

# **Impact of government policies on MNEs and local organizations environmental initiatives.**

Work-in-Progress Paper

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## **Abstract**

Multinational enterprises (MNEs) are often perceived as the cause of environmental degradation in developing countries. Through the lens of organisational buying behaviour theory, this manuscript examines environmental practices via landscaping initiatives by MNEs and local organisations in Malaysia and Nigeria. Apart from governmental influence that did not discriminate between MNE adopters and non-adopters, and public scrutiny in Nigeria, the rest of the dimensions are important discriminants. For local firms, other than competitive development, the rest are discriminant factors between adopters and non-adopters in Malaysia. Results of this research are of interest to international business marketing managers, public policy makers, and environmentalist at a time when the citizenry are increasingly aware of environmental problems. The study thus offers MNEs a useful assessment of appropriate relational policies and initiatives with key stakeholders in managing their environmental and social obligations.

**Key Words:** Organizational Buying Behavior, Government, Environment, Environmental and social policies

## Introduction

The role of multinational enterprises (MNEs) in sustainable environmental development has been a controversial debate among academics and practitioners over the past few decades. They are often perceived as the cause of environmental degradation in developing countries. They have also been accused of double standards in practising corporate social responsibilities. While responding to these responsibilities in their home countries, that is not the case in their host countries (Logsdon and Wood, 2005). Some of them have even been linked to or blamed for major environmental hazards in developing nations (see for instance work by Ndubisi, 2005; 2008).

With greater consumer awareness and citizenry's willingness to reward environmentally sensitive organizations, MNEs are starting to change their attitude towards the environment. Stakeholder groups have also demanded decisive actions to protect the environment (Husted and Allen, 2006). The inclusion of environmental protection in the list of global issues and the OECD Guidelines for Multinational Enterprises and the United Nations Code of Conduct of Transnational Corporations (Frederick 1991) have also increased the pressure on MNEs to reexamine their activities and its impact on the environment. Governments are also playing a far more intervening role through public policies that encourages organizations to take an active interest in dealing with environmental problems. Other interest groups like environmental non-governmental organizations (NGOs), and community groups are also forcing business organizations to rethink their environmental performances.

These developments have triggered a new wave of environmental perspective among business communities (Judge and Elenkov, 2005; Krause, 1993; Kilbourne and Beckmann, 1998). From an organizational practice perspective, the issue of socially responsible business practices is finding a predominant place in the agendas of corporate boardrooms. Indeed, 'corporate environmentalism' (Banerjee *et al*, 2003) has captured the attention of many organizations in the wake of the increasing impact of environmental problems on business. Empirical evidence exists to support the notion that MNEs are now generally concerned with responding to industry, governmental, and consumer expectations for environmental protection (Christmann, 2004). One of the novel ways these firms are approaching environmental improvements is through landscaping - the beautification of outdoor terrain, which is mainly engaged in exterior works and gardening in both residential and non - residential buildings, parks, walk ways, and motor ways, through the process of planting trees, flowers, shrubs, and grasses (Davesgarden, 2002; IbisWorld 2002).

Focusing on the institutional level, this paper examines factors in the external environment that impact on organizational capacity to undertake environmental practices and tasks (Webster Jr. & Wind 1972; Moorhead & Griffin, 1995, Johnston and Bonoma, 1981). It reinforces the view that unless future research examines the underlying structure motivating environmental concern and the behavioural manifestations it engenders in both consumption and production, research findings on organization's attitudes toward the environment, behavioural intentions, and behaviour would remain inconclusive (Kilbourne and Beckmann, 1998; Stern et al, 1995; Kilbourne et al, 2002). Thus this paper has two modest objectives: (1) to empirically explore the environmental determinants of adoption of landscaping initiatives by MNEs and local firms in Malaysia and Nigeria, both developing nations, and, (2) to explore discriminants between adopters and non-adopters of landscaping initiatives.

The study focuses on Malaysia and Nigeria – developing countries of Asia and Africa respectively with very similar weather with temperature higher than 32° for the most part of the year. Moreover, for more than three

decades, Malaysia and Nigeria have been collaborating in the areas of agriculture - exchanging seeds, plants, trees and other natural resources. There is also a significant exchange of information in areas like business, architecture, forestry and forest conservation, design of open spaces and sustainable development in general. Both have also gone through similar developmental experiences. The two countries have seen a large number of foreign firms operating in their soil for a long time now.

