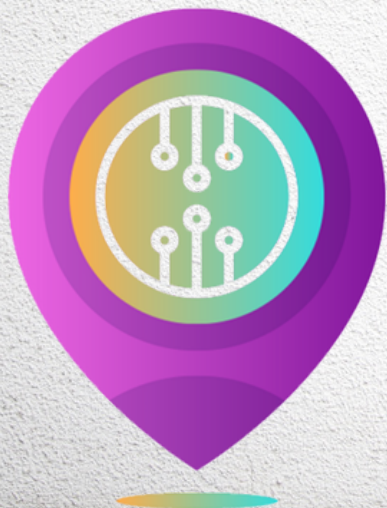




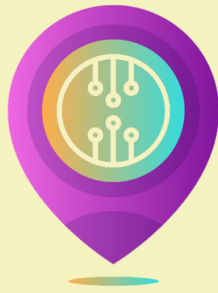
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# **CHALLENGES TOWARDS PERFORMANCE OF START-UP COMPANIES DURING COVID-19 IN JOHOR**

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**Abstract:** *The aim of this conceptual paper is to identify the challenges face by start-up companies during pandemic COVID-19 in Johor. The independent variables involve in this study is challenges face by the start-up consist of financial, human resources, support measures and mechanism, marketing and crisis management. Meanwhile, the start-up's performance as the dependent variable. This study adopted quantitative approach using IBM SPSS version 26. The survey was conducted on start-up companies in Johor which have been active for 1 year until 9 years of operation and consist of maximum 80 employees. The conceptual framework developed in this study can be used as a guideline to help the owners of the start-up to face various type of challenges during pandemic outbreak or economic crisis.*

**Keywords:** *Challenges, Covid-19, Start-up, Johor*

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## **Introduction**

Due to the numerous constraints that COVID-19 brought with it, companies, especially start-ups, have experienced significant economic shocks that have had a significant negative impact on them. Malaysia, where enterprises must obtain authorisation from the Ministry of International Trade and Industry (MITI) in order to conduct business as normal, is one of the many nations that implemented rigorous movement controls that made commercial operations more difficult. Start-ups were therefore not exempt from such limitations. This is due to the fact that start-ups also frequently engage in high-risk activities compared to other SMEs, encounter difficulties obtaining traditional capital, and, at best, have formative relationships with their suppliers and clients (OECD, 2020).

Typically, research organisations like universities were the ones to launch new businesses. Since many research institutions throughout the world began to introduce their students to knowledge transfer and technology commercialization procedures, the practise of creating

student start-ups spread around the globe. For instance, by establishing incubators, accelerators, and research parks, India's top engineering and management institutions, such as the Indian Institutes of Technology (IIT) and Indian Institutes of Management (IIM), have made significant progress toward enabling the start-up ecosystem among their students. As a result, it encourages the country to have a very high potential for expansion of the startup ecosystem and provides additional opportunities for ventures (Pandya, 2019).

According to a series of well-known definitions of start-ups, these companies are temporary organizations who search for profitable, repeatable, and scalable business models (Salamzadeh & Kirby, 2017). Besides, a start-up also is an agent of innovation, especially the innovation of the latest achievements of science and technology. In addition, start-ups also allow the economies of developed countries, exhausted by the financial crisis, to regain their “fresh breath” (Skala, 2019). The other key features of a start-up are innovation, unknown demand, and limited internal resources. A start-up that is farther along in its growth is one that takes advantage of scenarios that disrupt the market in order to obtain hyper-scalability and a high firm valuation. As a result, start-ups initially have very little funding, a high level of operational capability among the team for testing business concepts, and strong leadership. Hyper-scalability, a crucial characteristic of mature start-ups, is something that a start-up may attain by properly utilising automating technology. Furthermore, the intermediate stage of a startup's development is defined by an above-average pace of growth in important firm characteristics such as the number of customers (users) or sales. Many start-ups evolve into many sorts of organisations over time, including small and medium-sized businesses, corporations, and foundations (Skala, 2019). Furthermore, a start-up is an agent of innovation, particularly the invention of the most recent scientific and technological breakthroughs.

A start-up plays a significant role in the economic growth, such as enhancing more job opportunities, incubators for eco-innovation, and creating a new market. However, despite their important roles towards economic and social growth, start-ups face difficulty in sustaining and surviving as the failure rate of start-up ranges between 50% and 95%, especially in emerging countries such as Malaysia during the outbreak of COVID-19 (Kee et al., 2019). The outbreak brought disadvantages to the country's economy, including a major struggle for start-ups, especially in terms of capital and demand.

### **Literature Review**

During the COVID-19 crisis, many start-ups have continued to play their role for economic development by making a fast reaction to adopting this pandemic and helping the country to shift towards fully digital work, education, and health services. Besides, there are also start-ups who help to provide innovation in medical goods and services. However, during this COVID-19, start-ups seem to be in crisis as the decrease in start-ups creation, challenging their survival and limiting their growth (OECD, 2020). There are several indigenous and exogenous factors which could turn into challenges for start-ups such as financial challenges, human

resources challenges, support measures and mechanisms, marketing challenges and crisis management challenges (Salamzadeh & Dana, 2020).

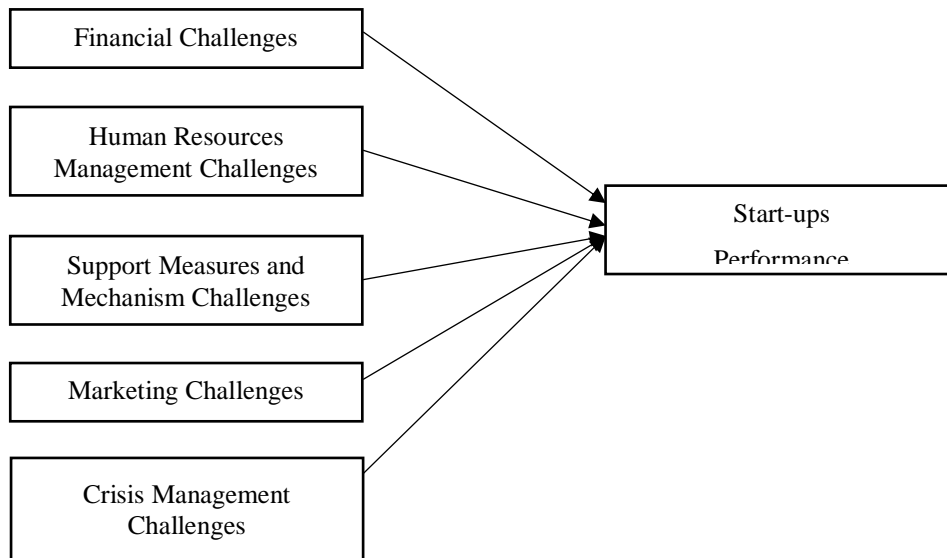
Financial matters were among the most global challenges of start-ups during their whole lifecycle. On the one hand, starting from an idea, start-up companies need several types of financial support such as bootstrapping, family, friends, and fools and angel investors to develop and sustain their business (Salamzadeh and Kesim 2017). During the pandemic COVID-19, the investors were taking their steps back and avoiding further investment due to the uncertainty level of investment would success were quite high (Brown and Rocha 2020). On the other hand, there are some other financial issues like handling the decrease in daily orders, cash flow management, and lower budgets, which made everything harder for start-ups to survive (Boot et al. 2020).

Next, human resources management remained a challenging topic for start-ups that were in their early stages, and those who had limited resources to recruit talented human resources. In general, human resources practices were not affordable for these small and fragile entities such as start-ups (Salamzadeh et al., 2019). With the advent of the Coronavirus, the situation has become more complicated for start-ups and lead them to desperately making decisions on cancelling some of their human resources contracts.

There are several types of support measures and mechanisms in most of the emerging start-up ecosystems such as a high number of start-up accelerators, incubators, and venture capital funds are still operating in this start-up arena. However, most of them acted more precautionous and became risk averse due to the volatile situation of the capital market after the COVID-19 pandemic (Ramesh, Siddaiah, and Joseph, 2020).

Start-ups are still challenged by a lack of market and marketing research in this period more than ever before (Salamzadeh and Kesim 2017). The market they studied before has changed to a great extent. Moreover, their market penetration strategies might not work anymore. It requires start-up companies to scan the market changes and revise their marketing plan. Besides, start-ups also have a new challenge in developing a market plan that considers creative marketing tools and techniques (Salamzadeh & Dana, 2020).

A lack of crisis management skills remained as another challenge for start-up owners in facing this black swan, pandemic COVID-19 (Yue et al. 2020). Start-up teams are composed of young talented members with a lower level of prior experience and knowledge (Allen et al., 2016). This made crisis management even harder for these entities since they still do not have sufficient skills to manage such a crisis.



**Figure 1: Conceptual Framework**

Figure 1 above is the proposed conceptual framework for this study. This framework shows the challenges during Covid-19 towards start-up performance. The independent variables for this study are the challenges face by the start-up consists of financial, human resources, support measures and mechanism, marketing and crisis management. Meanwhile, the start-up's performance as the dependent variable. This conceptual framework is applied and adapted based on several previous researches.

