GREEN CONCEPT: AFFECT ON SMALL AND MEDIUM ENTERPRISE (SME) WITHIN MALAYSIA PERSPECTIVES

BY

AFTAR BIN MOHD ALI

(803828)

Thesis Submitted to the Othman Yeop Abdullah Graduate School of Business in Partial Fulfillment of the requirement for the Degree of Master of Science (Management) Universiti Utara Malaysia

© Aftar Bin Mohd Ali, 2011. All rights reserved
DECLARATION

I am responsible for the accuracy of all opinion, technical comment and illustrations in this project paper except for citations and quotations that have been adequately acknowledged. I bear full responsibility for the checking whether material has been previously or concurrently submitted for any other master’s program at Universiti Utara Malaysia or other universities. Universiti Utara Malaysia does not accept any liability for the accuracy of such comment, report and other technical information claims.

........................................

Aftar Bin Mohd Ali

803828

12 June 2011
PERMISSION TO USE

In presenting this thesis in fulfillment of the requirements for the postgraduate degree from the Universiti Utara Malaysia, I agree that the Universiti Library may take it freely available for inspection. I further agree that the permission for copying of this thesis in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor or, in his absence, by the Dean of the Postgraduate studies of Othman Yeop Abdullah Graduate School of Business. It is understood that any copy or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis. Request for permission to copy or make other use of material in this thesis in whole or in part should be addressed to:

Dean of the Postgraduate Studies
Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
06010 UUM Sintok
Kedah, Darul Aman.
Malaysia.
This study is about the discoveries on the green concept affect on small and medium size industry in Malaysia especially in the area of Sg. Petani, Kedah. In today’s modern world, people’s lifestyle has started to change in the attitude of buying and using green products/services in order to save world for future safety and future generation. This situation has occurred because people are beginning to be aware of the importance of saving and the world for future safety and future generation. The study aims to identify factor on affect of green concept on small and medium size enterprise such as green technologies and consumer green purchasing behaviour. The study uses correlation frequency to analyses and gets result. A total of 150 questionnaires were distributed and just 105 questioners returned. The finding of the study indicated that the factors, green technologies and consumer green purchasing behaviour, had positives influenced on the performance of small and medium size enterprise.
Praise and gratitude be given to ALLAH the Almighty for putting forward me such a great strength, patience, courage, and ability to complete this project.

I would like to express my sincere gratitude to my supervisors, Dr Azizi bin Abu Bakar, for his intelligent guidance and helpful advice during the whole process. I am truly grateful to his continual support and cooperation, as being prepared to assist me all along the completion of the project.

I would like to express deeply and sincerely my gratitude to my mother, Fatimah binti Othman for her love, affection, trust, and support her have extended me every step of my life. In addition, I would like to present my sincere and profound gratitude to my brother and sister, Afidah, Mohd Fahmi, Mohd Fadzli and Afifah for their love, support and encouragements throughout all my life. Thanks to all my friends in master through 2009 until 2011, my lecturers as well as all are involved as a respondent and everyone who has helped either directly or indirectly to the completion of this project.

May Allah bless all of us. Thank You.
TABLE OF CONTENTS

DECLARATION II
PERMISSION TO USE III
ABSTRAK IV
ABSTRACT V
ACKNOWLEDGEMENT VI
TABLE OF CONTENTS VII
LIST OF TABLES X
LIST OF ABBREVIATION/NATION XI

CHAPTER 1: INTRODUCTION
1.1 Introduction 1
1.2 Problem Statement 2
1.3 Research Questions 4
1.4 Research Objectives 4
1.5 Significant of Study 5
1.6 Hypothesis 6

CHAPTER 2: LITERATURE REVIEW
2.1 Introduction 7
2.2 Theoretical Framework 14

CHAPTER 3: RESEARCH AND METHODOLOGY
3.1 Introduction 15
3.2 Sampling 16
  3.2.1 Target Population 17
  3.2.2 Sampling Frame 17
  3.2.3 Sampling Technique 17
  3.2.4 Sample Size 18
3.3 Data Collection Method 19
  3.3.1 Primary Data 19
  3.3.2 Secondary Data 20
3.4 Questionnaire Development 20
### CHAPTER 4: RESULT AND DISCUSSION

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Introduction</td>
<td>27</td>
</tr>
<tr>
<td>4.2 Analysis the Background Profile of Respondent</td>
<td>27</td>
</tr>
<tr>
<td>4.2.1 Demographic Profile of Respondent</td>
<td>28</td>
</tr>
<tr>
<td>4.3 Result of Green Concept Variables</td>
<td>33</td>
</tr>
<tr>
<td>4.3.1 Mean and Standard Deviation of Dimensions</td>
<td>33</td>
</tr>
<tr>
<td>4.4 Reliability Test</td>
<td>37</td>
</tr>
<tr>
<td>4.5 Correlation of Independent and Dependent Variables</td>
<td>38</td>
</tr>
<tr>
<td>4.5.1 Hypothesis 1</td>
<td>38</td>
</tr>
<tr>
<td>4.5.2 Hypothesis 2</td>
<td>40</td>
</tr>
<tr>
<td>Relationships Between the Green Technologies, Consumer Green Purchasing Behaviour and SMEs Performance</td>
<td>41</td>
</tr>
<tr>
<td>4.6 Green Purchasing Behaviour and SMEs Performance</td>
<td>42</td>
</tr>
<tr>
<td>4.7 The Relationships Between the Green Technologies, Consumer Green Purchasing Behaviour and SMEs Performance</td>
<td>43</td>
</tr>
<tr>
<td>4.7.1 Multiple Regression Analysis</td>
<td>43</td>
</tr>
<tr>
<td>4.8 Summary</td>
<td>46</td>
</tr>
</tbody>
</table>

