

## Top Management Perception on Green Innovation in Malaysian GLCs Practice

Noormaizatul Akmar Ishak<sup>1</sup>, Siti Noratisah Mohd Nafi<sup>2</sup>, Mohd Fisol Osman<sup>3</sup> and Zaim Shah Adnan<sup>4</sup>

<sup>1</sup>School of Human Development and Technocommunication,  
Universiti Malaysia Perlis, Jejawi, Perlis, Malaysia.

<sup>2,4</sup> College of Business,  
Universiti Utara Malaysia, Sintok, Kedah, Malaysia.

<sup>3</sup>School of Computer and Communication Engineering,  
Universiti Malaysia Perlis, Kampus Pauh Putra, Perlis, Malaysia.

### ABSTRACT

Today the environmental issues have influenced the organizations all over the world to innovate into green environment. Hence, Government-Linked Companies (GLCs) in Malaysia has to follow the green implementation trends in doing businesses either locally or globally. This study explores the perception of the top management in GLCs towards green innovation implementation in their organizations, and the reason of the implementation for the compacies that already employ the green innovation. This is a multiple case studies where the organizations selected are according to the categories of the GLCs industries. Data are collected from the interviews conducted with the top managers of the GLCs at their offices. The findings show that green innovation is implemented by the top management direction where they make the current organizational frugal innovation into green. The implementation outcome provides the GLCs with organizational sustainability through the image, branding and more green projects in the future as they are being the leader in their industries.

**Keywords:** Green innovation, top management, organizational sustainability, Government-Linked Companies

### 1.0 INTRODUCTION

Kyoto Protocol and Copenhagen Award have raised the environmental issues due to the activities of the companies around the globe (Ibrahim & Uke, 2013). The government leaders from all countries are asked to commit in controlling the global warming and carbon footprint effects on the environment and community. The Malaysian Prime Minister has committed to eliminate the carbon footprint effect by 40% in 2020 as he sees its importance for Malaysia

economy (Salahudin, Abdullah & Newaz, 2013). Consequently, all the companies in Malaysia are encouraged to implement green innovation in their businesses entities to ensure they will sustain in the future.

As the investment arm of the government of Malaysia, the top management of the Government-Linked Companies (GLCs) is selected by the government to ensure the companies carry the same national aspirations as the government (Lau, 2013; Lin, Zeng, Ma, Qi & Tam, 2014). The businesses must bring profits to the country while maintaining their competences, skilfulness and reputation in their operation in wherever countries they are operated (Ghisetti & Rennings, 2014). In the normal practice of the GLCs, the main role of the leaders is to secure their businesses will inevitable flourish and sustain (Raza & Murad, 2014) that indirectly create jobs to the Malaysians. Now, the strategic leadership has been adapted by the management in many companies intended to continuously prosper (Strand, 2014). With today's situation where triple bottom line – community, economy and environment- has been the main focus of the government of many countries in the world (Stead & Stead, 2013), leadership of the companies is very critical issue. The right people must be choose to lead the organizations in order to preserve the planet, and not sacrifice the human being just for the benefit of the companies alone.

We observe there are limited studies on understanding the importance elements of the green innovation implementation in the GLCs with regard to the top management perception in the context of Malaysia. Definitely the performance of the GLCs will have impact on the revenue of the country (Raza & Murad, 2014). The top management are the drivers of the GLCs, and they are the critical people and contributors to the future of the GLCs. The focus of our study is to explore on the top management perception as a critical factor in making decision towards the direction of the GLCs especially when green innovation has been identified as an important organization strategy for growing, prospering and sustaining (Ghisetti & Rennings, 2014). Innovation, either it is developed in-house or adapted from other similar companies, is determined as the organizational innovation (Alhadid & As'ad, 2014). The type of innovation being implemented is hugely on the technology impact that improvises the companies' products, process, and services that known as frugal innovation (Tiwari & Herstatt, 2012). If green has already being implemented, we want to know who give the direction and why green is made as part of the operational element. We want to acknowledge the significant of the top management perception to understand whether there is any restriction or are they being encourage implementing green innovation in GLCs. Finally, what the outcome is to the companies that implement green innovation compared to before they have green innovation implementation.