### **Methodology**

The target population of this study is the owner of start-up companies in Johor. This study used simple random sampling techniques in which the respondents of the study are the owners of start-up companies in Johor. Simple random techniques means that every case of the population has an equal probability of inclusion in sample (Taherdoost, 2018). In general, simple random sampling assigns numbers to everyone within the population, so that a sample group may be selected using processes that pick random numbers from the list. This method is suitable when the main objective of a study is for its findings to be generalize for a whole population. In other words, this method of sampling ensures that the data extracted from the chosen sample group is reflective of what it would be for the target population as a whole. In this study, the researcher consisted of start-up company in Johor based on the number of start-up registered with Malaysian Global Innovation and Creativity Centre (MaGIC). There are 40 start-up were recorded to be registered under MaGIC the sample size is based on the sampling curve standard. According to Krejcie and Morgan (1970), when the population is 40, the sample size needed to be involved in the research is 36. Data collection of this study will be conducted in the month of July 2021 until January 2022.

In this study, the primary data is obtained through the questionnaire that distribute to the respondents. This research will used the survey method to collect the data for this study where

the method enables to obtain information by questioning respondent with a few numbers of questions that were provided in the structured questionnaire. Researcher will distribute questionnaires to the targeted respondent, owners of start-up companies via WhatsApp and E-mail. The data obtain by the questionnaire will be process and analyse through SPSS in order to get the results.

## **Conclusion**

The expected findings based on the relationship of challenges face by start-up companies in Johor during pandemic COVID-19 and the start-up performance will provides sufficient evidence to support all of the hypotheses of this research. In conclusion, the challenges that came from the aspect of crisis management are expected provide the most significant impact among all of the challenges. Hence, this aspect was supposed to be received more attention in order to be catered. Other variables of challenges of this study also are expected to shows significant impact and supposed to be addressed with a better solution. More research on start-up is needed to broaden the findings for future study. The data for this study will be collected particularly in one state, Johor, which has a small population. As a result, further study is expected to be expanded into additional states such as Selangor and Penang. This would undoubtedly aid Malaysian start-ups in their growth and success.

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# **CONCEPTUAL FRAMEWORK FOR ENVIRONMENTAL COST AND ORGANIZATIONAL PERFORMANCE IN THE MALAYSIAN MANUFACTURING INDUSTRY**

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**Abstract:** *The objective of this paper is to identify the conceptual framework for environmental cost and organisational performance in the Malaysian manufacturing industry. This paper is prepared by studying the literature related to environmental cost. This framework can provide guidance to the Malaysian manufacturing industry to improve the organisational performance. The conceptual framework developed in this study can be used as a guideline for implementing environmental cost. Therefore, the expected output shows that this research can recognize the environmental cost and performance of the organization is important to the Malaysian manufacturing industry.*

**Keywords:** *Environmental Cost, Organizational Performance, Manufacturing Industry*

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## **Introduction**

Environmental cost (EC) is one of the components of EMAP. EC covers all costs associated with the environmental impact of the company's operations. EC has been implemented within the organization to overcome the limitations of conventional management accounting in providing information related to environmental management (Wijewardana, 2017). In this regard, EC is a practice that can help organizations to manage environmental activities to achieve good performance, especially for the Malaysian manufacturing industry. Therefore, there is a significant gap in this study on EC to improve environmental management in the Malaysian manufacturing industry.

Environmental issues have been associated with the operational activities of the manufacturing organization (Smit & Kotzee, 2016; Solovida & Latan, 2017). Therefore, there is a need to ensure that the manufacturing industry initiates EC to address environmental problems. However, the concerns of the manufacturing industry on environmental issues relate not only to environmental management but also to the performance of the organization.

In this regard, the study also focuses on Organizational Performance (OPM). OPM refers to the measurement of results, which affects the level of performance measurement used in the organization (Gomes, Mendes, & Carvalho, 2017; Arsat & Fuzi, 2021). In particular, OPM measurements are important in the manufacturing industry (Al-Tit, 2017; Fuzi, Habidin, Janudin, & Ong, 2019). Thus, the Malaysian manufacturing industry can achieve organizational objectives, which in turn leads to an increase in OPM. Thus, Malaysian manufacturing industry can achieve organizational objectives, which in turn leads to an increase in OPM.

### **Literature Review**

Management accounting plays an important role in environmental management initiatives. Successful management accounting requires relevant information to make decisions in the organization. This also applies to making decisions related to environmental management accounting (Russell, Milne, & Dey, 2017). This is supported by Basuki and Irwanda (2018) stated that management accounting is the main source of information, especially in the aspect of environmental management accounting. Therefore, this study attempts to examine the implementation of EC based on the management accounting perspective in the Malaysian manufacturing industry.

Management accounting describes techniques and procedures that provide financial and non-financial information in order to make better decisions to improve OPM and to achieve organizational objectives (Al-Mawali, 2021). The use of management accounting can improve performance measurements. In addition, performance measurement has become a variable depending on management accounting research (Jebur, 2021). Therefore, this study aims to examine OPM to improve and achieve higher performance in the Malaysian manufacturing industry.

Environmental cost (EC) is one of the components of EMAP. According to Atkinson, Kaplan, and Young (2004), there are two types of EC, namely implicit and explicit costs. Implicit costs, such as administrative costs, employee awareness, and the cost of monitoring environmental issues. Explicit costs include technology, process, and disposal costs. Thus, EC covers all costs associated with the environmental impact of the company's operations. There are several different ways to determine the EC in literature (Karimi, Dastgir, & Saleh, 2017; San, Heng, Selley, & Magsi, 2018) includes identifying costs, such as production processes, product costs, and cost management; and the savings associated with EC and product improvement. Companies identify EC to improve their financial results (Fuzi, Habidin, Janudin, Ong, & Ku Bahador, 2019). Thus, EC can measure the reduction of input materials, energy, and waste in reducing production costs. In conclusion, EC drive can be applied to the Malaysian manufacturing industry as it consists of environmental regulations, environmental safety, management commitments, and customer focus. A summary of the findings of the study on EC drivers is given in Table 1.

**Table 1: The Summary Research Findings on EC Drivers**

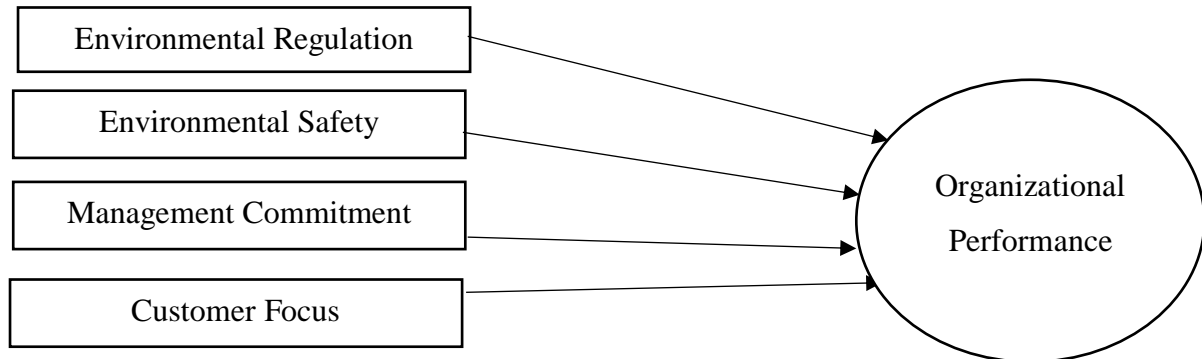
<b>Measures</b>	<b>Findings</b>	<b>Authors</b>
Environmental Cost	Identifies environment related costs. Allocates environment related costs to production processes. Allocates environment related costs to products. Creates and uses environment related costs accounts. Improves the environment related costs management.	Alkisher (2018)
Environmental Regulation	Complies with the regulations. Monitors the environmental regulation. Complies with the environmental procedures. Improves environmental regulation.	Alkisher (2018)
Environmental Safety	Improves environmental awareness. Complies with the environmental safety. Provides safety requirement. Improve procedures for environmental safety.	Schaltegger (2018)
Management Commitment	Improves environmental programs. Involved in environmental decision making. Reduces environmental issues.	Alkisher (2018)
Customer Focus	Improves customer satisfaction. Improves customer requirements. Encourages environmentally friendly. Provides feedback on quality and delivery performance.	Alkisher (2018)

### **Methodology**

The Malaysian manufacturing industry was chosen because it is an important role in economic growth and contributes significantly to the manufacturing sector in Malaysia. In this regard, the manufacturing sector is the main economy in Malaysia. Malaysian manufacturing industry population consists of 2,700 manufacturing companies (Federation of Malaysian Manufacturers [FMM] Directory, 2022). The data will be collected using a questionnaire survey from 2,700 manufacturing companies selected from the FMM 2022 Directory. The study uses a quantitative approach to test research models and hypotheses. This approach is chosen for the study towards testing the model. Thus, a research hypothesis is developed the relationship between variables using structural equation modelling (SEM) techniques.

## Development of Conceptual Framework

### Environmental Cost



**Figure 1: The Proposed Conceptual Framework**

Figure 1 presents the development of the conceptual framework of EC and OPM. The implementation of the EC helps organizations to improve OPM in the manufacturing industry, such as reducing costs, improving environmental management, increasing the use of renewable resources, and reducing materials (Ramli & Ismail, 2013). Previous studies have stated that there is a relationship between EC and OPM (Al-Mawali, Sharif, Rumman, Kerzan, & Liu, 2018; Olaoye & Adekanmbi, 2018). The authors found that EC leads to better OPM. Therefore, EC is important, not only for environmental management, but also for other management activities in terms of processes and products, allocation costs, and performance measurements.

