kepuasan pemegang taruh dan (5) prestasi kewangan. Kajian ini juga mengandaikan bahawa jenis teknologi yang digunakan untuk menangani isu persekitaran mengimbangi hubungan antara proaktiviti persekitaran dan prestasi operasi, manakala prestasi persekitaran merupakan pengantara

hubungan proaktiviti syarikat dengan kepuasan pemegang taruh, yang sebaliknya merupakan pengantara hubungan proaktiviti syarikat dengan prestasi kewangan. Kajian ini telah dijalankan di Malaysia dan pengumpulan data adalah melalui soal-selidik yang dihantar kepada responden dalam sampel sasaran yang diperolehi daripada pangkalan data Capital IQ. Sebanyak 291 responden yang boleh-guna telah diterima dan digunakan dalam analisis data. Analisis *Structural Equation Modelling* (SEM) telah digunakan untuk menguji hipotesis kajian dan keputusan analisis statistik menunjukkan enam daripada lapan hipotesis telah disokong. Penemuan ini menunjukkan bahawa perhubungan yang positif wujud antara proaktiviti persekitaran dengan prestasi operasi, pembelajaran organisasi, prestasi persekitaran, kepuasan pemegang taruh dan prestasi kewangan. Secara signifikannya, peranan pengantaraan kepuasan pemegang kepentingan juga disokong oleh data. Sebaliknya keputusan kajian menunjukkan bahawa peranan pengantaraan prestasi persekitaran dan jenis teknologi tidak disokong. Secara keseluruhannya, hasil kajian didapati menyokong teori model kajian ini.

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All praise belongs to Allah, lord of the Universe; he deserves all the thanks for making this work possible.

I would like to express my deepest gratitude and special appreciation to my supervisory committee chairman, Professor Murali Sambasivan for leading me to such an inspiring and interesting area of research. He not only introduced me to the specific article that gave birth to this research but has also been providing invaluable advice at every stage of the way. It's no wonder that students are always clamouring to have him to be at least as a committee member, for he is always ready to help and makes research that much more interesting. Suffice it say that you are the supervisor that every student hopes and prays to get and for that am forever grateful.

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Words are not enough to express my gratitude to my brother Mohamed M. Bah for always being there for me. For providing that critical support in terms of everything that I need and looking out for me. Let's just say that brothers don't come better than you do and I am incredibly lucky to be your bro. I am really proud of you.

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My special thanks and appreciation go to Christiana M. Fortune for providing much needed support since the inception of this work and whose contribution has made a lot of difference.

Lastly but by no means the least I want to thank all my lecturers and friends as well as staff at the Graduate School of Management and all those who in one way or the other have contributed to this work. I cannot name you all but rest assured that you all very much appreciated.

I certify that an examination committee met on 12th September 2011 to conduct the final examination of Saiku Mayat Bah on his Master of Science thesis entitled “Impact of Environmental Proactivity on Firm Performance in Malaysia” in accordance with the Universities and University Colleges Act 1971 and the constitution of Universiti Putra Malaysia [P.U. (A) 106] 15 March 1998. The committee recommends that the candidate be awarded the Master of Science degree. Members of the Examination Committee are as follows:

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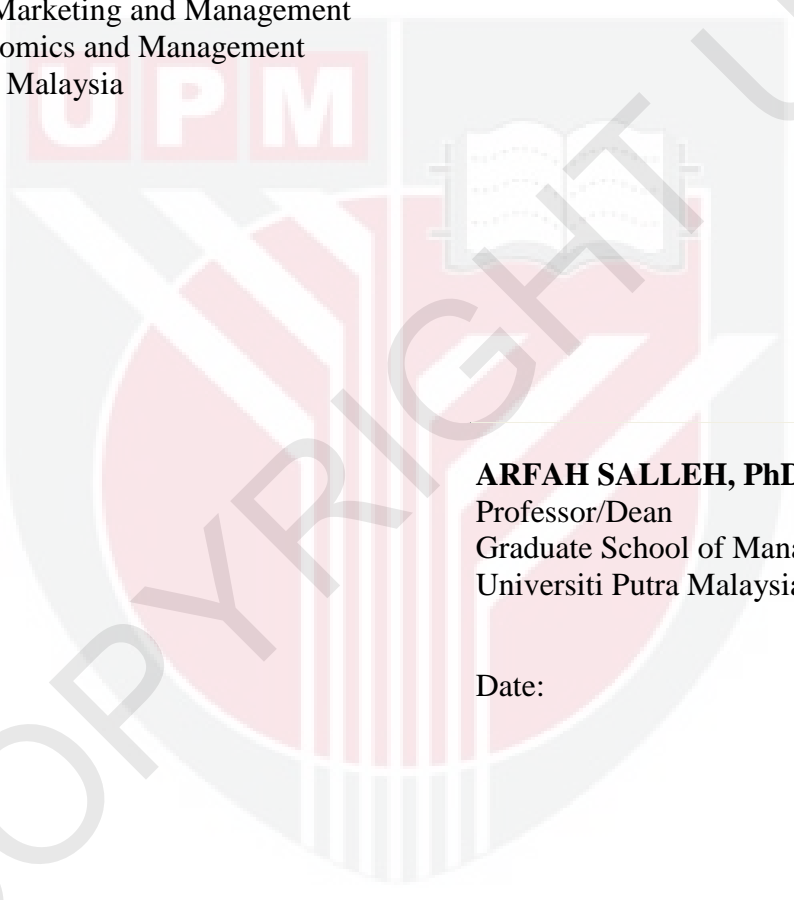
This thesis submitted to the senate of the Universiti Putra Malaysia has been accepted as partial fulfilment of the requirement for the degree of Master of Science. Members of the supervisory committee are as follows:

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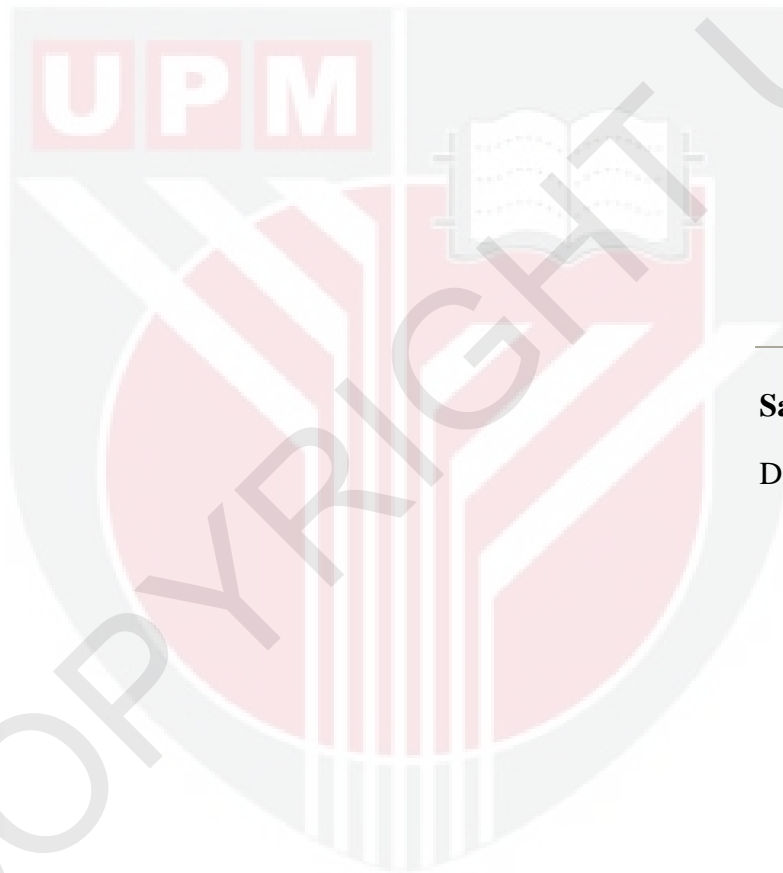


ARFAH SALLEH, PhD, FCPA (Aust)
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Date:

DECLARATION

I declare that the proposal is my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously, and is not currently, submitted for any other degree at Universiti Putra Malaysia or any other institution.



Saiku Mayat Bah

Date:

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