ISSN: 0975-833X

Available online at http://www.journalcra.com

International Journal of Current Research
Vol. 6, Issue, 01, pp.4825-4831, January, 2014

INTERNATIONAL JOURNAL OF CURRENT RESEARCH

RESEARCH ARTICLE

CSR: BALANCING PROFIT AND BEING GREEN

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ARTICLE INFO

Article History:
Received 18th October, 2013
Received in revised form
07th November, 2013
Accepted 19th December, 2013
Published online 31st January, 2014

Key words:
CSR, green initiatives,
Environmental management,
EMS ISO14001.

ABSTRACT

The 21st century era is witnessing society and stakeholders demand not only for economic, legal, profit motives and philanthropy activities, but way beyond all these. As such, profit seeking function of Corporate Social Responsibility (CSR) has been dominating people's thinking for ages. Due to this concern, this conceptual paper draws attention to the CSR activities from the perspective of environmental concern. The purpose of this paper is to highlight the demand from society and stakeholders on green practices (i.e.; environmental management, green technology and EMS ISO14001 as part of the CSR emergence). This article also reviews the CSR concept, clarifies the notion of the corporate social responsibility in today's dynamic business environment management and highlights current examples of putting the environmental management into CSR practices. This paper is an eye opener to researchers and practitioners as this paper provides new paradigm of CSR concept and a green aspect of doing business.

INTRODUCTION

The industrial revolution, which began in the middle of 18th century witnessed a tremendous change in social, economy and ecology depiction because of the mass shifting from traditional and agriculture based economy to a new conventional and industrial economy (Bhaskar, 2000). Over the years, the change in social, economy and ecology escalate even more. Environmental issue for instance has taken the attention of many particular societies. These societies realized that the rapid market growth had disrupted the environment ecological system tremendously. For example, in the developing countries, up to 90 percent of waste water emission flows untreated into water supply and has caused health problems and to make it even worse, 70 percent of the industrial waste is dumped untreated into waters (World Water Assessment Program, 2012). All the more, incidents such as the oil spill incident of Veldez Company in 1989, BP Oil rig disaster in 2010, and the most recent case involving 50,000 liters of crude oil spilled into the Gulf of Thailand (Environment News Service, 2013) are pressing global concern nowadays. In Malaysia, 900,000 consumers in the Klang Valley are deprived of clean water supply due to the dumping of used engine oil into the Selangor's river on August 31st, 2013. Such an irresponsible act raised a question; what kind of social responsibility are we embracing right now? Reviewing literature on this, we found several views indicating that the existence of company is to serve the best charitable deeds for society (Bucholtz and Caroll, 2009). Social Contract Theory (SCT) stresses that one's moral obligations are reliant upon an agreement among them to form a society in which they live and are expected to keep their promises and cooperate with one another (Hobbes, 1651). Several scholars claimed capitalism has distracted the role of corporation in terms of operating with the perspective of corporation has become a profit seeking machine, dominating business with a single focus and lack in the spirit of integrative business model, such as ecological depletion. Consequently, such distract, brings great loss to the environment, society at large, and not to mention future generation (Gandhi *et al.*, 2006; Kiuchi 2002). Such consequence deviates from the primary CSR purpose of embracing responsibility towards stakeholders and society in general. Based on this argument we can emphasize that corporation should balance between profit and green in order to sustain the responsibility. With that in mind, this paper aimed to discuss the conceptualized CSR from the integrative model perspective. Specifically, as green perspective is equally considered in the CSR model, it highlights the importance of internalizing CSR, where environment protection becomes part of the CSR internalization process.

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Paradigm shift – from green bag to green

Friedman introduced the world to a profit centric concept, where corporations were directed to focus on profit and maximizing shareholders' revenue, rather than looking into the other stakeholders' interest (Friedman, 1970). We argue that in this day and age, profit motive is not the basis of doing business. We support our argument with the SCT, that

corporations exist because of society hence, mutually, there is no ending responsibilities towards the society. We believe profit motive focus is not the answer to the best practice on how to contribute to the society and most importantly, the ecological aspect. We support our belief on 'shifting from green bag to green' based on two arguments: irrelevancy of profit centrism is irrelevant and the evolution of CSR concept.

