

The Effect of Relationship Learning in Driving Green Innovation, Green Customer Capital and Firm's Competitive Advantage

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Abstract— In this study we are utilizing the advanced methodology of PLS-SEM, the motivation of the current study is to explore the role of relationship learning in driving Malaysian manufacturing industry's prospect of green innovation, customer capital and competitiveness. The selection of the sampled industry is done that established that auto-manufacturing sector possesses higher knowledge intensity, invention & customer driven. Hence, in order to collect sample, the study opted 165 organizations within the industry by sending the questionnaire to the various outlets in all fourteen states of Malaysia. The results of PLS-SEM confirm that green product innovation, green process innovation and green customer capital have significantly and positively influenced by relationship learning. Moreover, the results of structural equation modelling also confirm that, green process innovation has significant and positive effect on green customer capital. However, green product innovation has also a positive and significant impact on green customer capital. Finally, the results further prescribed that green customer capital has a positive and significant effect on competitive advantage. The ultimate model clarifies 57.28% change of competitive advantage by the four factors that are relationship learning, green product innovation, green process innovation and green customer capital.

Keywords— Relationship learning, green innovation, green customer capital, competitive advantage.

1. Introduction

The rise of green business evolution enable organization to contribute in environmental performance and help reducing ecological pressures. The awareness regarding green practices emerged to play a critical role after the growing international regulations focusing on smart growth [1]. In the similar context, environmental management is also considered important due to inter-country trade as a result of internationalization [2]. As the World is continuously progressing towards the age of information technology, the significance of green technological advancements has also witnessed increasing acceptance [3].

In the existing environmental era, green innovations have been regarded as the vital strategic

tools of attaining sustainability in businesses and economies especially in the prevailing industrial revolution when the substantial allocation of organizations' capital is consumed for safeguarding sustainability [4]. In this regard, the aspect of going green is getting popular in both corporate practices and economic development. As businesses are encouraging green management and green innovation, the economies are also striving to convert their selves from *brown* fossil-fuel based operations to *green* low-carbon methods. Hence the label 'green' designate that companies are motivated for bringing ecological sustainability through eco-innovations for enhancing firm's performance and competitive advantage [5].

In organizations' transmission to green business, the role of green customer capital is noteworthy. The allocation of green customer capital may assist the organizations in ensuring sustainability [6]. Along with human & structural capital, customer capital is often regarded as the crucial driver of firm's competitiveness and performance. It is therefore considered as the viral form of organizations' intellectual capital for linking the critical association between the organizations and its consumers [7]-[8]. At present, there exists the rising demand in customers and society at large for sustainable goods and services [1]-[9]. This stimulates the interest in businesses for augmenting organizations' flexibility and responsiveness towards consumers' demand. Hence, the frequency of organizations that consider themselves accountable for ensuring environmental sustainability by causing minimum damage to atmosphere is increasing due to enhanced societal pressure [4]. Similarly, governments are also exerting higher pressure on firms to curtail the adversity in business operations that is causing them to alter their conventional methods and encouraging to retort customer's societal concerns.

In compliance to the prevailing adversity in the environment due to rising degradation and global warming, organizations are prone to adopt preventive strategies to curtail the negative effects on the atmosphere. The use of technological inventions in this regard are considered an efficient way of executing environmental management. The rising efficiencies