



7th International Economics & Business Management Conference, 5th & 6th October 2015

Green Growth and Corporate Sustainability Performance

Nurul Awatif Ahmad Saufi^{a*}, Salina Daud^a, Hasmaizan Hassan^a

^aCollege of Business and Accounting, University Tenaga Nasional, 26700 Muadzam Shah, Pahang

Abstract

Green growth or environmentally sustainable economic growth is imperative in light of the current environmental crises and resource depletion. Malaysia is currently facing a conflict between economic growth and environmental conservation. Greening the economy could integrate the social quality, as a pillar of sustainable development, with economic and environmental priorities. Indeed, it may improve the human well-being while significantly reducing environmental scarcity. The problems of sustainability are becoming a global concern by many manufacturing companies especially in the automotive industry. Thus, this paper attempts to discuss on past literature on how green growth could improve the corporate sustainability performance. A research framework will be proposed to examine the relationship between green growth and corporate sustainability performance in the automotive industry.

© 2016 Published by Elsevier B.V. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-reviewed under responsibility of Universiti Tenaga Nasional

Keywords: : Green growth, corporate sustainability performance

1. Introduction

Many countries are currently experiencing a rapid economic growth accompanied with the reduction of poverty and improvement in quality of life. However, this process is usually complemented with environmental depletion such as pollution of water, air and other related problems. The expediting pace of climate change has integrated another dimension of intricacy to the relationship between the economic growth and environmental decline (Cole, Rayner & Bates, 1997). In recent years, Malaysia has undergone a rapid growth of economy where the key drivers of such growth consist of private consumption and investment, especially in production sectors including the

* Corresponding author. Tel.: +609-4552020; fax: +609-4552000.
E-mail address: nurulsaufi91@gmail.com

automotive industry. According to Prahalad and Hammond (2002), the role of sustainability within the manufacturing automotive industry has changed and matured in the dynamic business environment. Generally, the issue of sustainability has become a critical issue for business world. The automotive industry such as the motor vehicle parts industry is highly desired by many countries to initiate the economic growth, job creation and technology development.

Countries in ASEAN region are no exception. Over the past decades, these countries have succeeded in developing individual automotive industry that practices the guidelines from the local-content requirements, high tariffs, investment incentives and tax policies that were designed to promote and protect the industry (ASEAN, 2010). According to the Department of Environment (2012), Malaysia has been addressing the issues of environmental pollution caused by manufacturing activities in order to achieve better economic growth.

However, this economic growth leads to environmental decline (Jamet & Corfee, 2009). The impact of the economic activity on the environmental systems creates imbalances which bring risks in the economic growth and development. Therefore, there is a need for the manufacturing firms to initiate good sustainable environmental practices in order to minimize environmental impacts and conserve the resources.

2. Literature Review

2.1 Green Growth

“Green Growth” or “Green Economy” has been used by different organizations to propose a new model which suggested various solutions to cope with the current environmental challenges such as energy conservation and renewable generation, pollution and waste reduction and more efficient use of resources. It represents an opportunity to simultaneously improve people’s quality of life, alleviate poverty, create decent jobs, promote sustainable investment and enhance the company’s competitiveness.

Heading towards “Green Growth” demonstrates the efforts in fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services where the wellbeing relies (OECD, 2011a). Further, green economy has not been conceived as a replacement for sustainable development, but rather, should be considered as a subset of it. Therefore, green economy demands an operational policy agenda that can help achieve measureable progress at the interface of the economy and the environment (OECD, 2011). Green growth, as explained in the 2010 Egyptian Competitiveness Report, helps to increase the efficiency of the economy by reducing pollution, introducing green innovative technologies, improving productivity, creating decent jobs, lowering production costs, attracting foreign direct investment, guaranteeing future access to energy and thereby enhancing the country’s competitiveness. That is why there is a growing consensus all over the world that the business-as-usual scenario (BAU) is no longer an option as it was before, and switching to a green growth is becoming a must (ENCC, 2010).

The importance of green growth lies in the solutions it offers to the current challenges imposed by the existing development models and the future threats of climate change, while offering multiple opportunities to advance the automotive industry. According to AFED (2011), it is considered as a new approach to solve the interconnected problems in a comprehensive manner. It also helps to support economic diversification, accelerating the overall rate of technological change and sustainable growth. Therefore, green growth also helps to increase the efficiency of the economy by reducing pollution, introducing green innovative technologies, improving productivity, creating recent jobs, lowering production costs, attracting foreign direct investment, guaranteeing future access to energy and thereby enhancing the country’s competitiveness (ENCC, 2010).

2.2 Corporate Sustainability Performance

According to Ebner (2010), the sustainable development represents an ethical concept associated with the battle against poverty and protecting the environment at a macro level. Moreover, sustainable development when incorporated with the firm, it is called corporate sustainability. The company’s operational practices entail three sustainable development objectives namely social equity, economic efficiency and environmental performance (Labuschagne, 2005).

In general, it is believed that a trade-off exists between environmental proactive and firm’s productivity (Porter &

Download English Version:

<https://daneshyari.com/en/article/979860>

Download Persian Version:

<https://daneshyari.com/article/979860>

[Daneshyari.com](https://daneshyari.com)