The focus on landscaping in these two developing countries allowed us to examine and control for common external influences while more precisely establishing and defining the institutional antecedents and interfaces between key stakeholders and their relationships to responses to public policies. The aim is to develop a better understanding of organization's responses to environmental problems and government's roles in managing these problems, cognizance however of possible differences in organization's adoption behaviour. It is within this paradigm framework, presented in figure 1, that we will examine the relationship between these factors.

### **Sustainable development and corporate social responsibility,**

The past decades have witness unprecedented growth of MNEs global activities, especially in developing countries. A maturing home economy coupled with burgeoning growth opportunities in developing nations further provided the impetus for MNEs to tap into the markets of developing nations. Growing pressures on profitability amidst the backdrop of vocal environmental demands in their home countries made it doubly difficult for MNEs to fulfil their economic imperatives. The high costs of conforming to the more stringent environmental standards of the developed countries meant the relocation, for instance, of dirty industries to developing nations (Abdul-Gafaru, 2006). MNEs are, however, not the only culprits. Local firms have also shown an indifferent attitude towards environmental challenges, albeit for different reasons.

From the perspective of financial returns via its corporate social responsibility (CSR), results have been mixed. For instance, while Waddock and Graves (1997) reported a positive relationship between CSR and financial performance, others reported a negative relationship (Wright and Ferris, 1997). McWilliams and Siegel (2000), however, found no relationship between these factors. In offering an explanation for these inconclusive findings, Hillman and Keim (2001) suggested that a distinction ought to be made between stakeholder management CSR and social CSRR, arguing that stakeholder oriented CSR was positively correlated with financial performance while social CSR was not. Nevertheless, it is believed that good social CSR practices generally result in sustainable development.

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment and Development, 1987). Chapter forty of Agenda 21 of the United Nations Conference on Environment and Development encourages countries and international organizations to develop sustainable development indicators (SDI), in order to assess performance towards achieving the objectives of sustainable development. Two approaches for the development of SDIs are: (i) selection of a menu of what are essentially sectoral indicators that highlight progress towards sustainable development; and (ii) development of highly aggregate indicators. The second approach to SDI development involves the construction of aggregate indicators or indices. This process entails using a systematic procedure to weigh, scale and aggregate multiple parameters into single summary output (Peterson, 1997).

Among the indicators for environmental aspects of sustainable development is managing fragile ecosystem: combating desertification and drought, and landscaping, the latter often seen as an effective way to combat desertification and drought (Ndubisi, 2008). Indeed, due to the many benefits of landscaping, an increasing number of organisations around the world are investing in it. Even the developing nations are not left out in this new wave of efforts to enhance environmental quality. The notion that developing countries that stick with resource wasting methods and forgo environmental standards because they are too expensive is also becoming spurious, particularly if they are to maintain their competitiveness or else risk relegating themselves to poverty (Porter and van der Linde, 1995).

### **Organizational buying behaviour theory and landscaping**

Organisational buying behaviour theorists have shown that several factors account for an organization's purchase behaviours, intentions, and innovation adoption (Johnston and Bonoma, 1981). These include environmental, organisational, and management factors. While management factors is closely associated with the person charged with the affairs of the organisation, organisational factors takes a broader, organisation-wide perspective. Both management and organizational factors are, however, inside-out internal factors that are often within the realm of an organization's control. Environmental factors, on the other hand, are external factors that are beyond the control of the organisation. These are more complex factors and generally deserve greater attention. Organizational behaviour research has also suggested that environmental factors have an important influence on organizational buying behaviour (see for example, Webster Jr. & Wind 1972; Moorhead & Griffin, 1995; Kilter, 2003). Key environmental factors identified in prior studies include economic outlook, government influence, competitive developments, and public scrutiny (Moorhead & Griffin, 1995; Kotler, 2003, Ndubisi & Chukwunonso, 2005). In keeping with the theme of an organization's attitudes toward the environment, these factors have important influence/and or implications on sustainable development initiatives (see for instance work by Kilbourne et al. 2002; Judge and Elenkov, 2005). We next examine these factors within the research context of adoption or non-adoption of landscaping behaviour in Malaysia and Nigeria.