In addition, EC can help organizations to improve OPM in terms of reducing costs and environmental issues. EC has significant relationships with OPM such as reducing costs, improving environmentally friendly products, and improving environmental protection. In this regard, EC plays an important role in managing OPM in the Malaysian manufacturing industry. It can be expected that the Malaysian manufacturing industry can implement EC, which in turn will lead to high OPM. Therefore, this study attempts to examine the relationship between EC and OPM in the Malaysian manufacturing industry.

### Conclusion

For policymakers and the government, this research will be beneficial as it will be a guideline to make policy relevant to the Malaysian manufacturing industry in order to increase EC and OPM. The EC and OPM models proposed in this study will be a roadmap for the government and policy makers on improving OPM in the Malaysian manufacturing industry. This decision can be used as a specific reference to establish policies to further improve OPM. These findings suggest that policymakers and governments need to specifically emphasize the implementation of EC and OPM to promote the integration of environmental issues into decision-making. This research provides important information for decision makers involved in the implementation

of EC and also provides useful references for future researchers in this area of research. Future research in the EC and OPM can be expanded in several directions. Apart from these contributions, the research results have also provided useful guidance for future research. Furthermore, it is interesting to conduct research using a qualitative and case study approach, which may provide a deeper knowledge of the issues discussed in the study. Therefore, future research is proposed to expand research and use qualitative methods and case studies to obtain more accurate and practical results.

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# **SPECIFIC CORPORATE CHARACTERISTICS AND THE IMPACT TOWARDS CORPORATE INTERNET REPORTING IN MALAYSIA**

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**Abstract:** *Corporate Internet Reporting is the use of corporations' websites in disseminating financial information. Numerous advantages offered by internet financial reporting as the latest and modern tools for business reporting as compared to conventional way of reporting reflects to irrefutable, increase and extensive use of internet financial reporting amongst corporations in emerging economics countries. This study attempts to investigate the affiliation between corporate characteristics of size, profitability and leverage with the extent of corporate internet reporting espousal by 100 top Malaysia public listed companies. Data is analyzed by using multiple regression. The study revealed that corporate internet reporting espousal are positively and significantly influenced by firm size and return on asset. However, leverage, earning per share and net profit margin are found to be insignificant in inspiring the espousal of corporate internet reporting amongst the corporations. The study provides empirical evidence on the impact of corporate characteristics on corporate internet reporting based on the perspective of Malaysian public listed companies, thus contributes makes a significant contribution towards knowledge on corporate internet reporting issues in the context of emerging economic countries,*

**Keywords:** *Corporate Internet Reporting, Company Characteristics, Listed Corporations, Malaysia.*

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## **Introduction**

In the era of a borderless corporate world, the adoption of the world wide web as a medium in delivering financial information of the corporations is overwhelming. World wide web is a unique dissemination tool that can be utilized by corporations around the world as it allows corporate sectors to present their financial information in a flexible way as well as communicate with unlimited numbers of existing and potential stakeholders (Kelton and Young, 2004), thus, is said as efficient and effective communication medium. Most of the corporations today has presented their financial information online through the world wide web

(Momany and Pillai, 2013). The use of corporations' websites in disseminating financial information is known as corporate internet reporting. Numerous advantages offered by corporate internet reporting as the latest and modern tools for business reporting as compared to conventional way of reporting, which includes innovative presentation of information, (Jones and Xiao, 2004), dynamic multimedia formats (Debreceeny, Gray and Rahman, 2002), wider and easier access to information for larger groups of users without selection (Ettredge, Richardson and Scholtz, 2001) as well as the ability of providing timeliness (Pratt, 1996) and more interactive information with unlimited space (Joseph, 1995).

Corporate internet reporting is believed to provide a way for Malaysian companies to disseminate online corporate information in order to attract a wider range of investors. Nevertheless, there is an issue of non-standardization of corporate internet reporting practiced by the corporations that reflects the difficulties in achieving efficient corporate information. It is expected that the inconsistencies are caused by certain company characteristics that influence the extent of corporate internet reporting practiced by the companies. Therefore, this study is conducted to investigate the influence of specific corporate characteristics upon the extent of corporate internet reporting practiced by the Malaysian companies. Corporate characteristics being investigated are profitability, size and leverage.

## **Literature Review**

A considerable amount of research on the extent of corporate internet reporting documented a variation of the practices among corporations around the world. There were firms with incentives to establish corporate websites, while there were also firms without corporate websites. For companies with corporate websites, variations exist in the extent of corporate internet reporting practice and disclosure.

Fekete, Tiron-Tudor and Mutiu (2009) examined the relationship between corporate governance factors, as well as company characteristics and the comprehensiveness of corporate internet reporting. Their investigation focused on the context of 48 Romanian companies listed on the Bucharest Stock Exchange. The comprehensiveness of Internet financial reporting was measured based on 35 items of disclosure index. The items were grouped into a format that represented the internet financial reporting quality index and content that represented the internet financial reporting quantity index. Fekete et al. (2009) categorised internet financial reporting quality index into general website items and specific investor relations. As for quantity index, it was categorised into financial reporting aspects and corporate governance aspects. Company characteristics examined in the study were company size, international visibility, profitability, leverage and activity sector. Pertaining to corporate governance factors, the variables investigated were auditor type, CEO role duality and ownership diffusion. Findings of the univariate analysis revealed the positive significant effect of size, profitability, auditor type and directors' holdings and a negative significant effect for international visibility and CEO role duality on the internet financial reporting quality. In addition, the findings indicated a significant positive relationship between size, profitability, auditor type and CEO

role duality and internet financial reporting quantity and a negative significant relationship between free float and internet financial reporting quantity. The results for full internet financial reporting index show the positive significant impact of size, profitability and auditor type on internet financial reporting comprehensiveness. However, for the multivariate analysis, slight differences appeared in the result whereby besides size and profitability, leverage was found as positively significant in influencing comprehensiveness. Corporate governance factors, however, did not appear to be significant in determining companies' internet financial reporting in terms of content and format.

Aly, Simon and Hussainey (2010) examined the potential factors affecting internet financial reporting in the context of 62 Egyptian companies listed on the Egyptian Stock Exchange. In measuring internet financial reporting, the study used 82 items of Internet disclosure index. The index consisted of 58 items of disclosure content and 24 items of presentation format and accessibility factors. The results of the OLS regression analysis conducted show that profitability, foreign listing and industry sectors through the communication and financial services sectors were positively significant in affecting both the amount and presentation formats of corporate Internet reporting of Egyptian listed companies.

Again, the internet financial reporting practised by the 88 most active companies listed on the Egyptian Stock Exchange was examined by Desoky (2009). Focus of this study is to examine the relationship of six factors, namely, company size, profitability, foreign listing, activity sectors, ownership structure and legal form towards internet financial reporting practice. In this study, internet financial reporting was operationalized according to 39 attributes, which consisted of 26 items of content and 13 items of users support. Multiple regression showed that size, which was measured by market capitalization, profitability by ROE, ownership structure by percentage of free float and foreign listing status, were the positively significant factors. Conversely, the legal form, which was measured by joint-owned and private-owned companies was negatively significant. The activity sector was found to be insignificant, and did not appear as a determinant of IFR extent.

In addition, the impact of corporate governance attributes on internet financial reporting practice has been investigated by Samaha, Dahawy and Abdel-Meguid (2012). Specifically, Samaha et al. (2012) focused on the influence of ownership structure and board of directors towards the propensity and comprehensiveness of internet financial reporting practice among the largest 100 Egyptian companies. Propensity of internet financial reporting practice was measured through a dummy variable of 1 for companies with accessible corporate websites and 0 otherwise. As for the comprehensiveness of reporting, it was operationalized by the checklist of 67 items of content and 20 items of presentation. Pertaining to the corporate governance attributes, ownership structure was proxied by free float, managerial ownership and government ownership, while structure of board of directors was measured by board size, board independence and CEO-chair duality. Result of the binary logistic regression indicated that companies with greater ownership dispersion, managerial ownership, governmental ownership

and board independence were more likely to adopt this new method of reporting. As for the comprehensiveness, result revealed that companies with greater ownership dispersion, governmental ownership and board independence were more likely to have more comprehensive internet financial reporting.

### **Research Methodology**

In conducting the research, cross-sectional study is used. Cross-sectional study is defined as a study that is conducted by gathering the data for once only, probably over a period of days, weeks or months in order to answer the research questions (Sekaran and Roger, 2016). In this study, the practice of corporate internet reporting acts as the dependent variable. Probability sampling technique of disproportionate stratified random sampling is used in selecting companies to be a representative sample of the study. Total sample for the study was 100 top Malaysian public listed companies. The companies represent several economic sectors in Malaysia but excluding sectors of hotel, mining and infrastructure due to a very few companies listed under these sectors.