Irrelevancy of profit centrism

The 21st century is a century of awakening. The question of business ethics is increasingly gaining the attention of many. Focus on business is not limited to money making, as business awareness of protecting the environment is also part of the corporations' responsibility. The pressure from the society has pushed corporations to look into their business involvement and awareness of the environment. The environmental concern has received great attention due to the constant reminders received by the corporations concerning their contributing factors in damaging the environment. In order to attract business, the corporations need to increase the environmental concerns. However, the question is to what extend the corporations are willing to go for environment? Reviewing the literature, we notice that the corporations' concern for profit supersede their concern for environment. Founding theories such as the theory of agency, theory of firm, stakeholders theories, commonly support the view on profit centrism. Windsor (2001) for instance, argues on Friedman's concept of profit centrism, where he states that: *"a motive of wealth creation has progressively dominated the managerial conception of responsibility.* As such, where is the 'responsibility' role of corporation in the true sense (i.e. environmental concern) if everything is calculated purely on money motive? Also, as stated by Henderson (2001) that CSR action is struggling on companies' competitive advantage rather than on the motive of having a better well-being society.

Outmoded meaning of CSR

A well-known scholar of CSR, Carroll Archie (1991) proposed the meaning of CSR as *"all business responsibilities are predicted upon the economic responsibility, the raison d'etre of the firm, which is to create profit for its shareholders from supply and demand of society"*. However, recently, many scholars debated on this outmoded meaning of CSR for example, (Moon, 2002; Sabadoz, 2011; Ismail, 2009; Gariga and Mele, 2004; Jensen 2002). The foundations of their arguments focus on 1) lack of CSR ability to authoritatively solve the debate between profit motive and social obligation concern had disheartened the effort of towering the 'Pro-sociality' obligation rather than the profit-seeking motive (Sabadoz 2011), 2) The notion of CSR is arguable as names, concepts and appellations for CSR are contested until now (Moon, 2002), 3) The obsolete thought of *laissez faire* business under utilitarian theory has influenced the idea that corporation is an instrument for profit expansion and its social obligation indicates creating wealth. (Garriga and Mele, 2004; Jensen 2002), 4) CSR was invented as a protection against external criticisms, so the companies have to balance between profit motive and social objective for the economic system equilibrium (Ismail, 2009). To sum up, CSR meaning as proposed by Carroll (1991) also did not focus on the environmental concern as the issues of natural resources depletion, global warming, earth pollution, ozone depletion and acid rain are pressing global concern nowadays. To cater the issues of environmental concern, Carroll's definition is much debatable as a social responsibility from his own view which is only fit for a company if it is in line with the economic goal of maximizing profit (Claydon, 2009).

The 21st century era sees the advancement of thoughts from the society as they demand for corporate responsibilities to go beyond economic gain. The 21st century society express concerns for global responsibilities and actions from the corporations in terms of welfares, human rights, employees' right and environmental concern (Adedeye 2011, Zadek 2001). Society and stakeholders realized that by focusing on economic gain would not sustain the corporations. Clearly, in recent years, upon been pressured from the society had made corporations realized that they could not just do as they wish. This is due to the continuous monitoring from the society of their activities. The awareness for sustainability rather than for a single focus (economic value) forced the corporations to also focus on Triple Bottom Line (TBL) aspects of their objectives. Corporations which focus on TBL would gain attention from the society and stakeholders. Also, from the literature, we found that scholars and researchers constantly emphasize on the Triple Bottom Line (TBL) aspects of doing business. For instance, (Sunderlin, 1995) articulates that the Green Business Model has incorporated TBL through doctrine of management theory. TBL as introduced by Elkington (1997) embraces three elements namely; People, Planet and Profit. Society and stakeholders in the 21st century evaluate corporations not only based on the corporations' economic performance but also on the environment and social dimension, thus this explain the concern for corporations to step up in terms of handling their environmental management. The interest for the other two major concerns (environment and social dimensions) escalates due to the realization of the effect caused by the corporations to the environment. The introduction of TBL serves as an eye opener that CSR should be beyond mere philanthropic motive. As pointed by Windsor (2001), CSR should include other ethical aspects rather than a single focus i.e. on single economic CSR motive, which has dominated corporations over the years.