#### **Environmental factors.**

The environment is the combination of external conditions that surround and influence a living organism (Chambers 21<sup>st</sup> century dictionary 1996). The organisational environment includes all elements – people, other organisations, economic factors, object, and events – that lie outside the boundaries of the organisation (Moorhead & Griffin, 1995). Environmental factors play a major role since business buyers are heavily influenced by factors in the environment, such as economic outlook, governmental influence, competitive developments, and public scrutiny/ social responsibility concern. These factors are keys to understanding why some organisations invest in initiatives that do not contribute directly to the bottom line (such as landscaping) and others do not.

#### **A. Economic outlook**

Organizational buyers and their buying behaviour pay very close attention to current and future local and international business and economic conditions as these have the potential to impact on their revenue and profits. Conditions such as the nation's economic health, revenue, savings, inflation, and productivity affect firm's buying and investment behaviour. A healthy economy, for instance, leads to increased consumption among its citizenry which in turn means speedier turnover and healthier profits. As a result, businesses are in

a position to invest in social and environmental activities such as landscaping especially with increased business confidence brought about by a healthy economy. Therefore, it would be expected that organizations operating in a more progressive and healthy economy would be more likely to adopt landscaping services. Hence, the following hypothesis:

*H1: Favourable economic condition will sufficiently discriminate between (a) MNE and local firm adopters and non-adopters of landscaping.*

## **B. Government influence**

Government has been known to actively monitor developments within its borders. Through their actions and initiatives, government authorities can assist in landscaping adoption. For instance, in Malaysia, following the result of the National Landscape Competition 2003 held at Cyberjaya Lake Garden, organisations embarked on landscaping at an unprecedented larger scale. As an important stakeholder, government's regulations and incentives plays an equally important role in increasing firm's commitment towards environmental quality improvements (Polonsky, 1995). In a recent study by Nair and Menon (2007), 75 percent of the respondents ranked the government ahead of other stakeholders in terms of their influence on the organization's environmental initiatives. In a similar way that the government is influential in promoting sustainable development among firms, we offer the following hypotheses:

*H2: Government influence will sufficiently discriminate between (a) MNE adopters and non-adopters and (b) local firm adopters and non-adopters of landscaping.*

## **C. Competitive developments**

Competitive development is closely linked with the rate of adoption of products and/or services by the citizenry. For instance, if there are many providers of landscaping services, differentiation in the form of "best practices" and pricing will more readily promote environmental quality and citizenry's engagement of environmental beautification activities. Subsequent increased competition among providers of landscaping services will in turn lower service cost, further fostering increase rate of diffusion and adoption of landscaping services. Increase competition among firms on "best practices", will also further promote environmental quality and wellbeing in many ways including planting trees, flowers, turfs, and other environmental beautification activities. As one of several key stakeholder groups, competitors have therefore been known to influence a firm's attitudes towards environmental activities (Polonsky, 1995; Nair and Menon, 2007; Ndubisi, 2008). Put simply, intense competition will spur organizations to adopt environmental friendly practices such as landscaping, en route towards a better, competitive image and reputation. Hence, the following hypotheses:

*H3: The extent of industry competition will sufficiently discriminate between (a) MNE adopters and non-adopters and (b) local firm adopters and non-adopters of landscaping.*

## **D. Public scrutiny**

Social responsibility concerns are also key environmental factors that could influence an organization's attitude and decision to adopt landscaping services. For instance, due to active public citizenry, scrutiny can impact an organization's commitment toward environmental challenges and well-being. It is not the public

per se but public scrutiny that can impact a firm's commitment to environmental well-being. A passive or indifferent public citizenry on the other hand will, however, not make any serious impact on organization's decision to commit to environmental challenges and quality improvements. However, because all organisations generally have a desire to be viewed by its publics as responsible corporate citizens, they are likely to adopt landscaping in order to be seen as environmentally sensitive and caring. Hence, the hypothesis:

*H4: Public scrutiny will sufficiently discriminate between (a) MNE adopters and non-adopters and (b) local firm adopters and non-adopters of landscaping.*

## **RESEARCH METHODOLOGY**

This study's population consists of MNEs and local businesses in Labuan and Kota Kinabalu in Malaysia, and Aba and Umuahia in Nigeria. Samples of organizations were randomly drawn from the study's sampling frame. In Malaysia, the sampling frame consisted of organizations listed in the Sabah Economic Development Cooperation (SEDCO) Labuan Corporation Directory. In Nigeria, the list of organizations was obtained from the Chamber of Commerce Industry Mines and Agriculture. The unit of analysis was the organisational level, which may be represented by the organization's Chief Executive Officer, Marketing Director, or the Human Resource Director. Using guidelines put forth by Campbell (1955), key respondents were screened based on their knowledge of the issues examined in the research, and their formal role in the organization. From the 200 organizations in the SEDCO and Labuan Corporation's lists, 94 usable responses were received. This translates to 47 percent response rate. A total of 65 organizations (33 percent) responded to the Nigerian survey, from the 200 organizations that were randomly selected from the sampling frame.