In examining the extent of corporate internet reporting espousal by listed companies in Malaysia, an index was used. A total of 56 items of corporate internet reporting index was developed, which consists of both items of content and presentation. As for content, it is further categorized into five groups of item, namely general corporate information, corporate strategy, corporate governance, financial performance and corporate social disclosure. Data were collected by examining the extent of corporate internet reporting practice for each sample company website for the presence of each of the 56 measurement items based on an unweighted index.

As for the independent variables, the corporate characteristics examined are return on asset, earning per share, net profit margin, firm size and leverage. Data were analysed using multiple regression. Regression model that is used in the study is as follow:

$$CIR = c + \beta_1 ROA + \beta_2 EPS + \beta_3 NPM + \beta_4 SIZE + \beta_5 LEV + \alpha$$

Where:

c = constant

CIR = Corporate Internet Reporting

ROA = Return on asset

EPS = Earning per share

SIZE = Firm size

LEV = Leverage

A = error

## **Findings and Discussion**

Based on multiple regression analysis, findings of the study reveal that two corporate characteristics, namely return on asset and firm size are positively and statistically significant at  $p < 0.05$ . This shows that companies with higher return on asset will result to higher level of corporate internet reporting espousal. In addition, an increase of company size will also be resulting to higher espousal of internet financial reporting of the companies being investigated.

Corporate characteristics of earning per share, net profit margin and leverage are found to be not statistically significant. This means that the extent of corporate internet reporting espousal is not influenced by these factors.

The value of adjusted  $R^2$  is 0.195, thus indicates that the regression model is able to explain about 20 percent of the associations between the extent of corporate internet reporting espousal and its company characteristics stimulus. Based on the results, the equation of the regression model is specified as follows:

$$\text{Internet Financial Reporting} = 0.171 + 0.070(\text{ROA}) + 0.056(\text{SIZE}) + \varepsilon$$

## **Conclusion**

Results of this study is fruitful in better understanding the corporate characteristics stimulus factors that determine the practice of corporate internet reporting espousal by the Malaysian public listed companies. As the study found that size and return on asset of the companies have a positive significant relationship with the extent of corporate internet financial reporting espousal, the results suggest that companies with higher return on asset and larger size would have better corporate internet reporting practices.

However, there might be other potential stimulus exist that affect the extent of corporate internet reporting espousal by the public listed companies in Malaysia, but are not included in this study. Therefore, it is valuable for future research to consider the possibility of other stimulus of corporate internet reporting in Malaysia. Also, the inclusion of other stimulus factors is worthwhile to obtain a stronger predictive model of corporate internet reporting espousal.

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# **LITERATURE REVIEW ON THE GREEN HUMAN RESOURCE MANAGEMENT (GHRM) TO IMPLEMENTATION ENVIRONMENTAL MANAGEMENT SYSTEM (EMS) IN ORGANIZATION**

**Muhamad Firdaus Abdull Razab**

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**Abstract:** Environmental concern becomes important to people around the globe and business nowadays start to focus on environmental issues that will give competitive advantage to their business. Therefore, they focus to implement EMS in their organization and employees is key actor in their organization success, so they should focus on GHRM to encourage the successful EMS implementation. This paper focus on literature review that regards to GHRM in five key areas which are recruitment; performance management and appraisal; training and development; employment relations; pay and rewards That can help organization implemented EMS.

**Keywords:** GHRM, EMS, Employees, Organization, Environmental

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## **Introduction**

Nowadays, the issues of environmental getting attention from every aspect. People, government, business entity start to focus on environmental issues. Additionally, businesses recognized the importance in their environmental performance that will give the competitive advantage to them and can bring them the goodwill for the company and also the recognition from people.

As mention by Bagur-Femenias, Llach, and Alonso-Almeida (2013), during the last past 10 years there are increasing growth on concerning the environmental issues especially in the international certification of standard ISO 14001 from 17476 in years 2000 to 185899 in years 2009 and it representing the increase percentage of 963.74 percent. This statistic shows that businesses not only concerning about the environment matter but at the same time they take the action by implementing the international certification of standard which is ISO 14001. ISO 14001 is a group of criteria that use to Environmental Management System (EMS). This certificated doesn't provide or set a certain requirement for environmental performance but it plots out the framework to company or an organization can follow to set up and can efficiently implemented EMS. ISO 14001 can be used by any organization regardless of its activities in any sector. By using this certificate, it can provide guarantee to company and employees and also the external stakeholders that the environmental effect was taking into consideration, measured and improved.

In addition, according to Olson (2010) business community now start to discussing about the environmental issues. In order to inform their concern, businesses community need to inform this matter to their stakeholders and also their investors through meeting and memo. Due to the matters, environmentally changes become the top priority to many enterprise and even the big manufacturer and industry to set a long term planning in stabilize the environment growth (Olson, 2010). It is not an easy undertaking for businesses in order reach the environmental sustainability in their business because of implemented environmental sustainability it will imply the management in operation and also resources in the companies in order to control, reduce, conserve and prevent the bad impact that will set up to the environment (Sidek & Backhouse, 2014).

Research done by Haslinda, Abdullah, and Fuong (2010) suggested that the implementation of EMS will benefited the system in organizational level, this implementation will position the organization at the international level that come with the quality measures and routines. Besides that, the implementation of EMS at the employee level can be very challenging because the workload will increase and there are changes in the way task were perform, especially with the additional task in documentation and also procedures. Because of it, employee may show some resistance and maybe the motivation for doing every task in the organization may decreased. Therefore, this paper would like to review the literature about Green Human Resources Management (GHRM) that can help organization to implemented EMS with minimum challenges from employees' perspectives and attitudes.

### **Green Human Resources Management (GHRM)**

The green concept is always focus on the technology (Nunes & Bennett, 2010; Weng & Lin, 2011) and also the implementation of the operation such as supply chain (Lin & Ho, 2010; Luthra, Kumar, Kumar, & Haleem, 2011; Sarmiento & Thomas, 2010). But at the same time the important of the human capital or human resource itself were very important when business want to apply the green concept into their business. Researchers out there still debated that the employees must be inspired, stimulated and must be aware about the environmental issues in order to bring out the green concept into their company (MS.Prathima.M & Misra, 2013).

Green Human Resource Management (GHRM) will become an important role in the businesses to encourage the environmental related concerns through the management philosophy, human resources policies, human resource practise and training the human capital (MS.Prathima.M & Misra, 2013; Renwick et al., 2008; Shaikh, 2013). Due the climate change, global warming and issues of environment many scholars start to focus on the green concept includes GHRM (Jabbour, 2011; Jackson et al., 2011; Kumari, 2012; MS.Prathima.M & Misra, 2013; Muster & Schrader, 2011; N.Gayathri & P.Karthikeyan, 2013; Renwick et al., 2008; Renwick et al., 2013; Shaikh, 2013; Wagner, 2013).

Many organizations try to get benefit from the environment and because of this new legislation are arose, community start to put on the pressure and customer starts to concerns about the environmental (Olson, 2009). Based on Milliman (2013) nowadays the organizations are tremendously looking into to integrate sustainable development more fully in the organization's goals, strategies and also their operations but the organization cannot fully attain the intended outcomes of their sustainability initiatives without the motivated and skilled human capital. There are several policies in the field of human resource management such as recruitment, performance, the appraisal management, training and development, employee relations and rewards system are the main tools to align employee to company environmental strategy (Renwick et al., 2008). Human resource management can be a main factor that contribute the success of environmental management (Muster & Schrader, 2011).

Companies nowadays believe that they must build a powerful social interaction and the green sense of responsibility in order to achieve the green understanding and reflects to the green goal in the organizations. Human resource will play an important role to inspire employee, to deliver the value and to influence them in order to get the understanding about the importance of environmental and sustainability (Mandip, 2012).

In GHRM, there are five key areas to be discussed namely; recruitment; performance management and appraisal; training and development; employment relations; pay and reward.

### **Recruitment**

Broad Job descriptions can be used to identify a number of environmental aspects. These consist of environmental reporting procedures and health and safety tasks, which employees are bare to harmful substances emissions (and their extent), and matching personal traits to needed environmental competencies that is buying-in specialist capabilities via new hires or investing in breeding. Orientation for new employees is seen to be taken to ensure they understand and approach their corporate environmental culture in a serious way (Wehrmeyer, 1996). As a survey data in U.K. prove that environmental issues give influence on recruitment staff. The survey shows that one of the decision-making measures in applying jobs by high-achieving graduates are the reputation of company and environmental performance (Wehrmeyer, 1996). An analysis conducted by the British Carbon Trust demonstrate 764 over 1,018 personnel see it is important to work for a company that have an active rule to reduce carbon emissions (Clarke, 2006). Environmental is one of measurement whether to accept a job or not through evidence from exposes of 49% respondent from survey by U.K. Chartered Institute of Personnel and Development (CIPD), with companies like Boots seeing the 'green job candidate' as persuading thinking in this area (Brockett, 2006). CIPD also trust that to draw potential personnel and to improve employer image (branding) is through getting a green employer. (CIPD, 2007), from latest survey by CIPD/KPMG 470 from 1,000 respondents of Human Resource professionals by feel that personnel would choose working for companies that have a robust green approach, and 460 respondents saying that holding one would help

draw in potential personnel (Philips, 2007). Generally, from all survey and analysis, the CIPD believes that being a Green employer may:

*'Improve the health of the workers like encouraging cycling, help to growth motivation and employment through a shared circle of values, subdue Labor turnover through believing organization is one in which people want to operate' (CIPD, 2007).*

### **Performance Management and Appraisal**

The challenges of how to identify environmental performance standards in different divisions of the company, and getting useful data on the environmental performance of owners being represent by Performance Management in Environmental Management. In the U.S., company such as Amoco have measure environmental performance standards, and developing green information systems and audits in order to obtain beneficial facts on administrative environmental performance through installing corporate-wide environmental performance standards that is cover on-site use, audits of environmental, waste reduction and management of waste. Union Carbide is another company that use a green audit programmed which is covers field audits that seen as important for company and their personnel. This programmed can provide personnel a mechanism by which they can obtain data or information and response on future and past environmental performance and raise any recurring problems of their company (Milliman & Clair, 1996). The way of Performance Management systems can be effectively introduced in the company is to develop performance indicators for each threat in education and environmental awareness (TUSDAC, 2005). In order to cover the topics like communication of environmental issue, usage of environmental responsibilities, and rule and environmental incidents, company can use Performance Appraisal (Wehrmeyer, 1996). In the environmental Performance Appraisal, subject involve is concern the requirement for managers to be held responsible and accountable, to ensure managers understand and familiarize themselves with compliance matters. Unfortunately, in the U.S., some of the current Performance Appraisal systems seem only restricted to executives and plant and division managers such as at EG&G and Kodak organization. Another example is Browning-Ferris Industries which is developing a sophisticated one for their facility and regional managers (Milliman & Clair, 1996). In order for company to compare managerial environmental performance more exactly and perfectly through different plants and division, and also to elaborate how to set objectives for employees and supervisor more task is seen to be necessary to develop measures of Green performance baselines in U.S. To ensure environmental management initiatives are not seen easily as a management 'fad', there is also a requirement to tie any changes in corporate action and rhetoric, and develop Human Resources systems in Performance Appraisal and reward (Milliman & Clair, 1996). Whole literature discussion suggests that a learning culture in Environmental Management can be encouraged when environmental criteria are integrated into the process of staff appraisal thorough writing such duties into all staff action plans (Rees, 1996).

## **Training and Development**

Training is a key intervention to manage waste in terms of avoidance and reduction, and happens through company training teams of front-line employees to produce a waste study of their job areas. Such employees are seen as ideal staff to spot and reduce waste as they are closest to it, but they need be educated and familiar (knowledgeable) on how to gather the relevant information. In the U.S., Allied Signal Inc. and Nordstrom are examples of best company practice in training and development in Environmental Management. In the training of Allied Company, it comprises the element of a Total Waste Minimization, while Nordstrom Company, in manage general waste minimization they use the elements of education initiatives (May & Flannery, 1995). Role of HRM in environmental management in providing training has been recognized through giving a useful way to train Green executives or future Board members in Environmental Management in job rotation, and it be seen as a crucial part of successful environmental programs (Wehrmeyer, 1996). In the U.S., many companies have created training initiatives such as at Polaroid, where training goals are connected to their vision regarding regulatory compliance (Milliman & Clair, 1996). Companies in U.S. always provide Environmental Management training that involves employee consciousness, regulatory requirements and Training on Environmental Quality Management (TQEM) (Milliman & Clair, 1996; Weise, 1992). Issues surrounding the future use of environmental training practices in the U.S. include the necessity to pledge employee cynicism associated with such programs; to value employee's effectiveness; to communicate with and get response from outside regulatory participants; and how to provide such training in terms of cost and education goals (Milliman & Clair, 1996). Fernandez, Junquera, and Ordiz (2003) explain that employees need to increase their consciousness, responsiveness and knowledge of process and material and employees' skills which is employees must "integrating training" and for employees to show an emotional involvement to attain goals for environmental approach. They note that several studies display a connection between level of employee training and level of environmental development. Company in Britain and German are used for comparative company examples for environmental training. In Germany Adam Opel AG is one of example that show environmental development are united within the training programmers given with all new projects and processes. While General Electric Company (GEC) in U.K. required all of their branches to identify their own environmental goals independently and GEC also provisions an environmental training pack for their branches through GEC Management College. At GEC, training takings in three stages, (1) the training for environmental managers must include the content like EMS, environmental legislation and BS7750, (2) discussion such as waste management, transport and air emissions (3) and a discussion of handling waste and ground water, threat management, communications and consciousness-raising (North & Daig, 1996). Several environmental training with an emphasis on those involved with the handling of harmful waste and hazardous substances and interested specialists is conducted to all employees at Siemens in Germany. Plant employees in this such training produced 5,000 suggestion a year on environmental protection and the training taking during operational hours at least one day that use an element of the in-house training program (North & Daig, 1996). Imperial Chemical Industries (ICI) in the U.K, provide training session on Integrated Pollution

Control to every operator, and for managers and supervisors there is a one-day introductory environmental training course in Environmental Management (North & Daig, 1996). Formal classroom approaches are not seen to work, such as several approaches to environmental training at ICI and for the British Institute of Environmental Management (IEM) use interactive sessions (Bird, 1996; North & Daig, 1996). Generally, British companies are seen to concentrate too much on matters like manuals, procedures, systems, procedures, and audits, and German ones on those surrounding the use of a European Management and Audit Scheme (EMAS) (North & Daig, 1996). In Britain, the examples of company environmental training include those at Albion Group, Carson Office Furniture Systems, Rolls-Royce, Ready-Mixed Concrete and Bristol-Myers Squibb. These companies conduct induction training for new staff, consciousness training for more experienced staff, and training on specific green topics for staff specifically associated with environmental operations (Bird, 1996). CIPD/KPMG survey reports 42% of U.K. companies surveyed educating and training employees in business practices that are environmentally sociable (Philips, 2007), work at E.O.N who see Human Resources as a crucial group in terms of implanting a new green culture into their company ‘through communication, training, support and building objectives’ (Clarke, 2006) and at first direct, who view Human Resources as best place to teach employees about the environment (Simms, 2007). The training in energy efficiency could be a long-term economic investment according to a perception of several analysts (Phillips, 2006), that people managers may be able to build environmental responsibilities into job descriptions and/or team objectives (CIPD, 2007), and that underpinning theory in the field is that ‘the most advanced environmental approaches are people intensive and depend upon tacit skill development through employee development’ (Brio, Fernandez, & Junquera, 2007).

An audit of present training system resources and activities, establishing a corporate environmental committee a career analysis producing a job description, and environmental consciousness as part of induction training such be done at Body Shop in U.K, or to use a performance management system to monitor and review performance on productivity, quality, wastage and accidents can be used as a several steps to establish an environmental training system. Corporate environmental committee may include Human Resource representatives, environmental professionals and other executives. Others step that can be followed by providing training to do the job, and an assessment of the knowledge, skills and attitude staff for future roles analyzing. The timing and scheduling or sequencing of training then needs to be assessed, as it could be that the company can build it into their present provision, with company needing to assess and review the success of the training they have provided. For example health and safety training could include an environmental component or management development programs could include environmental trainings (Wehrmeyer & Vickerstaff, 1996). The Environment Unit at Kent County Council (KCC) in British public sector have established their own strategy for the training and development of employees, with the theme of ‘Green teams’ established in every department, producing general consciousness and specific training in Environmental Management. These strategies designed to increase personal ownership and shift employees to taking personal action. In developing such ownership, some

barriers to face, for example a deficiency of commitment by senior members; cynicism regarding the relevance of the issues involved; a lack of time and resources; constraint in cost; green policing; a developing new bureaucracy; communication and monitoring problems; and knowledge gaps in Environmental Management (Rees, 1996). Green teams programme at KCC shows the result that 0.2% or 1 over 500 staff being trained effectively through changes has occurred in his/her role and responsibility, while green teams observing other staff abdicating their responsibilities and some staff giving a token response or rejecting such environmental issues aggressively maybe because of Green options were not clear and difficult to quantify. This initiative being difficult to maintain in the face of other managerial priorities such as health and safety, TQM, and Investors in People (Beard & Rees, 2000). However, the Green teams at KCC have scored some successes through establishing Environmental Management on departmental plans, agenda, and projects, and seen KCC embrace a green agenda as a whole, that is towards culture change, achieving cost savings, assisting departments gain access to corporate funds, and to conducting programs in Environmental Management too (Beard & Rees, 2000). European trade unions see that they have a role to play in terms of environmental training. For example trade unionists in Denmark see safety representatives as the key source on getting information on the courses on Environmental Management that are available to them, but show little support for further updates of relevant knowledge in Environmental Management to be supplied by an official retraining programme for semi-skilled workers or further vocational training programmes either (Madsden & Ulhøi, 2001). The Trade Union Congress (TUC) in Britain has established its own body on sustainability that called the Trade Union Sustainable Development and Advisory Committee (TUSDAC). The function of TUSDAC is to call on all U.K. employers to develop employee training and skills in energy-efficient technologies, for example the Transport and General Workers Union (T&G) at Millenium Chemicals, where joint and regular environmental training and green briefings take place (TUSDAC, 2005). Although TUSDAC state that union representatives face the trouble of receiving paid time off to go to green development courses, a number of unions have included the environmental event in their activist training. For example, the T&G run a diploma course with London Metropolitan University, and the TUC has its own three-day Environmental Management course. Environmental Education pack for Trade Unionists was published by a joint initiative that exists between TUSDAC, Envirowise and the Carbon Trust – (TUSDAC, 2005) and Amicus representatives participate with Legal & General in a half-day environmental training course (ACBE & TUSDAC, 2004). In the U.K., some issues regarding the use of training and development in Environmental Management that include how to fight the general lack of take-up in education and training on environmental issues; how to re-train any employees who have lost jobs in the relevant polluter industries; how to upgrade the under level of understanding about the impact of environmental issues at work and home; and how to improve the Eco literacy of managers (Bird, 1996; Oates, 1996). IEM has established and presented training courses for environmental managers, including promoting awareness and skills in Environmental Management in order to tackle all the issue and this courses and program recognizes a link between organizational eco-literacy and success in Environmental Management (Bird, 1996).