Few scholars such as (Neuman, 2005; Bruff and Wood, 2000) propose the inclusive of CSR motives (which includes environment and other ethical aspects) as the new framework in mitigating corporations' dilemma in terms of social responsibilities, thus clarifying the notion of corporate responsibility for the sake of sustainability. We foresee this as a double edge sword; where corporations are guided by the process of executing their social responsibilities and also eliminating the rat race competitions of who has the best and the most corporate social responsibility activities. We share similar view with other scholars where they also have similar perception that corporations are competing with each other to win public perceptions on how good they are in implementing TBL principle through their company's annual sustainability reporting (Milne and Gray, 2012; MacDonald and Norman 2007). Reviewing the literature, we found some scholars view

TBL as not necessary to be regarded as a juxtaposition which serves as a competing tool between corporations as more focus is deposited on economic motive rather than on the environmental concern (Coffman and Umemoto, 2010). No doubt, towering TBL as the core values of the company's mission and vision looks great when the practice is in line with what is actually being reported. But the questions remain : What is actually happening? Is it just a façade made by the corporations as their window dressing? A recent study conducted by (Sridhar and Jones, 2011) question TBL reporting on non-economic performance issues which was conservatively reported, whilst institutions are progressively changing and improving from time to time. The study also listed the shortcomings of TBL in Asian region as follows; 1) TBL approach in measuring is questionable where it seems too complex to gauge the elements of intangible assets (i.e. loyalty and reputation) and leads to doubtfulness in the objectivity and validity; 2) Lack of integration between economic, social and environment elements and hard to find the interdependence in real practice. Besides, the need to balance the areas which rarely fit each other as TBL serves the competing rather than the complementary elements, 3) TBL serves as a mechanism for corporations to get recognition on sustainability indexes such as the DJSI and at the same time positioning themselves as at par with other competitors such as the multinational corporations. It is not wrong to have such idea but the corporations have to report more on the holistic view rather than tackling on one dominant single issue (i.e. economic performance) which had captured them in a rigid traditional atmosphere for ages.

Environmental management in practice

The concept of environmental management (EM) auspiciously is taking a part in company's practices nowadays. This kind of corporate environmental management is agreed to be a significant factor leading to environmental and financial performance (Schaltegger and Synnestvedt, 2002). Therefore, the study agrees on the importance of embracing environmental management which later leads to environmental protection in the end. EM is identified as *1) all the environmental activities carried out by the company, 2) complying with existing environmental legislation, 3) persistently improving its impact on environment 4) emphasizing on protecting the environment* (de Burgos-Jime´nez, *et al.,* 2013; Environmental Practitioner Program [1] (2011) and *5) considering systematic way of monitoring the impact to environment and to reduce it* (Hariz and Bahmed, 2013). From the literature review, we found there are some concerns for environmental issues which focus on the Multinational Corporations (MNC). For instance, (Frynas, 2005) labeled oil and gas companies as the most polluted type of business. As a consequence to the constant scrutiny from the public, stakeholders and regulators, the Multinationals Corporations (MNCs) for example, had organized accommodative initiatives in relation to environmental management to compensate for the damages and high risk effect caused by their business activities. Table 1 below illustrates many initiatives developed by several prominent MNCs in oil and gas industries namely Shell, Petroliam Nasional Berhad (PETRONAS) and ExxonMobil.

Table 1. Initiatives developed by 3 prominent MNCs in oil and gas industries

Company	CSR Initiatives (Environment)
SHELL	▪Apply new gas processing technology such as Twister to improve eco-efficiency and reduce impact while producing products. This new technology will lead to a cheaper, more efficient and emission-free, natural gas processing. It needs little maintenance and could reduce conditioning costs by 25 percent. ▪Methane (CH4) emissions were down by 13 percent as a result of reduced venting in the upstream business and the sale of Shell Coal in mid-2000. Clear target has been set up to stop continuous venting by 2003. ▪One example of progress in reducing waste is the re-use and recycling of offshore platforms. For example, more than 98 percent of an oil platform operated by Shell-Exxon joint venture, has been recycled or the parts have been re-used. Only 1.6 percent of the material was sent to landfill. The platform, which used to stand off the Dutch coast, was transported to the UK for recycling. ▪SHELL continues to look for new ways to reduce waste, including turning it into saleable products. For example, in a Shell study in Mexico, its chemical group is experimenting to recycle used soft-drink bottles (made from polyethylene terephthalate – PET) into building materials. In a partnership with a soft drinks manufacturer and a local building materials company, the Shell PET-fix system uses the plastic to bind together stones and sand, to make roof and floor tiles as well as wall cladding. ▪In 2008, the company launched Shell Tellus® EE (Energy Efficiency) lubricant, which is designed to increase the energy efficiency of hydraulic equipment. Its patented additive technology reduces friction, so hydraulic systems can move with less resistance and hence lower the energy losses. In customer trials, machinery using ShellTellus® EE lubricant used up to 8 percent less energy than those using conventional mineral oils. ▪In 2011, Shell launched the Raízen joint venture to produce the lowest-carbon biofuel commercially available-ethanol, which is from sugarcane in Brazil. They are also working to make biofuels more sustainable besides developing advanced biofuels from non-food sources.