Three-part questionnaire was used in the study. Part 1 measured landscaping adoption with a single item "Yes-No" response. Part 2 measured environmental factors. Demographic profiles of the organisations were captured in part 3. In this study, measures of economic outlook, government influence, competitive development, and public scrutiny were adapted from Kotler (2003). Apart from the demographics, the rest of the items were captured on a 5-point Likert scale, from 1 (Strongly Disagree) to 5 (Strongly Agree).

## **Results and discussion**

### **Demographic profile of respondents**

As shown in Table 2, the CEOs were the main respondent in both Malaysia and Nigeria. There is also a greater percentage of landscaping adopting CEOs than non-adopters in these countries. The percentage of local organisations and MNEs that responded to the survey were respectively 72% and 28% in Malaysia, and 75% and 25% in Nigeria. There is also a striking similarity in the pattern of responses from both these countries. The results also showed that 94% and 92% respectively of the Malaysian and Nigerian organisations have been in business for over 5 years. Manufacturing businesses make up 11% of the Malaysian sample and 27% of the Nigerian sample.

### **Psychometric properties of the instrument**

Factor analysis was performed on the individual items to determine the key dimensions of environmental factors. Items loadings and cross loadings, communalities, Eigenvalues, and Variance for the resulting

dimensions are summarised in Tables 2a and 2b. Table 2a shows the key dimensions of the environmental factors, item loadings, and cross loadings, while Table 2b shows the items, communalities, Eigenvalues, variance and reliability estimates. The results presented are based on parsimonious sets of variables guided by conceptual and practical considerations: the acceptance of factor loadings of 0.50 and above – this level is considered practically significant (Hair et al 1998).

The oblique factor rotation was employed for all the analysis because it represents the clustering of variables more accurately, and because the factors are conceptually linked, which requires correlation between the factors (Hair et al. 1998). Within the research context of this study, this technique of rotation is also more suitable than the orthogonal rotation, which keeps factors uncorrelated throughout the rotation process.

### **Environmental factors**

Table 2a tabulates the summarized factor analysis results with loadings and cross loadings. Three items loaded on each of the four dimensions namely, government influence, competitive development, economic outlook and public scrutiny. The underlying dimensions (F1) are made up of items that relate to ‘government influence (please see table 1) The second dimension (F2) consists of items that relate to organizations ‘competitive environment.’ (Please see table 2) The third dimension (F3) is called the economic outlook comprising of items that deal with the firm’s internal and external economy (please see table 3). The fourth dimension (F4) comprises of items relating to ‘public scrutiny’ (please see table 4).

Adoption was measured using a single item requiring the respondents to indicate (Yes or No) if their organization has embarked on or currently embarking on any landscaping project. For single items, reliability analysis is not applicable. Next, the reliability of the measures of the resulting dimensions was tested. From the reliability test results in Tables 2b, the items show high Cronbach’s alpha values. The Cronbach’s alpha coefficients for the dimensions in the study are high ( $\geq .70$ ). No item was dropped from the variables since content validity was given due consideration during the development of measurement items and instruments as recommended by Sonquist and Dunkelburg (1977). The use of generative studies and interviews with managers and academics with landscaping experience and knowledge helped to purify the measurement items. The questionnaire was pilot tested in the field and changes made to both the measurement items and instrument. As such, the measurement instrument and constructs were deemed to have content validity.

### **Discriminant analysis**

Discriminant analysis of landscaping adoption facilitators was carried out to discriminate between organisations that were adopter and non-adopters of landscaping, thus taking into account the interactions between the individual variables. The results of the analysis for the facilitators of landscaping adoption for both Malaysian and Nigerian organisations are summarized in Tables 3 to 5. Because the discriminant variables might be correlated with each other, the structure correlations (also known as discriminant loadings), usually considered more valid than the standardized coefficients in determining the relative power of each discriminant variable was used (Klecka, 1980). Hence, the following Tables summarize the relative discriminant power of each variable based on the structure correlations. To identify the variables that have statistical and practical significance, the discriminant loadings of  $\pm .30$  (Hair at al. 1998) was used. Hair and colleagues argued that generally, any variable exhibiting a loading of  $\pm .30$  or higher is considered substantive. The results show that a parsimonious set of dimensions could be developed to discriminate between those organizations that have adopted landscaping and those that have not done so.