## **Employment Relations**

A number of rationales for using Employee Involvement (EI) teams as employees are considered to have the most knowledge of the work processes and products affected in Environmental Management include the ideas that they can reduce waste, complex work can be done better, and helps build employee pride and dedication in their area. Using EI in the EM field can improve employees' health and safety as well as changing how work processes are done. For example, companies like Tennant Company in U.S. have used EI to develop new dry-abrasive systems for recoating and stripping concrete industrial floors through switching a former process that exposed workers to hazardous and harmful solvents and fumes (May & Flannery, 1995). Environmental management that can be realized from using EI programs can be seen since 1975 from other houses that is 3M in the U.S. which encouraged employees to propose modifications to reduce pollution through Pollution Prevention Pays (3P) program as well as generate more revenue. As a result, 3P initiative program by 3M claims that raised more than 2,500 pollution solutions, halving their worst release, and saving them nearly \$300million and 3M also estimates that later, their 3P program has seen employees recommend more than 4,750 projects worldwide, preventing 1.7 billion pounds of contamination, which is can cut material costs and saving them \$850 million in pollution control (Reed, 2002). In addition, American Airlines also use EI programs and they claim their flight attendants recycle over 616,000 pounds of aluminum cans that making at least \$40,000 to them in one year (May & Flannery, 1995), as well as Dow Chemical's Waste Reduction (WRAP) program was introduce as a contest for all workers to engage with, and from that Dow Chemical entitle a 173% of Return on Investment (ROI) from their maiden year of operation (Denton, 1999). Chrysler at the Jeep plant in Toledo, AT&T in Ohio, and the Wheeling-Pittsburgh Steel plant in the U.S. also been determined to create environmental improvements through EI team projects (Hanna, Newman, & Johnson, 2000). In U.S. and Europe, firm such as GE Plastics in the Netherlands, Lucent Technologies in Pennsylvania, and Neste Oy in Finland have been experienced in firm practice that support employee eco-initiatives and supervisors who support employee environmental actions and this supportive behaviors from supervisors towards employees in Environmental Management are seen to promote employees to develop possible solutions to environmental problems (Ramus, 2001). Fernandez et al. (2003) argue that 'an advanced environmental approach demands a culture founded on ecological values', which is caused in part by managers leading EI on environmental topics – a mix of managerial and worker training, ecological awareness and higher degrees of motivation to generate enhanced environmental performance. They express that most companies have tended to associate Environmental Management with health and safety like forming such staffs in the U.S., and applying a particular focused communications system which permits actors to contribute ideas to tap into advantages associated with worker skills and motivations. Whereas they indicate that there is a need for firm to encourage training, feedback, and quality improvement in their communications and they also acknowledge that the track record of senior managers in EI is low. In addition, they also argue that eco-initiatives occur from creative ideas from all employees, and that mechanisms need to be established to require employees in it. In this

situation, it means handing a role for managers in giving employees independence to generate creative results to resolve problems in order to encourage their environmental management concern as well as makes best use of applying their skills. The researches also observe that the combination of employees into environmental activity reaches the maintenance domain in the incorporation of 5S and the minds of total cleanliness at work, and imply worker involvement in maintenance chores, such as cleaning, greasing, and so forth. It known as 'productive maintenance' that assigning such tasks to the worker, and not to a group (Fernandez et al., 2003). As seen in EI in waste reduction at Kodak, DuPont, and Procter & Gamble, they also believes that an EI approach in Environmental Management motivates the worker, leaves them to find problems such as leakages in production process, and that allocating responsibility to workers is based upon team knowledge of the causal agents of waste and how to trim them (Fernandez et al., 2003). The two important gains from introducing Green EI initiatives are planned to be improvements in environmental and worker health and safety, and the evolution of more education and knowledgeable employees and supervisors (Govindarajulu & Daily, 2004). In Hong Kong and the U.K., comparative studies on EI include the experience of Cable & Wireless (C&W) from the Multinational Company (MNC), which resulting in their environmental policy/procedure, and the establishment of a worldwide environment forum that reveals from reviewing the impact of their group's activities on the environment by undertaking a study of company staff attitudes to environmental concerns. To win funding for their environmental strategy the environment team at C&W start an environmental awareness and training program to communicate on a worldwide scale, which found employees asking for direction on important improvement areas, and better information-sharing processes. As a result from C&W program, they looking forward to arrange task teams; a network to support their global businesses; and a helpline service for employees in Environmental Management (Beatson & Macklin, 1996). The U.K. Confederation of British Industry (CBI) argues that British companies within Eurpe could take stairs to build EI in Environmental Management. They can use present communication channels and network; discussing issues within consultative meetings already in place; starting up suggestion schemes; and include employees in Environmental Management in all divisions (Oates, 1996). Meanwhile, in the Netherlands, several Green Small and Medium-Sized Enterprises (SME's) EI is determined to be the most efficient approach to increase Environmental Management in terms of improving environmental awareness and behavior, as well as to increase employee dedication to such events, helping to maximize their success. A result from a Dutch study through 8 metal businesses of 194 employees provide greatest influence to the companies where the costs of waste processing reduce, and on employees in increasing their workplace environment and guard by EI campaigns in Environmental Management that put information at the center and involved co-decision making. The best efforts are determined to be those that are uniform with the quotidian experiences of companies, and which are industry and fellowship-specific (Klinkers and Nelissen, 1996). Ramus & Steger, 2000 have survey of 353 mid and low-level workers in 10 European include one U.S. and one Canadian with the subject to test the relationships of environmental insurance and direct supervisory support behavior in promoting employee-led environmental initiatives. The answer for this relationship discloses that when

supportive management behaviors/attitude and company communication of a corporate vision of sustainable activity as signed by environmental policy were absent, fewer environmental initiatives for employees were found and indicates that organizational and supervisory encouragement are found out to be important to employee environmental creativity (Ramus & Steger, 2000). EI as one factor among others as having a positive impact at 16% on getting an environmental action-based competitive advantage in a company – based on study of EI at 110 Spanish ISO 14001/EMAS registered factories in Europe. This finding reveals that employees can produce and extend the knowledge needed to market ‘green’ products through employees’ involvement in formulating environmental strategy (Brio et al., 2007). In Britain, E. ON have ‘low carbon champions’ at business unit level who introduce ideas to cut down their carbon footprints, and who constitute a virtual network meeting on a monthly base to push the action forward through Environmental Management practice in company (Clarke, 2006), whereas Land Securities also encourage employees to recall of ideas to bring down carbon emissions and save energy (Felgate, 2006). Recently in the U.K, HSBC found benefits in carbon saving being seen to come from employee initiatives, for example one where staff at first direct can bring recycle rubbish in from home and reuse it at work, and the establishment of an Environment and Travel Group (Simms, 2007).

Argos are targeting to hire their staff through increased environmental awareness, including initiatives in recycling and waste segregation (Philips, 2007), and first direct are seen to inspire and authorize staff to behave and perform in more environmentally friendly ways at work and home (Simms, 2007). Nevertheless, not all company initiatives in EI regarding EM are positive. For exemplar, one European survey from low and mid-level employees in environmentally proactive companies exposes that less than half of all employees ever suggest a resolution to an environmental problem, and a deficiency of managerial support for environmental actions being a key impediment to the generation of employee eco-initiatives (Ramus, 2001). In Britain at Accenture, it seems management support for Environmental Management is lacking, so it is up to individuals which is employees to get involved in Environmental Management (Joubert, 2007), and that such variable employee commitment levels to becoming involved in EM issues are alike to those set up elsewhere in the U.K. at Rover Group (Pollack, 1996), and at Kent County Council, it reveals that a lack of management commitment to Environmental Management (Rees, 1996). In Britain, TUSDAC mentions that U.K. unions negotiate a Sustainable Workplaces Framework Agreement with employers to support workplace employee engagement in sustainable growth, as a TUSDAC survey of 310 British union members shows 99% of union members agree that they would support environmental measures in their workplace, and 81% disagree that there is not a lot they can do to better the environments. For TUSDAC, in order to train union representatives in sustainable growth is seen to need to a sustainable workplace, as TUSDAC are not convinced that environmental concern should be “ghettoized” to safety representatives only, and point of unions like the GMB and T&G where the shop steward role includes the topics of health, safety and the environment (TUSDAC, 2005). CIPD as a British stakeholder see EI tools like staff proposal schemes as a means of acquiring estimates and a way of promoting and encouraging interest in

the environment (CIPD, 2007), British workplaces are good at saving energy and recycling, but with more effort needed to be practiced to promote employees to use greener forms of transport – based on latest CIPD/KPMG survey (Philips, 2007). The function of Employee Participation (EP) in Environmental Management has been remarked to help prevent pollution from workplaces (Wehrmeyer, 1996; Wolters, Bouman, & Peeters, 1995) and in the U.S. at NUMMI, Rothenberg (2003) claims that EP makes a involvement to improve environmental performance as ‘employees possess the knowledge and skills that manager’s lack’. She recognizes two ‘primary outlets’ for worker participation on environmental projects which are a suggestion program and problem solving circles, while found that workers participate in environmental improvements also in two stages which are initiation and implementation. Project Initiation is more likely to stem from specialist staff and Project Implementation is more likely to participate by line level; with the latter more likely to be ‘more passive’ (Rothenberg, 2003). Rothenberg recommends that ‘managers may require to structure EP programs for environmental concern differently’ rather than the more traditional sort of ‘bottom-up’ approach to worker participation programs, and notes that lean production releases, specialist staff for innovation – means that empowerment being an significant component of the process for line staff, if they have the power and time to act (Rothenberg, 2003).