Sources: Shell Sustainability Report 1998 – 2011

Company	CSR Initiatives (Environment)
PETRONAS	▪Over the last five years, PETRONAS has put in place a waste management programme which includes a systematic review of operating process using the principles of 'prevent, reduce, reuse' of waste material. The amount of hazardous waste disposed in 2009 to a licensed waste treatment facility was 7,232 MT, showing a 30 percent reduction from 2008. ▪PETRONAS developed a preliminary product - carbon footprint (CFP) data based on life cycle methodology for several key products namely, composite crude oil, natural gas, Methyl Tertiary Butyl Ether (MTBE) and Propylene. The CFP of these products provides fundamental input for the computation of other CFP products. The outcome of this carbon life cycle inventory assessment will be used to reduce the carbon footprints of the products. This is another effort by PETRONAS in working towards achieving low carbon emissions. ▪The Balok River Environmental Initiative (BREI) was established in 2008 through public-private collaboration at the Gebeng Industrial Area. It is part of the PETRONAS Chemicals Group Berhad (PCG) effort to contribute towards sustainable environmental conservation at its areas of operation, and is in line with the Responsible Care initiatives. The objective of the programme is to instill awareness among participants of the value of clean water and the role that rivers play for the benefit of humankind as well as the environment. ▪PETRONAS Carigali – Peninsular Malaysia Operations

	(PMO), in collaboration with Universiti Malaysia Terengganu (UMT), conducted its Biodiversity Programme in Pulau Bidong from July 2010 until July 2011. The main objectives of the programme were to assist in the enhancement of coral reef conservation in Pulau Bidong, support scientific research on marine environment and gain baseline data on marine water quality where PETRONAS Carigali is operating. ▪Fresh water consumption across domestic process and non process operating units decreased by 17 percent or 8.50 m3 in 2011 compared to the preceding year. The reduction, which is equivalent to 3,381 Olympic-sized swimming pools, was due to water optimization including improved condensate recovery, cooling water recirculation cycles and wastewater recycling.

Sources: PETRONAS Sustainability Report 2007– 2011

Company	CSR Initiatives (Environment)
EXXON-MOBIL	▪In 2010, air emissions of VOCs, SO2, and NOx decreased by 6 percent from 2009 and 36 percent from 2006 levels. By year-end 2010, the U.S. refining facilities reduced combined NOx and SO2 emissions by over 70 percent from 2000 levels. ▪Created in 2007, the ExxonMobil Environmental Services (EMES) functional organization has established a systematic framework for remediating soil and groundwater at ExxonMobil affiliate facilities, inactive properties, and formerly owned sites around the world. ▪In October 2012, Qatar University and ExxonMobil established a year-long partnership to research industrial wastewater reuse technologies. In particular, researchers plan to study phytoremediation, a process using plants to clean and process industrial wastewater naturally in an engineered wetlands system. Treated wastewater could then be reused in non-potable applications, such as parks or green-space irrigation. ▪In 2012, this company continued to roll out the Papua New Guinea liquefied natural gas project's biodiversity offset program. The program was designed both to strengthen existing protected areas and establish new protected areas. It includes a capacity-building component to further the conservation platform in Papua New Guinea, work at the regional level to support development of a regional protected area system, and work at the national level to support the implementation of Papua New Guinea's commitments under the Convention of Biological Diversity.

Sources: EXXON-MOBIL Sustainability Report 2010 - 2012

Based on the above table, we analyzed that corporations have advanced their activities not only towards philanthropy motive but also towards embracing green centrism. Similar thought was also confirmed by Tracey *et al*. (2005), where they notice that companies nowadays are not embracing CSR for philanthropy action alone (i.e. money donation, free education for society, etc.) and as empirical findings from Giovanni (2012) verifies green initiatives from internal Environmental Management has directly improved environmental and social performance, but has contributed indirectly to the economic bottom line.