## **Environmental factors**

Table 3 shows that environmental factors are sufficient for discriminating between adopters and non-adopters of landscaping based on pooled data from Nigeria and Malaysia. Specifically, for MNEs, economic outlook, public scrutiny and competitive development are important discriminants. Government influence is not. Hypotheses 1a – 3a are thus supported, and 4a rejected. For local firms, all four factors discriminate between adopters and non-adopters of landscaping. Hypotheses 1b – 4b are thus supported. The result also shows a lack of influence of the host developing countries governments on MNEs' sustainable development initiative.

Separate analysis was conducted for each country. For MNEs in Malaysia, the significant dimensions include economic outlook, competitive development, and public scrutiny. For local firms, all but competitive development is key discriminants. The results show that the three factors have high structure correlations ( $> \pm .30$ ) and are sufficient for discriminating between adopters of landscaping and non-adopters. Again, there is a lack of government influence on sustainable development initiatives of MNEs in Malaysia. In Nigeria, two dimensions are sufficient for discriminating between MNE adopters and non-adopters. They are economic outlook and competitive development with high structure correlations ( $> \pm .30$ ). Public scrutiny and government influence are not key discriminants. For the local firms, all four factors are important discriminating factors between adopters and non-adopters of landscaping. In Nigeria also, government influence is not an important discriminant factor for MNEs.

Tables 3-5 also show that there is a substantial difference between the mean ratings for MNEs and local firm's adopters and non-adopters in both Malaysia and Nigeria. The results reveal that the governments of the two developing countries do not play an influential role on MNEs adoption or non-adoption of landscaping initiatives. This is partly attributable to their preoccupation with economic growth imperatives, such as attracting foreign direct investment rather than concerns over issues of environmental standards and controls. Ironically, government influence plays an influencing role on the adoption of landscaping by local organizations of both countries.

In summary, economic outlook, competitive advantage and public scrutiny (except in Nigeria) are important external environment factors influencing MNEs landscaping adoption. For the local firms, all four factors, i.e. economic outlook, government influence, public scrutiny, and competitive advantage (except in Malaysia) are important characteristics of adopters and are significant adoption determinants.

## **CONCLUSIONS AND IMPLICATIONS**

The primary purpose of this study was to test the model presented in Figure 1 that hypothesizes an organizational buying behaviour orientation towards environmental concern. Results from the study attest to this model's usefulness in understanding environmental concerns of MNEs and local firms in Malaysia and Nigeria, particularly in discriminating between adopters and non-adopters. For MNEs, while government's influence did not discriminate between MNE adopters and non-adopters, other dimensions were important discriminants. For local firms, besides competitive development which did not discriminate between adopters and non-adopters in Malaysia, the rest are discriminant factors in Malaysia and Nigeria. From the perspective of organizational buying behaviour and its juxtaposition on organization's willingness to adopt sustainable environment behaviour, this study adds value to the extant literature. Crucially, it reinforces



environmentalists' pessimism about the contributions of MNEs to the protection of the natural environment in developing nations.

From a public policy perspective, the citizenry in developing nations do not seem to play an important role in influencing organizations' adoption of landscaping. This will change in the future, especially among MNEs through citizenry pressure and participation. MNEs' size, visibility and foreign identity might also lead to public being less forgiving towards them if they fail to adopt landscaping initiatives. Invariably, this will involve MNEs making key trade-offs between alternative landscaping policies and gaining valuable inputs from citizens about their priorities and preferences. Among MNEs with a lack of participation and concern over landscaping, public policy makers also face significant challenges to present government policies aimed at influencing their mindsets. But with increasing publicity on environmental degradation, the task of transferring knowledge through government policies will be made easier through imprinting onto these organizations the bigger and longer term picture.

