

The Role of Institutional Pressures in Driving Internal and External Green Supply Chain Practices and Environmental Performance

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Abstract— The contribution of the present investigation is also extended to determine the impact of green supply chain practices in influencing organizational performance. Hence, the understanding drive from such comprehensive approach will aid the manufacturing sector of Malaysia to identify the contribution of local and international institutions' pressures in affecting the success of Malaysian green supply chain methods. In this current research, we applied of Exploratory Factor Analysis (EFA) to discover the four factors are extracted by total twenty-nine items in which all items factor loadings are more noteworthy than 0.70. The results of structural equation modelling confirm that internal green supply chain practice and external green supply chain practice have significantly and positively influenced by institutional pressure. Furthermore, the outcomes of structural equation modelling also certify that, institutional pressure has a positive and significant impact on environmental performance. Finally, the outcomes more explained that internal green supply chain practices and external green supply chain practices have a positive and significant effect on environmental performance in manufacturing firms of Malaysia.

Keywords— Green supply chain practices, institutional pressure, Malaysia.

1. Introduction

The emergence of industrial era brought together the extensive utilization of power as the prime feature of budding economic progress. This required excessive usage of energy in business operations as the vital input to boost growth, but also enhanced the harmful emanation of greenhouse gases (GHG) [1], [2]. Even with ambitious policies than the ones already in place, the GHG emission are predictable to upsurge by 50% by the end of 2020 mostly driven by an anticipated 70% growth in carbon emissions from power utilization [3]. In addition, the expansion of information and communication technologies also relied substantially in power consumptions that carried numerous benefits to the development process, however, played major part in raising environmental burden. Moreover, the expansion of industries gave rise

to toxic emissions, industrial wastes, resource depletions, etc. that lead to augment environmental adversities [4]. Such pressure to natural atmosphere is the central cause of producing several adverse effects in the present world, in the form of extreme weathers, droughts, floods and resource scarcities.

Therefore, to cope with ecological condition, business, economies and governments are striving to encourage and regulate sustainable development that resulted in causing minimum or no harm to the environment [5]. In similar context, the growing importance of environmental management in business operations to drive sustainable performance is conceivable after witnessing the extensive deteriorations in environmental conditions. The adverse effects of global warming and environmental degradation have enhanced fears related to the survival of human civilizations, thereby, converging the major emphasis of modern world towards improving sustainability in every aspect of business, human and economic development [6].

In this regard, the role of green supply-chain management (GRSM) is crucial for linking eco-friendly business practices with improved environmental and economic performance of the firms [7], [8], [9], [10]. The aspect of supply chain management bring cohesion in every aspect of business operation starting from product development to customer usage [11]. Hence, enabling sustainability in each function of supply chain is beneficial to meet business and environmental goals together. GRSM involves internal and external environmentally responsive practices to ensure the success of sustainable development. To encourage sustainability, the commonly observed notion of enterprises presently is to grasp the GRSM methods to initiate proactive and responsible supply chains along with exploring indicators that drive effective GRSM application.

In search of investigating critical determinants of GRSM practices, many recent studies seek to study specific influencers of green management to encourage sustainable environmental conditions [11], [5], [6], [13]. The objective of this strand of research lies in identifying the crucial factors that motivate GRSM practices to bring improvements in natural environment