### **Pay and Reward**

Work organizations are ideally experienced to benefit from setting up a reward scheme for less waste practices that teams get. For example, DuPont in the U.S. has recognized employee environmental achievements through an Environmental Respect Awards program, meanwhile Nordstrom and 3M offer rewards for suggestions that individual staff do to aid the environment and increase firm profitability (May & Flannery, 1995). Reward packages are linked up to acquiring designated skills and competencies which are not merely for performance, equally they are considered to be significant mechanisms in performance over the long-term, an instance being that knowledge of environmental legislation or chemistry may avoid severe accidents or illegal/harmful emissions occurring (James, 1996). In overall, such organizations are seen to need to develop the reward systems in order to produce desirable behaviors in Environmental Management, and doing so requires effective employment of both incentives and disincentives (Rees, 1996). As per the U.S. experience, to induce employees to make environmental improvements, need for negative reinforcements - like suspensions, criticisms and warnings such for employees engage in lapses in the treatment of hazardous. As employees engage in self-protective behavior, by using negative reinforcements may not teach staff how to manage and dispose of waste properly, and may result in them failing to disclose environmental problems at source. As a result, organizations may wish to engage in giving employees positive rewards in terms of verbal feedback from supervisors, as such informal verbal and written feedback which might help encourage employees towards environmental improvements (Govindarajulu & Daily, 2004).

## Conclusion

Environment and ecological issues now become a leading social concern and also become a strategic issue for businesses. Stake holder now starts to question whether the companies really take care about the environment or just didn't care about it. Thus, the implementation of EMS in the organizations are now becoming more popular and widely known in all industrial sector both big companies and Small Medium Companies (SME). The implementation of EMS is not easy and there are many challenges in order to implement it. It consists of the determination from all organisation stakeholders especially employees to face the challenges in the process of implementation EMS in their organizations. The commitment from organisation are very importance and the policy for environmental must be very clear to make sure their employees understand what the organisation wants and why organisation want on implemented EMS. In GHRM there are five key areas that can be review in order to ensure EMS can be implemented successful which are recruitment; performance management and appraisal; training and development; employment relations; pay and rewards.

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# **KEPIMPINAN DAN HALATUJU INSTITUSI ZAKAT DI MALAYSIA**

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**Abstrak:** Kajian ini bertujuan untuk menghuraikan kepimpinan dan halatuju institusi zakat di Malaysia. Secara umumnya Majlis Agama Islam Negeri (MAIN) merupakan organisasi atau entiti yang diamanahkan untuk mentadbir dan mengurus segala hal yang berkaitan agama Islam termasuk wang berkaitan Islam seperti zakat. Ia selaras seperti yang diperuntukan dalam Perlembagaan Persekutuan. Dalam mengharungi cabaran pada masa kini dan akan datang MAIN dilihat mampu untuk melaksanakan peranan dan tugas yang telah diamanahkan kepada mereka. Hampir semua MAIN di Malaysia sudah dan sedang melaksanakan dokumen pelan strategik untuk meletakkan halatuju di masa akan datang. Dengan pelaksanaan dokumen ini, MAIN sudah menggariskan wawasan mereka dengan jelas dan bersedia menghadapi cabaran-cabaran yang mendatang.

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## **Pengenalan**

Majlis Agama Islam Negeri (MAIN) merupakan institusi yang diamanahkan untuk mentadbir dan mengurus hal berkaitan agama Islam di setiap negeri termasuk hal berkaitan zakat. Setiap negeri di Malaysia mempunyai MAIN atau institusi zakat yang mana ia ditubuhkan di bawah Enakmen Pentadbiran Agama Islam bagi setiap negeri di negara ini. MAIN tidak hanya mentadbir dan mengurus hal berkaitan zakat sahaja, malah segala perkara berkaitan agama Islam seperti perundangan, wakaf, baitulmal turut diletakkan di bawah MAIN.

## **Kepimpinan Institusi Zakat**

MAIN merupakan sebuah entiti Islam yang ditubuhkan dibawah enakmennya sendiri iaitu enakmen pentadbiran agama Islam bagi negeri-negeri yang berkenaan. Sultan atau raja merupakan ketua agama Islam bagi setiap negeri. Bagi negeri-negeri yang tidak mempunyai sultan atau raja seperti Melaka, Pulau Pinang dan Wilayah Persekutuan, YDPA bertindak sebagai ketua agama Islam bagi negeri-negeri yang berkenaan.

Bagi pengurusan tertinggi MAIN, ia di ketuai oleh seorang yang dipertua atau ketua pegawai eksekutif. beliau dibantu oleh para pegawai dan kakitangan sokongan daripada jabatan, bahagian atau unit-unit yang ditubuhkan. MAIN tidak hanya mentadbir dan mengurus hal berkaitan zakat semata-mata malah MAIN juga mentadbir dan mengurus hal berkaitan wakaf,

baitulmal dan kewangan Islam yang lain. Keseluruhan hal ehwal berkaitan agama Islam seperti perundangan Islam turut diletakan dibawah tanggungjawab MAIN.

Bagi negeri-negeri yang mempunyai institusi zakat yang berasingan daripada MAIN namun ia ditubuhkan dibawah MAIN seperti LZS dan Zakat Pulau Pinang, institusi berkenaan hanya memberi perhatian kepada hal berkaitan zakat sahaja. Perkara-perkara lain seperti wakaf dan hal perundangan Islam yang lain dapat ditadbir oleh MAIN. Keadaan begini sudah tentu memberi kelebihan kepada institusi-institusi zakat yang berkenaan kerana hanya menumpukan kepada hal ehwal berkaitan zakat. Seterusnya fokus kepada kutipan dan agihan zakat dapat ditingkatkan.

LZNK adalah merupakan satu-satunya institusi zakat di Malaysia yang berasingan daripada MAIN dan ia juga tidak ditubuhkan dibawah MAIN malah ia ditubuhkan di bawah enaknya sendiri. Dengan kuasa perundangan yang dimiliki oleh LZNK, hal berkaitan pengurusan dan pengoperasian institusi ini tidak terikat dengan perundangan dan peraturan MAIN. Selain dapat memberi tumpuan yang maksimum kepada hal berkaitan zakat, LZNK juga mampu mempunyai visi, misi dan objektif sendiri dalam menunaikan amanah yang dipertanggungjawabkan kepada mereka.

### **Pengurusan Kewangan Dan Perakaunan**

MAIN merupakan entiti yang ditubuhkan dibawah enakmen pentadbiran agama Islam negeri masing-masing. Walaupun tiada peruntukan yang jelas mengenai status MAIN sebagai badan berkanun persekutuan mahupun negeri, rata-rata MAIN mengguna pakai Akta Badan Berkanun 1980 (Akaun dan Laporan Kewangan, Akta 240) bagi hal berkaitan pengurusan kewangan. Manakala bagi pengauditan, MAIN turut diaudit oleh Jabatan Audit Negara (JAN).

#### **Akta Badan Berkanun (Akaun dan Laporan Tahunan) 1980 (Akta 240)**

Seksyen 5(1) Akta Badan Berkanun (Akaun dan Laporan Tahunan) 1980 Akta (240) memperuntukkan berkaitan had masa bagi penyediaan dan pengemukaan penyata akaun kepada Ketua Audit Negara untuk diaudit. Seksyen berkenaan menyatakan perkara berikut:

*“Tiap-tiap badan berkanun hendaklah menyimpan lain-lain rekod yang sempurna mengenai perjalanannya mengikut prinsip-prinsip perakaunan yang diakui umum dan hendaklah menyebabkan disediakan penyata bagi akaun-akaunnya bagi tiap-tiap satu tahun kewangan dan, dalam tempoh enam bulan selepas berakhirnya tahun kewangan itu atau apa-apa tempoh lanjutannya sebagaimana yang diberi di bawah seksyen 9, hendaklah mengemukakannya kepada Ketua Audit Negara untuk audit.”*

Hal ini menunjukkan bahawa adanya pemakaian Akta Badan Berkanun 1980 kepada MAIN dalam konteks akaun dan laporan tahunan kerana seksyen tersebut jelas menyatakan perlunya rekod yang sempurna disimpan mengikut prinsip-prinsip perakaunan yang diakui umum. Perkataan “umum” juga boleh ditafsirkan sebagai prinsip perakaunan yang digunapakai adalah

prinsip yang lazim atau tidak asing lagi digunakan oleh mana-mana badan berkanun. Kebanyakan MAIN melalui peruntukan dalam Enakmen Pentadbiran Agama Islam negeri mengkehendaki untuk menggunakan Akta Badan Berkanun (Akaun Dan Laporan Tahunan) 1980 (Akta 240). bagi yang berkaitan akaun dan laporan tahunan.