For instance, by focusing on the environmental factors that discriminate between adopters and non-adopters of landscaping, the government will be able to generate greater interest and acceptance of their public policies. The government should continue its role as relational catalyst of sustainable development through its social, economic and political ties with key stakeholders that may include environmentalists, citizenry and the government at local, state and federal level. The salient role of the government is clear, going by the substantial and significant discriminant loading of this dimension especially among local firms. Other ways the government could help to enhance adoption is to make certain that cost of landscaping is affordable via subsidy. For instance, by regulating the fees of landscaping service providers, local adopters in particular will continue to sustain adoption, while non-adopters will be encouraged to invest in landscaping. The government and the organisations could also help educate the general public on ways to care for their environment through enlightenment campaigns, greater awareness of the advantages of landscaping and sustainable development in general, and the compatibility of landscaping with the societal marketing concept, which is rewarding for organisations.

In the presence of the lack of influence of the host developing nation's governments on MNEs' sustainable development initiatives, strict regulations may be required. The high incidence of environmental degradation in developing countries attest to the lack of coherent control policy and enforcement mechanisms as MNEs take undue advantage of this situation. Notably, this underscores the issue of double standards between home and less developed overseas markets practised by many MNEs. Put simply, while industry self regulation or voluntary initiatives may work for local firms, the same cannot be said for MNEs as the latter do not necessarily have the same moral and social obligations on matters of environmental degradation compared with local firms.

From the perspective of international business, in particular MNE's competitiveness, results from the study reinforce the view that 'environmental improvements' in terms of 'economic and competitive opportunity' only adds to organizational and customer value. Avoiding environmental standards because they are deemed expensive, irrelevant endeavour might, over the long run, erode the organization's competitiveness. This is despite the pessimistic views held by dependency theorists and environmentalists about the contributions of MNEs to the protection of the natural environment in host developing countries (Abdul-Gafaru, 2006), in the presence of their profit maximising imperative, (ESCAP/UNCTC, 1988). Indeed, while the lack of host government influence is a contributing factor to the current state of affair, MNEs that are foregoing environmental standards in developing nations will only add to these nations, and eventually their own non-

competitiveness. Indeed, by expanding their interests beyond economic and financial imperatives to include that of the well being of communities and markets, a conducive business relational atmosphere will be created. In other words, the adoption of landscaping and other sustainable development initiatives should be seen as an integral part of its social and political ties to key stakeholders besides economic ones, thus enhancing its overall market and social network legitimacy.

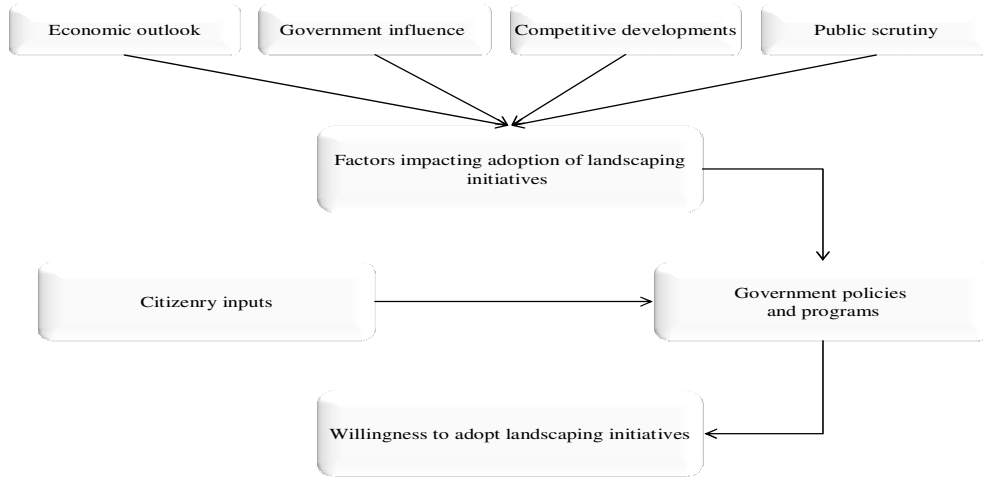
In summary, while most of the organizational buying behaviour factors were sufficient discriminators between adopters and non-adopters in local firms, among MNEs, government influence was not an important factor. Despite this, there are significant implications for MNEs in the presence of key stakeholders that include policy makers, environmentalist groups, sustainability advocates, services providers, and organisations in general. It's implications for the conduct of international business by multinational enterprises in developing Asian and African nations and developing nations in general are clear, particularly in terms of its social, relational legitimacy.