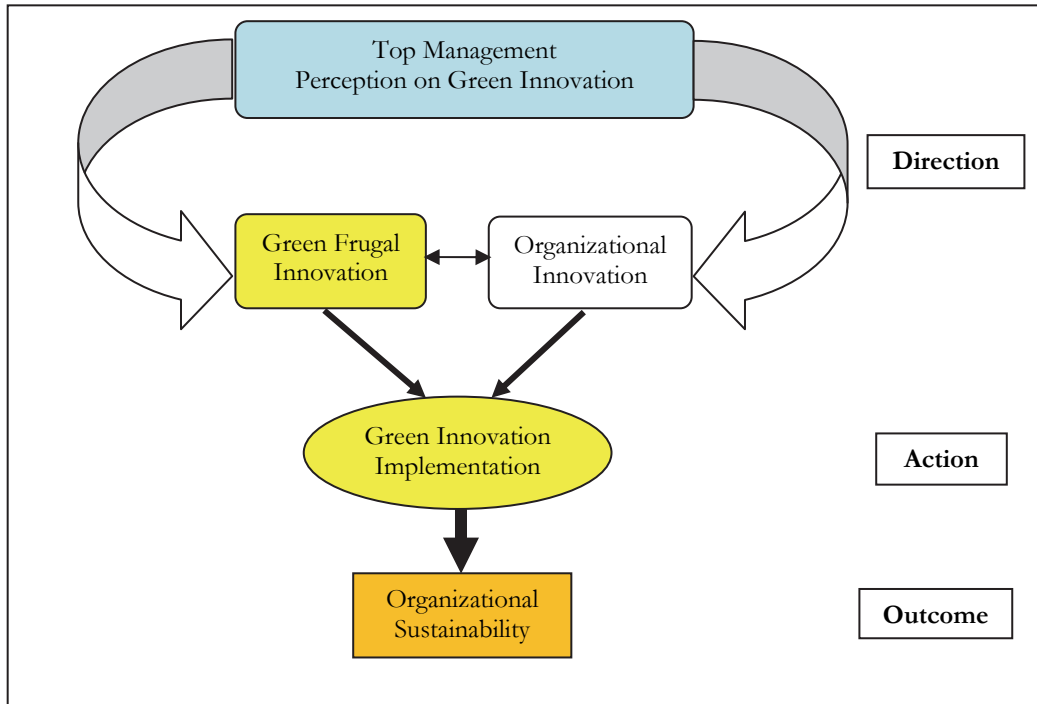
## **2.0 METHOD**

We choose qualitative approach in exploring the implementation of green innovation in the GLCs because we believe this method would provide us the profound information from the purposive sample – the top management. We interview the top managers in the GLCs in depth face-to-face interview at their premises. As top managers leading the companies, we believe they can provide us with the accurate and clear information on their perception towards green innovation implementation that being done in the GLCs. We use multiple case studies as suggested by Yin (2009) because there are more than 300 GLCs in Malaysia operate in more than 50 categories of industries. As the result, we conduct our study in eight categories of industries that GLCs in Malaysia carry out that have environmental impacts – oil and gas, logistic, financial, construction, manufacturing, insurance, transportation, and utility. We have performed focus group discussion with nine top managers, and individual interviews with four top managers. Then we refer to three experts in the area of management and green innovation to comment on the finding being collected. All the participants in both focus group discussion and individual interviews are not the same people. The experts review the findings at different levels of the study before we finalize on the propose model. All interviews are recorded and transcribed verbatim.

There are 64 themes emerged from the data and then being arranged into four Group Themes. These four Group Themes have linked to each other that firmed into a proposed model in Figure 1.

### **1. Results and Discussion**

From the data, we come up with a proposed model as shown in Figure 1. We put it into three phases – direction, action and outcome – so that it easy to understand the situation where green innovation implementation is taken place, and how these phases relate to each other.



**Figure 1: Top management perception on green that brings up organizational sustainability**

In the direction phase, the participants inform that the top management perception is very critical as they are the decision makers in the companies. Without their consent and support, any action either it is green or not cannot be taken. In the context of Malaysian GLCs, the top management needs to follow what the Board of Directors has been determined and agreed on the companies' strategies. However, any frugal innovation implementation whether it is green or not, must have impact on the bottom line profit. Although green is considered expensive by some GLCs, but they agree that green innovation implementation can and will improve their corporate image and branding. For example, it is revealed that green innovation element in the design of the buildings for the construction GLCs will promise them for more building projects for offices from the government.

In action phase, green innovation also has introduced new way of doing work where the management is looking at austerity drives to reduce operational cost, and staffs are more concerned on the waste they produce. All these have been apart from the green frugal innovation exercise done by the GLCs. The participants also conform that the demographic of the top management in GLCs is not the cause to defy green innovation implementation. It is the

perception that they have towards green that will ensure the successfulness of green exercise in the GLCs. This perception is based from their experiences with green from non-GLCs, organization culture of the GLCs, and the trends of the industries they are involved. If they are confident with the benefit that green can bring to the companies, they will encourage it especially when it is align with the aspiration of the Prime Minister. They practice the eco-sustainable strategic leadership when dealing with green innovation (Strand, 2014) where process, product and services will save cost, and improve the quality.

Figure 1 also shows the outcome of the green innovation implementation exercise contributes tremendously to the organizational sustainability. The participants mention that green direction will be mandatory to all products and services in two to three years. This is due the triple bottom line impact that directly touches the survival of human being and environment that they live in now. Along the way their businesses images and brands with regard to green will give good reputation and impression to the public that can attract new categories of consumers.

### **3.0 CONCLUSION**

This study has confirmed that the direction to implement green innovation in Malaysian GLCs only comes from the top management after they get the consent from the Board of Directors. The good perceptions they have towards green will ensure the green innovation implementation successfulness in the companies. Green is implemented by the GLCs in their current organizational frugal innovation to improve product, process and services, save operational cost and reduce waste. As a result, green innovation implementation benefits the consumers to have clean product that reduce waste and pollution during the production. Although the government has the authority to decide who lead the GLCs and control the GLCs through the Board of Directors, the top management should have their own room to formulate actions according to the situation, and make the political influences be less as far as green is the main concern in today business challenges. It has shown that top management perception on green that brings up organizational sustainability.

### **ACKNOWLEDGEMENT**

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waste management; and the forth author is an expert in the innovation and technology transformation that applied in Small and Medium Enterprise. With vast and difference types of innovation and context under studies, we manage to explore and understand many issue and challenges.

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