

The Impact of Internationalization in Influencing Firm Performance and Competitive Advantage: The Mediating Role of Eco-Innovation

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Abstract— The aim of this study is to examine the impact of internationalization, on firm performance and competitive advantage in Malaysia multinational companies. In doing so, we utilized of Exploratory Factor Analysis (EFA) to find the four factors are depicted by aggregate twenty-four items in which all items factor loadings are more noteworthy than 0.70. Besides, the consequences of estimation model wellness of CFA clarify that every of the four considered model wellness clarify that the gathered data is fit for making the factors. Finally, the outcomes of structural equation modelling prescribed that at first, four constructs eco-innovation (includes organization eco-innovation, process eco-innovation and product eco-innovation), internationalization and firm performance successfully predict competitive advantage. Moreover, firm performance, eco-innovation and internalization have a positive and significant impact on competitive advantage in Malaysian multinational firms. Furthermore, our results also confirm that eco-innovation has significantly mediates the relationship between internationalization and firm performance. This model clarifies 63.38% variation of competitive advantage by internationalization, firm performance and eco-innovation in Malaysia MNC's.

Keywords— *Internationalization, competitive advantage, eco-innovation, Malaysia.*

1. Introduction

The present environmental condition is spreading concerns in the businesses and economies for future sustainability. The adverse ecological state in today's world is encouraging firms to assimilate innovational strategies in operations along with technological and organizational innovations [1]. The improved innovational operations in the organizations would enable them to function with greater adaptability for achieving customers' and governments' rising demand of environment-friendly goods and services. This lead to stimulate the adoption of eco-innovations in modern business all around the Worlds.

By definition, Eco-innovation refers to manufacturing, applicability or modification of products, services, operations, business layouts, management and approaches, that are considered innovative to organizations and consumers, to result in decreased ecological pressure, pollution and adverse influence of energy utilization against related alternatives [2]. Considering the significance of Eco-innovation in strengthening the prospect of smart growth, the adoption of eco-innovation in numerous segments of the business in regarded eminent to fulfil the objectives of organizations prospect for cleaner production [3].

The benefits of eco-innovation are not limited to improve environment performance, but it also enables businesses to attain numerous monetary and economic advantages. In other words, the inclusion of eco-innovation in firms' operations help companies to decline environmental degradations and satisfy the current needs of customers and society in terms of sustainable products and services, and at the same time assist firms to attain competitive advantages and increase their market segments [4]. In this way, the inspiration of contemporary businesses in adopting eco-innovation comprised of a widespread motive including better acceptability of organization with expanded reputation, cost efficiencies, augmented responsiveness of consumer demand, greater segmentation, competitive edge, compliance to regulatory requirements [1].

In this regard, Internationalization is renowned for being the novel driver of eco-innovation. Internationalization gives a driving force to organizations to learn and execute eco-advancement through two channels of impact. To begin with, there is a developing interest worldwide for ecologically supportable sustainable development technical skills, goods and procedures. The worldwide markets for ecological merchandise and enterprises, structured to lessen resource utilization with decreased dependence on natural resources in all parts of the economy [5]. In addition, the horizon of other eco-innovation importance is attributed to international regulations. For instance, the purported "green barrier" block organizations from working with international collaborations unless they