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**Figure 1: The relationship between factors impacting adoption of landscaping initiatives, citizenry inputs, government policies and willingness to adopt**



**Table 1: Indicators of Sustainable Development**

<b>Indicators of Economic Aspects of Sustainable Development</b>	<ul style="list-style-type: none"> <li>* International Cooperation to accelerate sustainable development in countries and related domestic policies</li> <li>* Changing consumption patterns</li> <li>* Financial resources and mechanisms</li> <li>* Transfer of environmentally sound technology, cooperation and capacity-building</li> </ul>	
<b>Indicators of Social Aspects of Sustainable Development</b>	<ul style="list-style-type: none"> <li>* Combating poverty</li> <li>* Demographic dynamics and sustainability</li> <li>* Promoting Education, public awareness and training</li> <li>* Protecting and promoting human health</li> <li>* Promoting sustainable human settlement development</li> </ul>	
<b>Indicators of Institutional Aspects of Sustainable Development</b>	<ul style="list-style-type: none"> <li>* Integrating environment and development in decision-making</li> <li>* Science for sustainable development</li> <li>* International legal instruments and mechanisms</li> <li>* Information for decision-making</li> <li>* Strengthening the role of major groups</li> </ul>	
<b>Indicators for Environmental Aspects of Sustainable Development</b>	<i>Water</i>	<ul style="list-style-type: none"> <li>* Protection of the quality and supply of freshwater resources</li> <li>* Protection of the oceans, all kinds of seas and coastal areas</li> </ul>
	<i>Land</i>	<ul style="list-style-type: none"> <li>* Integrated approach to the planning and management of land resources</li> <li>* Managing fragile ecosystems: combating desertification and drought</li> </ul>

		* Managing fragile ecosystems: sustainable mountain development *Promoting sustainable agricultural and rural development
	<i>Other natural Resources</i>	* Combating deforestation * Conservation of biological diversity *Environmentally sound management of biotechnology
	<i>Atmosphere</i>	* Protection of the atmosphere
	<i>Waste</i>	* Environmentally sound management of solid wastes and sewage-related issues * Environmentally sound management of toxic chemicals * Environmentally sound management of hazardous wastes * Safe and environmentally sound management of radioactive wastes

**Table 2a: Item Loadings and Cross Loadings for Environmental Factors**

<b>Items</b>	<b>F1</b>	<b>F2</b>	<b>F3</b>	<b>F4</b>
The government is supportive of the organization's adoption of landscaping	<b>.868</b>	.006	.005	-.010
Important people to the organization such as government agencies think that organization should adopt landscaping	<b>.860</b>	-.040	.029	-.088
The government think that the organization should adopt landscaping	<b>.766</b>	.030	-.115	.012
It is easy to locate landscape service providers	.009	<b>.833</b>	-.033	.043
Finding landscape service providers does not require a lot of mental effort	-.189	<b>.775</b>	-.052	.059
There are large number of providers of landscaping service	.279	<b>.700</b>	.078	-.073
Landscaping adoption in the organization depends on the firm's earnings	.130	-.033	<b>-.817</b>	.225
Adoption will continue as long as productivity and market demand continues to increase	-.037	.165	<b>-.779</b>	-.139
As long as inflation is under control, landscaping adoption by organization will continue	-.041	-.081	<b>-.722</b>	-.357
The public is impressed with the organization's landscaping efforts	-.025	-.007	-.033	<b>-.919</b>
The organization's stakeholders are proud of its landscaping activities	-.023	.052	-.025	<b>-.850</b>
The general public is interested in the organization's environmental protection program	.185	.012	.019	<b>-.692</b>

F1= Governmental Influence    F2= Competitive Development    F3= Economic Outlook    F4= Public Scrutiny

Table 2b summarizes factor results with loadings, communalities, reliability estimates, and variance. A total of 12 items loaded on four factors with high communality values for all the variables. Total variance explained is 70%.

