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Green Government Procurement Practices (GGP) in Malaysian Public Enterprises

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Abstract

Government procurement may contribute significantly to the sustainability of the economy and the environment as it is the biggest purchaser of a country. The government is in a position to influence the demand of environmental friendly products and encouraging the businesses to involve in environmental friendly activities. Green government procurement (GGP) is one of the initiatives introduced to improve sustainability. The objectives of this study are threefold: (1) to examine the practices of GGP in Malaysian public enterprises; (2) to identify for any significant difference in GGP practices between statutory body and non-statutory body or government-linked companies (GLCs); and (3) to examine the barriers in GGP practices. The respondents of the study consist of 274 procurement officers and the data are obtained through self-developed questionnaire. The findings reveal that purchases that consider local suppliers is the most commonly adopted GGP practice by public enterprises. Meanwhile, the least adopted GGP practices is participates in the design of products for recycling or reuse. The results also show a significant difference in several GGP practices between statutory body and GLC practices such as purchases from local suppliers; purchases from small suppliers; ensure that suppliers comply with labour laws; reports the procurement policy as relates to sustainable development; and reports the economic, environmental and social criteria that apply to expenditures and financial commitments. Meanwhile, among the barriers that mostly faced by the organisations are; lack of guidance, no enforcement and costly implementation of the GGP.

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Keywords: Green government procurement; Statutory body; Non-statutory body; Government-Linked Companies (GLCs)

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1. Introduction

Environmental issue is one of the key areas in the concept of sustainability as identified by The International Implementation Scheme for the United Nation Decade of Education for Sustainable Development (DESD) (UNESCO 2005). Awareness of the resources and fragility of the physical environment is very important in ensuring sustainability. As a developing country that has transformed from an agro-based economy to a manufacturing economy, Malaysia actively participates in sustainability program such as in Asia-Pacific Economic Corporation (APEC)(Noranida and Khairulmaini, 2014).

Green procurement is one of the initiatives introduced in order to improve sustainability. Among the fundamental principles in GGP practices are; consideration of necessity before purchasing; concern about the environmental impact of a product at all stages of its life cycle; and consideration of the corporation's and distributors' environmental performance (GPNM, 2003). In other words, the organisations will choose a product or service that is environmentally sound and promoting recycling, construction, green offices and sustainable consumption. As the largest purchaser in a country, the influence of the government is very significant to spur the use of environmentally products and services in a country (Walker and Brammer, 2009). However, McMurray et al. (2014)found that in Malaysia, green procurement practices is higher in the private sector compared to the public sector. This study aims to investigate the GGP practices in Malaysian public enterprises, which consist of statutory bodies and government-linked companies (GLCs). Specifically, the objectives of this study are threefold: (1) To examine the GGP practices among public enterprises organisations; (2) To identify for any significant differences in GGP practices between statutory and non-statutory body or GLCs; and (3) To investigate the barriers in GGP practices in public enterprises.

The remainder of this paper is organized as follows. The next section provides a literature review. The research methods are justified next and followed by the findings and discussion. The final section of the paper concludes and discusses the results.

2. Literature reviews

2.1. Government procurement practices

Government procurement may contribute significantly to the sustainability of the economy and the environment as it is the biggest purchaser of a country. The government is in a position to influence the demand of environmental friendly products and encouraging the businesses to involve in environmental friendly activities. With increasing environmental issues and depleting resources, the effective application of GGP is urgently needed especially in developing countries (Geng and Doberstein, 2008). However, requirement to practice green procurement is still very limited. For example, only few countries in Asia have a specific law on green procurement such as Japan (Law Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities) and Korea (Act on the promotion of the Purchase of Environment Friendly Products). In Taiwan, a green procurement article has been inserted in the Government Procurement Act. The same concern also exists among the EU members. In a survey by the Global Ecolabelling Network (GEN) towards 9 selected EU member states in 2006, only Denmark and Sweden have embedded promotion of GGP in the overall environmental protection policy.

Michelsen and De Boer (2009) studied municipalities and counties in Norway and they found a clear association between the sizes of municipalities with the focus on government procurement. This is consistent with Bowen et. al. (2001) who found that capabilities which enable firms to develop a more strategic approach to purchasing in general are also important for becoming better at green purchasing. In their study, Bowen et al. (2001) found a significant relationship between purchasing capabilities and product-based green supply. However, no correlation exists between purchasing capabilities and the green supply process. In other words, these municipalities have taken into consideration the environmental factors in choosing their suppliers, but did not focus on managing and influencing the suppliers to supply environmental friendly goods.

2.2. GGP practices in Malaysia

GGP practices have been used widely in many countries throughout the world and already been recognized as an

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