

## **ANALYSIS OF DRIVEN FACTORS TOWARD INCREASED CORPORATE ENVIRONMENTAL PERFORMANCE**

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***Abstract:** The products competitiveness index from Indonesia country are still under Asean countries especially Singapore, Malaysia and Thailand. Competitiveness of this low caused three major aspects that is the requirements fundamentals as the key to encourage the economic; efficiency and innovation aspect. The purpose of this research to analyze driven factors increasing toward corporate environmental performance. The study is done at corporate management in central java the period 2012 – 2014 were 150 respondent. Technique the sample used in this research proportional stratified random sampling. The sample used were 100 respondents. Technique analysis data used multiple linear regression. The results show that driven factors supported improvements in corporate environmental performance are institutional pressure, commitment management, empowerment, reward, feedback and review factor impact on corporate environmental performance.*

***Keywords:** driven factors, corporate, environmental, performance.*

### **1. INTRODUCTION**

The products competitiveness index from Indonesia country are still under asean countries especially Singapore, Malaysia and Thailand. World economic forum (2015)<sup>1</sup> showed that index global competitiveness Indonesia in the period 2014 - 2015 ranked in 34 are still under state Singapore number 2, Malaysia number 20 and thailand number 31, nevertheless since the period 2011 - 2012 ranking index competitiveness Indonesia has been increasing the period of 2011 - 2012 ranked in 46; period of 2012 - 2013 ranked in 50; period 2013 - 2014 ranked in 38 and the period of 2014 - 2015 ranked in 34. Competitiveness this lower for three major aspects the basic conditions as key to push the economic aspect that includes institutions, infrastruktural, macro economic environment, health and education efficiency; factors which includes training and

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higher education, efficiency markets merchandise and labor, the development of financial markets, technology and size of the corporate innovation and the aspect which includes the business condition and innovation.

One component in organization or corporation that needs to get attention is improve employee motivation to improve competitiveness through improved behavior and attitude that more care in the aspect of sustainable development by prioritising on balance economic and environment to improvements in environmental performance in organization be important especially in the institutional pressure, commitment management, empowerment, reward, feedback and review factor in organization become important.

Some research has analyzed specific drivers to the adoption of environmental strategies such as competitive drivers (Christmann, 2000)<sup>2</sup>, the influence of organizational context and design (Ramus, 2002)<sup>3</sup>. Other analyses have focused on the individual or managerial level, examining the role of leadership values (Egri and Herman, 2000)<sup>4</sup>, environmental champions (Andersson & Bateman, 2000)<sup>5</sup>, managerial attitudes (Cordano & Frieze, 2000)<sup>6</sup>, and managerial risk propensity (Sharma & Nguan, 1999)<sup>7</sup>. While each has provided a piece of the puzzle, we propose a more comprehensive perspective that evaluates the relative influences of external stakeholders exerting institutional pressures while examining the extent to which these pressures are moderated by firm and industry factors.

Research Flynn et al (1995)<sup>8</sup> do research by approach commitment quality management in an establishment integrated and interfunksional to reach and maintain excellence compete. This research result indicates that commitment management in management the quality of the total can creating competitiveness by means of the increase in the performance.

According to Hechanova et al (2006)<sup>9</sup> empowerment is encourage people to get more involved in decision-making in an organization. Creativity can ditumbuhkembangkan through the application of empowerment in the organizations because empowerment will give positive contribution in the innovation and the effective performance organisational environment.

According to Milkovich and Newman (1999)<sup>10</sup> rewards system in an organization or company will have an impact on keefektifan and performance in the organization. The motivation of a system award is the mechanism that connects cause and effec. Employees can reach particular goal and individual behavior by designing a system award right. The research results Hameed et al (2014)<sup>11</sup> shows that the award according to work performance impact on penngkatan employee performance.

Farooq and Khan (2011)<sup>12</sup> shown the result that the training and feedback having influence a significant impact on of employee performance. The effectiveness of training and feedback given an employee will give positive contribution in of employee performance especially improving the quality of undertaken. The process

feedback and review important is done to help performance organisational environment to be able to decided to go on a innovation, extend the scope so that decision appropriate can be reached for the sake of its involving feedback another in organization.