Managing environment the green way – the way forward

Defra (2008) advocated that the expansion of new green technologies (GT) provides new forces for economic development in the 21st century which later leads to modern economy sustainability. This is crucial as preserving, protecting or sustaining natural environment from massive destruction of natural resource depletion and severe environmental degradation is considered as part of the ethical way of doing business (Gilbert, 2007; Zsolnai, 2002) for economic development. Apart from considering economic expansion alone, these prominent researchers in GT are supporting the idea of going green to gain economic benefits, and it should be standing side-by-side for the company's current and future endeavour. One of the many initiatives which corporations should take seriously in preserving and protecting natural environment from destruction, depletion and degradation is by implementing the greening process. Greening process also involves adopting green technology. Interestingly, adopting a green technology had at some extend attracted the attention of many corporations. In Malaysia, green technology is not something alien. As a matter of fact, about five years ago, the Ministry of Energy**,** Green Technology and Water was given the mandate to encourage sustainable development through the adoption of green technologies in various economic sectors in the country. The pillars of the national green technology policy focus on these key elements: *Energy*; seek to attain energy independence and promote efficient utilization, *Environment*; conserve and minimize the impact on the environment, *Economy*; enhance the national economic development through the use of technology, and *Social*; improve the quality of life for all. Furthermore, the significance of adopting Green Technology could be seen as follows; to overcome environmental degradation and depletion of natural resources, to improve health and lives, to protect ecosystems, to mitigate the impact of development and to serve as an alternative means in order to boost the economy (Ministry of Energy, Green Technology and Water Malaysia, 2013)

Green Technology as Social Obligation

Green Technology is defined as the development and application of products, equipment and systems used to conserve the natural environment and resources, which minimizes and reduces the negative impact of human activities (Malaysia Ministry of Energy, Green Technology and Water, 2011). Malaysian government has prescribed several measures as constructive initiatives for the corporations to adopt green technology as described below;

National Green Technology Policy Objective

- To reduce the energy usage rate and at the same time increase economic growth;
- To facilitate the growth of the Green Technology industry and enhance its contribution to the national economy;
- To increase national capability and capacity for innovation in Green Technology development and enhance Malaysia's competitiveness in Green Technology in the global arena;
- To ensure sustainable development and conserve the environment for future generations; and
- To enhance public education and awareness on Green Technology and encourage its widespread use.

To ensure the well-being of the people and planet, the government has invested excessive funds through green technology initiatives. The seriousness of Malaysian

government towards balancing economic motives with green environment management is obvious. Table 2 above illustrates the seriousness of Malaysian government towards the implementation of being green.

Table 2. Goals of National Green Technology

Short-term Goals (10th Malaysia Plan)	Mid-term Goals (11th Malaysia Plan)	Long-term Goals (12th Malaysia Plan and beyond)
✓Increase public awareness and commitment for the adoption and application of Green Technology through advocacy programmes; ✓Widespread availability and recognition of Green Technology term of products, appliances, equipment and systems in the local market through standards, rating and labeling programmes; ✓Increase foreign and domestic direct investments (FDIs and DDIs) in Green Technology manufacturing and services sectors; and ✓Expansion of local research institutes and institution of higher learning to expand Research, Development and Innovation activities on Green Technology towards commercialization through appropriate mechanisms.	✓Green Technology becomes the preferred choice in procurement of products and services; ✓Green Technology has a larger local market share against other technologies, and contributes to the adoption of Green Technology in regional markets; ✓Increase production of local Green Technology products; ✓Increase Research, Development and Innovation of Green Technology by local universities and research institutions and are commercialized in collaboration with the local industries and multi-national companies; ✓Expansion of local SMEs and SMIs on Green Technology into the global market; and ✓Expansion of Green Technology applications to most economic sectors.	✓Inculcation of Green Technology in Malaysian culture; Widespread adoption of Green Technology reduces overall resource consumption while sustaining national economic growth; ✓Significant reduction in national energy consumption; ✓Improvement of Malaysia's ranking in environmental ratings; ✓Malaysia becomes a major producer of Green Technology in the global market; and ✓Expansion of international collaborations between local universities and research institutions with Green Technology industries.