**Table 2b: Key Dimensions, Items, and Communalities for Environmental Factors**

	<b>Loadings</b>	<b>Communalities</b>	<b>Cronbach's Alpha</b>
<b>F1 – Governmental Influence</b>			0.82
1. The government is supportive of the organizations adoption of landscaping	0.87	.758	
2. Important people to the organization such as government agencies think that organization should adopt landscaping	0.86	.782	
3. The government think that the organization should adopt landscaping (Eigenvalue = 3.85; Variance = 32.11%)	0.77	.628	
<b>F2 – Competitive Development</b>			0.70
4. It is easy to locate landscape service providers	0.83	.721	
5. Finding landscape service providers does not require a lot of mental effort	0.78	.612	
6. There are large number of providers of landscaping services (Eigenvalue = 1.80; Variance = 14.99%)	0.70	.622	
<b>F3 – Economic Outlook</b>			0.73
7. Landscaping adoption in the organization depends on the firm's earning	-0.82	.664	
8. Adoption will continue as long as productivity and market demand continues to increase	-0.78	.729	
9. As long as inflation is under control, landscaping adoption by organization will continue (Eigenvalue = 1.53; Variance = 12.70%)	-0.72	.734	
<b>F4 – Public Scrutiny</b>			0.81
10. The public is impressed with the organization's landscaping efforts	-0.92	.843	
11. The organization's stakeholders are proud of its landscaping activities	-0.85	.744	
12. The general public is interested in the organizations environmental protection program (Eigenvalue = 1.25; Variance = 10.44%)	-0.69	.591	

**Total Variance = 70.23%;    KMO = .724**

**Table 3: Key Dimensions, Structure Correlations, and Mean Values (Pooled Data)**

		<b>MNEs</b>		<b>Locals</b>		
<b><u>Independent Variables</u></b>		<b><u>Value</u></b>	<b><u>Rank</u></b>	<b><u>Value</u></b>	<b><u>Rank</u></b>	
Economic Outlook		0.45*	3	0.56*	2	
Public Scrutiny		0.81*	1	0.85*	1	
Competitive Development		0.64*	2	0.34*	4	
Governmental Influence		0.14	4	0.51*	3	
Eigenvalue		0.33		0.41		
Canonical Correlation		0.50		0.54		
Wilks' Lambda		0.76		0.71		
Chi-square			10.68		38.44	
df			4		4	
Significance		0.030		0.000		
Environmental Factors	<b>MNEs</b>			<b>Locals</b>		
	Mean Values			Mean Values		
	Adopters	Non-adopters		Adopters	Non-adopters	
Economic Outlook	3.90	3.53	3.93	3.47		
Public Scrutiny	3.89	3.17	3.93	3.22		
Competitive Development	3.40	2.69	3.48	3.18		
Governmental Influence	3.87	3.75	3.97	3.47		

\* P < .05

**Table 4: Key Dimensions, Structure Correlations, and Mean Values (Malaysia)**

		<b>MNEs</b>		<b>Locals</b>	
<b><u>Independent Variables</u></b>		<b><u>Value</u></b>	<b><u>Rank</u></b>	<b><u>Value</u></b>	<b><u>Rank</u></b>
Economic Outlook		0.72*	1	0.65*	3
Public Scrutiny		0.76*	2	0.66*	2
Competitive Development		0.31*	3	0.15	4
Governmental Influence		0.18	4	0.75*	1
Eigenvalue		0.33		0.29	
Canonical Correlation		0.71		0.47	
Wilks' Lambda		0.49		0.78	
Chi-square			15.61		16.15
df			4		4
Significance		0.004		0.003	

Environmental Factors	MNEs		Locals	
	Mean Values		Mean Values	
	Adopters	Non-adopters	Adopters	Non-adopters
Economic Outlook	4.20	3.44	4.00	3.53
Public Scrutiny	4.04	3.07	3.84	3.44
Competitive Development	3.39	2.81	3.51	3.40
Governmental Influence	3.98	3.74	4.18	3.61

\* P < .05

**Table 5: Key Dimensions, Structure Correlations, and Mean Values (Nigeria)**

Independent Variables	MNEs		Locals	
	Value	Rank	Value	Rank
Economic Outlook	0.30*	2	0.34*	3
Public Scrutiny	0.21	3	0.70*	1
Competitive Development	0.76*	1	0.43*	2
Governmental Influence	0.06	4	0.30*	4
Eigenvalue	0.33		0.57	
Canonical Correlation	0.50		0.78	
Wilks' Lambda	0.75		0.40	
Chi-square		3.43	42.53	
df		4	4	
Significance	0.488		0.000	

Environmental Factors	MNEs		Locals	
	Mean Values		Mean Values	
	Adopters	Non-adopters	Adopters	Non-adopters
Economic Outlook	3.51	3.78	3.85	3.33
Public Scrutiny	3.69	3.44	4.02	2.80
Competitive Development	3.41	2.33	3.46	2.76
Governmental Influence	3.72	3.78	3.74	3.19

\* P < .05