### CHAPTER 5: CONCLUSION AND RECOMMENDATION

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Introduction</td>
<td>47</td>
</tr>
<tr>
<td>5.2 Summary and Conclusion</td>
<td>47</td>
</tr>
<tr>
<td>5.3 Recommendation</td>
<td>49</td>
</tr>
<tr>
<td>5.3.1 Government Subsidies and Initiative</td>
<td>49</td>
</tr>
<tr>
<td>5.3.2 Business Opportunity for Entrepreneur</td>
<td>50</td>
</tr>
<tr>
<td>5.4 The Implications</td>
<td>50</td>
</tr>
</tbody>
</table>
## LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 2.1</td>
<td>Definition of SMEs in Malaysia</td>
<td>8</td>
</tr>
<tr>
<td>Diagram 2.2</td>
<td>The Theoretical Framework Diagram</td>
<td>14</td>
</tr>
<tr>
<td>Table 4.1</td>
<td>Frequency and Percentage of Age</td>
<td>28</td>
</tr>
<tr>
<td>Table 4.2</td>
<td>Frequency and Percentage of Gender</td>
<td>29</td>
</tr>
<tr>
<td>Table 4.3</td>
<td>Frequency and Percentage of Religion</td>
<td>29</td>
</tr>
<tr>
<td>Table 4.4</td>
<td>Frequency and Percentage of Race</td>
<td>30</td>
</tr>
<tr>
<td>Table 4.5</td>
<td>Frequency and Percentage of Education</td>
<td>30</td>
</tr>
<tr>
<td>Table 4.6</td>
<td>Frequency and Percentage of Marital Status</td>
<td>31</td>
</tr>
<tr>
<td>Table 4.7</td>
<td>Frequency and Percentage of Industry</td>
<td>31</td>
</tr>
<tr>
<td>Table 4.8</td>
<td>Frequency and Percentage of Annual Incomes Range</td>
<td>32</td>
</tr>
<tr>
<td>Table 4.9</td>
<td>Frequency and Percentage of Workers</td>
<td>32</td>
</tr>
<tr>
<td>Table 4.10</td>
<td>Mean and Standard Deviation of Green Technologies</td>
<td>33</td>
</tr>
<tr>
<td>Table 4.11</td>
<td>Mean and Standard Deviation of Consumer Green Purchasing Behaviour</td>
<td>35</td>
</tr>
<tr>
<td>Table 4.12</td>
<td>Reliability Test</td>
<td>38</td>
</tr>
<tr>
<td>Table 4.13</td>
<td>Correlation between Green Technologies with SMEs Performance</td>
<td>39</td>
</tr>
<tr>
<td>Table 4.14</td>
<td>Correlation between Consumer Green Purchasing Behaviour with SMEs Performance</td>
<td>40</td>
</tr>
<tr>
<td>Table 4.15</td>
<td>Relationships between the Green Technologies, Consumer Green Purchasing Behaviour and SMEs Performance</td>
<td>41</td>
</tr>
<tr>
<td>Table 4.16</td>
<td>Model Summary</td>
<td>43</td>
</tr>
<tr>
<td>Table 4.17</td>
<td>ANOVA (b)</td>
<td>44</td>
</tr>
<tr>
<td>Table 4.18</td>
<td>Coefficients</td>
<td>45</td>
</tr>
</tbody>
</table>
LIST OF ABBREVIATION/ NATION

SME : Small and Medium Enterprise
CHAPTER ONE
INTRODUCTION

1.1 Introduction

Since early in the millennium, there has been a strong debate and concern about global warming, which has pushed eco-initiatives, green sustainability management and environmental stewardship to the forefront of the corporate social responsibility and political agendas (Lyon and Maxwell, 2004; Portney, 2005; Reinhardt et al., 2008; Dwyer, 2009). While the rising price of petrol was a concern of many, rising oil prices were seen by environmentalists as a basis for securing research and development funding to further identify and enhance new technological advances in greening initiatives and green management practices, which would go beyond national borders and create integrated fronts between governments, its citizenship and the environmental movement (Lyon and Maxwell, 2004; Portney, 2005; Reinhardt et al., 2008; Dwyer, 2009).

Managers are confronted with environmental issues in their decisions, not only to take into account ethics and social values that should be promoted by companies, but also to ensure sustainable economic success. In fact, commitment to the natural environment has become a strategic issue within the current competitive scenarios (Molina-Azorín et al, 2009). Some authors suggest that environmental management may be a tool, which helps organisations to improve their competitiveness (Ambec and Lanoie, 2008; Hart, 1995; Porter and Van der Linde, 1995; Trung and Kumar,
The contents of the thesis is for internal user only
BIBLIOGRAPHY