Manakala Seksyen 11(2) (b) akta yang sama berkaitan Menteri boleh membuat kaedah-kaedah, menyatakan perkara berikut:

*”menetapkan garis panduan mengenai prinsip-prinsip perakaunan yang diakui umum, polisi-polisi perakaunan dan lain-lain perkara bersifat perakaunan atau kewangan berhubung dengan akaun-akaun sesuatu badan berkanun.”* Walau bagaimanapun, tafsiran sama ada MAIN itu sendiri merupakan badan berkanun atau sebaliknya menjadi persoalan. Ini kerana setiap MAIN ditubuhkan di bawah Enakmen atau Ordinan Pentadbiran Agama Islam negeri masing-masing. Namun terdapat peruntukan di kebanyakan enakmen Pentadbiran Agama Islam negeri yang memperuntukkan MAIN terpakai kepada Akta Badan Berkanun (Akaun Dan Laporan Tahunan) 1980 (Akta 240). Peruntukan ini jelas bahawa di dalam penyediaan akaun dan laporan tahunan, MAIN perlu mematuhi peruntukan di bawah Akta Badan Berkanun tersebut. Namun begitu akta ini memperuntukan secara umum berkaitan penyediaan akaun dan laporan tahunan seperti di peruntukan dalam Seksyen 5(1) akta tersebut. Bagi badan-badan berkanun di Malaysia, Perbendaharaan Malaysia mengeluarkan Arahan Perbendaharaan sebagai rujukan utama dalam penyediaan akaun dan yang berkaitan dengan kewangan. Arahan Perbendaharaan yang sedang digunakan sekarang adalah yang dikeluarkan pada tahun 2008 ataupun di kenali sebagai AP 2008.

Walaupun bagaimanapun, Arahan Perbendaharaan ini hanya terpakai kepada wang awam manakala Seksyen 3, Akta Tatacara Kewangan 1957 (Akta 61) memperuntukkan bahawa wang awam adalah semua hasil, pinjaman, amanah dan wang lain serta semua bon, debentur dan cagaran lain yang diterima oleh kerajaan Persekutuan atau Negeri tetapi tidak melibatkan zakat, fitrah atau Baitulmal. Dengan peruntukan sedemikian, MAIN tidak terikat dengan Arahan Perbendaharaan tersebut. Situasi ini memberi erti bahawa tiada peruntukan jelas di dalam mana-mana akta dan juga arahan jelas mengenai asas perakaunan yang mesti digunakan oleh MAIN (Ku Nor Izzah *et al*, 2018). Melalui pekeliling perbendaharaan PA 3.1/2013, satu garis panduan berkenaan penyediaan dan pembentangan laporan tahunan dan penyata kewangan badan berkanun telah dikeluarkan namun garis panduan ini juga hanya terpakai kepada badan berkanun persekutuan sahaja. Garis panduan ini memperuntukkan piawaian perakaunan yang harus digunakan oleh badan berkanun persekutuan dan menyentuh piawaian perakaunan yang digunakan oleh syarikat tersenarai awam dan syarikat persendirian, namun tidak menyentuh langsung berkenaan MAIN.

### **Pengurusan Strategik**

Majlis Agama Islam Negeri (MAIN) atau institusi zakat di Malaysia juga seperti institusi yang lain mempunyai hala tuju atau pelan strategik mereka sendiri. Pelan strategik merupakan suatu

dokumen yang menggariskan hala tuju untuk tempoh akan datang yang kebiasaannya untuk tempoh lima tahun akan datang. Dokumen ini di anggap sebagai rujukan utama kepada institusi secara keseluruhannya dan juga kepada jabatan-jabatan atau unit di dalam institusi berkenaan. Ia menjadi sebahagian daripada penunjuk prestasi utama ataupun KPI kepada institusi-institusi yang menggunakannya termasuk semua jabatan-jabatan dan unit yang berada di dalam institusi-institusi berkenaan. Pelan strategik tidak hanya melibatkan pengurusan tertinggi sahaja malah semua staf institusi terlibat secara langsung dalam melaksanakan dan menjayakan seperti apa yang termaktub di dalam pelan strategik tersebut. Pelan strategik juga merupakan dokumen yang tidak hanya menumpukan kepada aktiviti-aktiviti urusan utama sesebuah institusi. Malah ia turut merangkumi pengoperasian dalaman seperti kewangan, sumber manusia, penyelenggaraan dan sebagainya.

Bagi MAIN atau institusi zakat, pelan strategik yang digubal tidak hanya tertumpu kepada kutipan dan agihan zakat sahaja. Pengoperasian, pengurusan kewangan, sumber manusia, teknologi maklumat, penyelenggaraan dan sebagainya turut di letakan sebagai teras utama di dalam pelan strategik. Untuk mencapai visi dan misi seperti yang terkandung di dalam pelan strategik, semua jabatan dan unit serta semua staf di dalam institusi tersebut mestilah bekerjasama ke arah menjayakannya. Oleh yang demikian, dalam merangka dan mewujudkan pelan strategik, semua ketua-ketua jabatan dan unit mestilah duduk semeja sewaktu pelan strategik ini sedang dirangka. Kemudian, ketua-ketua jabatan dan unit tersebut mestilah menyampaikannya kepada semua staf bawahan masing-masing bagi memastikan setiap daripada mereka sedar tentang apa yang sedang dirangka oleh majikan mereka.

Ada beberapa negeri di Malaysia telah dan sedang mempunyai pelan strategik untuk MAIN dan institusi zakat. Sebagai contoh, di negeri Perak, Majlis Agama Islam dan Adat Melayu Perak Darul Ridzuan (MAIPk) telah mempunyai pelan strategik semenjak tahun 2016 bagi tempoh pelan strategik 2016-2021. Begitu juga di negeri Selangor, Majlis Agama Islam Selangor (MAIS) telah mempunyai pelan strategik semenjak tahun 2021 bagi tempoh pelan strategik 2020-2024. Di negeri kedah, Lembaga Zakat Negeri Kedah (LZNK) dan di negeri Perlis, Majlis Agama Islam dan Adat Istiadat Melayu Perlis (MAIPs) masing-masing baharu sahaja mempunyai pelan strategik untuk tempoh 2021-2025. Walaubagaimanapun, di negeri Pulau Pinang, Majlis Agama Islam Pulau Pinang (MAINPP) sedang merangka pelan strategik dan beberapa siri bengkel sedang diadakan bagi menjayakan dokumen berkenaan. Jadual 2 merumuskan beberapa negeri di Malaysia yang sedang dan telah mempunyai pelan strategik.

**Jadual 2: Negeri dan Pelan Strategik**

<b>Negeri</b>	<b>Pelan Strategik (Tempoh/Tahun)</b>
<b>Perak</b>	2016-2021
<b>Selangor</b>	2020-2024
<b>Perlis</b>	2021-2025
<b>Kedah</b>	2021-2025
<b>Pulau Pinang</b>	Sedang dirangka

### **Kesimpulan**

Berdasarkan situasi dan perkembangan semasa khususnya yang melibatkan MAIN, ia dapat dirumuskan bahawa MAIN bersedia untuk mengharungi hari-hari yang mendatang. Meskipun saban hari MAIN berhadapan dengan pelbagai rintangan dalam melaksanakan amanah yang dipertanggungjawabkan, ia masih mampu berdaya saing. Kepimpinan MAIN sedang dan telah melancarkan pelan strategik bagi menjelaskan hala tuju mereka di masa akan datang. Dengan keazaman yang tinggi MAIN mampu bergerak seiringan bersama institusi-institusi lain dalam melaksanakan tanggungjawab mereka.

### **Rujukan:**

- Akta Badan Berkanun 1980 (Akaun dan Laporan Kewangan, Akta 240)  
 Akta Tatacara Kewangan 1957 (Akta 61)  
 Majlis Agama Islam dan Adat Melayu Perak Darul Ridzuan (MAIPk)  
 Majlis Agama Islam Selangor (MAIS)  
 Lembaga Zakat Negeri Kedah (LZNK)  
 Majlis Agama Islam dan Adat Istiadat Melayu Perlis (MAIPs)  
 Majlis Agama Islam Pulau Pinang (MAINPP)  
 Ku Nor Izah Ku Ismail, Chek Derashid, Fathiyyah Abu Bakar, Norfaiezah Sawandi, Muhammad Syahir Abdul Wahab & Suhaimi Ishak., 2018. Perakaunan bagi Pendapatan dan Agihan Zakat : Kajian ke atas Institusi Zakat di Utara Malaysia. *IPN Journal of Research and Practice in Public Sector Accounting and Management*, Volume 8, pp. 49-72.

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