## **2. REVIEW LITERATURE**

Institutional sociology adopts a broad notion of the institutional environment, which includes the “cognitive, normative and regulative structures and activities that provide stability and meaning to social activities”. The institutional sociology framework emphasizes the importance of regulatory, normative and cognitive factors that affect firms’ decisions to adopt a specific organization practice beyond the technical efficiency of the practice. The regulatory pillar has been the most studied in the literature on environmental management. In this context, firms are responding to the coercive action of regulators or activists. Failing to respond to these pressures engenders significant risk to a firm’s legitimacy and viability. The normative pillar of the institutional environment refers to sets of expectations, within particular organizational contexts, of what constitutes appropriate and legitimate behavior (Scott, 1995).<sup>13</sup>

Top management have an important role to play in convincing employees of the importance of environmental initiatives (Jackson et al., 2012)<sup>14</sup>. Top management’s commitment and support for environmental management processes can have a critical impact in enhancing the environmental awareness of staff, motivating environmental performance and changing staff attitudes and behaviour towards environmental issues (Savely et al., 2007)<sup>15</sup> with Zibarras and Ballinger (2011)<sup>16</sup> reporting that “internal awareness-raising campaigns and active championing by senior management” were the most effective ways of encouraging proenvironmental behaviour. Similarly, Ramus and Killmer (2007)<sup>17</sup> maintain that the motivation for employees to engage in ‘corporate greening behaviour’ is positively related to the level of supervisory support. Hence, if environmental management initiatives are to be effective top management need to lead by example and motivate employees to act in an environmentally friendly manner (Kane, 2011).<sup>18</sup>

The benefits of teamwork include the empowerment of employees, avoiding duplication of effort and obtaining collective knowledge (Matthews et al., 2004).<sup>19</sup> In the environmental management literature, Beard and Rees (2000)<sup>20</sup> suggest that teams can be used to ‘generate ideas, enhance learning experiences, explore issues, identify conflict and focus action to enhance understanding about why, what, how, where and when to pursue the best practicable environmental options’. Most environmental management tasks require collective work by all employees across the various functions of an organisation. This approach ensures that all relevant functions take part in the environmental management processes, pool their knowledge and apply this in tackling environmental issues (Avadikyan et al., 2001)<sup>21</sup>. In particular, cross-functional teams are necessary to guarantee goal congruence and employee commitment towards

environmental improvement (Jabbour and Santos, 2008).<sup>22</sup> In such teams, the performance is collective and the skills are complementary, which assists organisations in making sure that environmental tasks are carried out in a more effective and efficient manner.

An inadequate linkage of performance to rewards is considered to be a barrier to achieving effective performance (Rynes et al., 2005)<sup>23</sup>. The link of performance to rewards is a crucial factor influencing the effectiveness of environmental management processes (Jabbour and Santos, 2008)<sup>22</sup>. Daily and Huang (2001)<sup>24</sup> suggested that a reward system which reflects corporate commitment to the importance of environmental performance can motivate and increase the commitment by employees to be environmentally responsible. Aligning rewards with environmental practices enables organisations to retain and motivate good employees, initiate changes in employee attitudes, and encourage the development of environmental knowledge and skills which helps to achieve the environmental objectives of an organisation (Jabbour and Santos, 2008)<sup>22</sup>.

According Watts (2007)<sup>25</sup> feedback is the source of primary education people used as an instrument to see activity on target in a work environment is. Each individual and organization devoid of feedback cannot to develop its performance in order to achieve objectives set organization.

### **3. RESEARCH METHOD**

The research is research cross sectional through quantitative survey, according to Kerlinger (Sekaran, 2002)<sup>26</sup> suggested that this research means research conducted in the population large and small, but the data learned is data from samples taken from the population, while Gujarati (2003)<sup>27</sup> express as survey research in the field namely research take a sample of a population and uses a questionnaire of file, while secondary data obtained indirectly the data companies.

The population of the research is all leaders (manager) companies in Central Java period of 2012 - 2014 were 150 people. The sample techniques used in this research the proportional stratified random sampling namely the sample is based on level management companies in Central Java. Every level taken proportionally as many as 66.7% of every level so from its target population of about 150 people so sample used as many as 100 people. Data collection method in research is documentation, interview, observation and questionnaire. Analysis techniques used in research is multiple linear regression.