Green technology as corporate reputation

Gaining business reputation is crucial to sustain corporations. Corporations realized that adoption of CSR in the company increases their business reputation and goodwill (Holmes, 1976) and would enhance long-standing profitability (Rashid *et al.,* 2002). According to Fombrun and Shanley (1990), corporate reputation could be observed as a rising awareness of people towards companies' previous and future actions, whereby it stands out the company's strenghts over the competitors. Most importantly, being green (i.e. adopting green technology) has been cited as initiatives for business practices (Guraˇu, 2013). As a matter of fact, it has been claimed by Cetindamar and Husoy (2007) that participation in CSR through Global Compact (GC) initiative will secure network opportunities and improve corporate image. This is due to the fact that corporations which implement environmentally sounds technology (green technology) in actual fact have positioned themselves as being ethical. Moreover, their empirical findings also indicate that GC initiatives having strong and positive influence over the market performance. For instance, participation in GC does not obviously dominate competitiveness advantage cost, but it helps to influence in-house research and development thus expanding environmentally sounds technologies. With that, companies will benefit side by side - the ethical aspect (green technology) and the economic outcome by engaging in the GC.

Internalizing CSR green practices through Environmental Management System (EMS) 14001

Corporate Social Responsibility (CSR) has taken place in community perspectives for ages. Social responsibility of a company is expected and demanded to be on a right path. A company that does not show its responsibility initiatives will be left out by the community. Without a good corporate image, the company is lacking in terms of trust and confidence among the public. Nowadays, CSR element is considered as a fundamental part of business strategy which has been integrated to overall organizational levels (Paulikas and Brazdauskait, 2010). For example, through environmental management system (EMS), it offers management method by amalgamating environmental concern in the company with the objective of increasing environmental performance (Hariz and Bahmed, 2013). Apparently, EMS is compliance with ISO 14001. It is based on the policy (i.e., environmental performance) set up by the company to be achieved. The policy will be used as a plan to set objectives and targets for improving environmental performance. If the targets are not met, corrective action will be taken. The results of this evaluation are then reviewed by the top management to see if the EMS is working accordingly. The management revisits the environmental policy and sets new targets in a revised plan. The company then implements the revised plan. The cycle repeats, and continuous improvement occurs. (http://www.epa.gov/ems/#iso14001).

Previous study by Mohamed (2000) confirms that certified companies with EMS ISO14001 shows promising result on reduction of natural resources consumption due to complying with the standard meeting. Also, EMS could be recognized as a medium to develop an environmentally well-managed region. Hence, the benefits of implementing EMS ISO14001 are classified as follows; 1) Improve environmental performance through pollution prevention and compliance, 2) Enhance company's image among the public, regulators, lenders, investors 3) Support resource conservation (http://www.epa.gov/ems/) 4) Assist in cost reduction (Meena, 2005) 5) Improve corporate image (Bozena, *et al.*, 2003), and 6) Morale building within the organization and fulfilling customers' expectations (Ambika and Amrik, 2004). Thus, the increasing knowledge of environmental protection and benefits of practicing environmental management through EMS ISO14001 prove that CSR is expected to be internalized from within the company's bounded context. Furthermore, it was proven that EM is a prominent trend for companies since 1990s (Hariz and Bahmed, 2013).

Conclusion

Social responsibility has always been the bridge between businesses and society. For the last 60 years, social obligation of a company towards its society always associates the motive of increasing profit so that the company will be able to contribute back to the society (for example, in terms of improving public amenities which later would enhance better living condition in the society). However, current issues of social environment such as global warming, earth pollution and acid rain could not be solved by linking the corporate objectives to financial outcomes alone although there is nothing wrong for such thinking. Numerous studies had supported the idea of green paradigm in order to show the vital role played by company nowadays. For example, through environmental management focus on green technology and EMS ISO14001. Thus, a company internalizes CSR green practices so that its significant function gains constructive recognition by its stakeholders as a whole. Despite of the current benefits acquired from the environmental management initiatives, the company will also maintain and retain its corporate reputation for a long term by engaging in such initiative. As such, recent findings proved that companies in USA with EMS ISO14001 certification are encouragingly reducing the production of solid waste which leads to environmental performance (Franchetti, 2011).

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