### **4. RESULT AND DISCUSSION**

The testing research instruments using the validity shows that all variable research in valid and reliable, while testing eligibility models show that the research in normal and don't were disturbance multicollinearity, heteroscedasticity and autocorrelation. The results of the testing of hypotheses shows that institutional pressure, commitment

management, empowerment, reward, feedback and review factor impact on corporate environmental performance.

These initiatives are not simply responses to government mandates, customer pressure and competitive isomorphism; the organizations enhance economic performance by reducing operating costs and increasing revenue and market share. In addition, organizations that implement such initiatives have a positive influence on their environment by reducing both the amount of waste generated. In aligning relevant stakeholders with institutional theory, we rely upon DiMaggio and Powell (1983)<sup>28</sup>, who determined three predominant sources of institutional pressures on decision maker: coercive pressure (from government regulations), normative pressure (from customers) and mimetic pressure (from competitors).

Commitment management especially the importance of commitment top management contribute to improve the performance environment. The results of the study Balzarova et al (2006)<sup>29</sup> shown the result that there are four dimensions that are important for the implementation of system management of the environment good covering human resources that is the ability, needs, value and hope employees to joint management the top improve the performance environment; the process that in behavior, attitudes and interaction between individuals with an organization; structure that is mechanism and a formal system organization to design behavior relation to the purpose organizations including in it job descriptions, evaluation systems work, the structure of the organization, policy, selection system, surveillance, system rewards and environment. The result of this research consistent with research Flynn et al (1995)<sup>8</sup> that indicates the result that commitment management in management the quality of the total can creating competitiveness by means of the increase in the performance.

Empowerment positive contribution in improving the performance of environment. Wee and Quazi (2006)<sup>30</sup> empowerment concerned recognises the importance of leadership and vision organization in carrying out of awareness of the environment. Empowerment done with the active involvement of all shareholders organization for its corporate put behind environmental aspects to realize this policy necessary the ability of education, openness communication, the disclosure of transparency company policy that deals with customers, suppliers, employees, the regulator and shareholders another in achieving the efficiency and effectiveness organization. According to Hughes et al (2012)<sup>31</sup> empowerment is activities of delegates and accountability, the process of top down when the express vision and target specific and provide responsibility to followers to deliver improved performance.

Award can be used effectively to improve their performance environment through award administrative of reducing frequency of inspection; award economic of a tax deduction, subsidies and the provision of funds and award reputation. In principle award can be divided into two the award intrinsic and appreciation extrinsic. Award intrinsic that is an award earned an employee to himself.

Usually this assessment is positive value or complacency employees to himself for has completed a job for him spirited challenge, such as the provision of a role in decision making, greater responsibility, freedom and privacy work greater by the purpose of raising self esteem employees, while award extrinsic which is called also by compensating namely the award given by an organization to an employee over his services in performing a duty, duty and responsibilities which charged in order to the achievement of a goal organization (Luthans, 2006)<sup>32</sup>. The results of the study Hameed et al (2014)<sup>11</sup> shows the result that award can give positive contribution in improving of employees performance.

Feedback and review can be used to enhance the performance of the environment. According to Bateman & Snell (2014)<sup>33</sup> the control feedback supplied when performance data have been collected, analyzed and the results have been returned to an employee in process to be a correction. Leaders can do monitor behavior and do control at the same time, when leaders perform are inappropriate and not is true then leaders using feedback as a means of control. The aspect of the timing of an important aspect in control feedback. Activities feedback and a review is one of an area of activity that motivates for an individual in a central organization, because feedback and review having shades positive and corrective. Feedback and positive review help motivate employees by means of recognize and admitted efforts have been done an employee in his job. Feedback in the form of recognition and praise same interpretation of it with appreciation in the form of money as a strong incentive. Feedback and review help employees to recognize the area that still needs to be developed and to provide information which is valued constructive (Atwater and Brett, 2005)<sup>34</sup>.

## 5. CONCLUSIONS

Factors that could lead to firm in improving the performance of environment company can prioritize on the pressure institutions, commitment top management, empowerment all components organization, presented an award or compensation and feedback and review in considering every decision making to be taken.

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