

Environmental Management Capability and Sustainable Performance Implications: Emerging Economy

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Abstract

Previous research is inconsistent and narrowly focuses on defining environmental management capability (EMC) and the outcomes of its relationship with sustainable performance. This study aims to focus on a broader range of issues while considering different perspectives on logistics operations. We first defined EMC and examined its relationship and sustainable performance from contingency and configuration perspectives. We define the EMC concept as a second-order latent construct that encapsulates the synergy among three primary EMC components: Environmental Management System (EMS), Supplier Environmental Management (SEM), and Internal Environmental Monitoring (IES). Additionally, leveraging the theory of performance frontiers, we developed differentiated strategies based on survey data collected by the Global Manufacturing Research Group, which represents developed, emerging, and developing economic regions. Manufacturers may initially observe limited direct impacts of EMC on sustainable performance. However, our findings reveal that firms in emerging economies exert the most effort in implementing environmental management capabilities compared to those in developed and developing nations. Firms in developed countries are increasingly reaching the “diminishing point” of their performance, investing just enough resources in EMC to maintain their competitive position as order qualifiers rather than order winners. Meanwhile, firms in emerging economies are rapidly advancing in both environmental and business performance, while those in developing countries are striving to close the gaps. This insight is crucial for managers, especially in multinational corporations, highlighting the need to adapt to varying economic conditions and development stages, and to allocate resources appropriately and effectively.

Keywords

Economic development, Environmental management, Supplier Environmental management.

Biographies

Dr. Pradeepa Jayaratne completed her Ph.D. in Supply Chain Management and MSc in Logistics at the Sydney Business School (SBS) of the University of Wollongong, Australia. She has over 15 years of experience teaching, researching, and consulting in the transport and logistics sector. She joined RMIT in 2021. Prior to that she has teaching and research experience in key education institutes in Canada, Australia, Pakistan, and Sri Lanka. She is a consultant for several institutes, such as the World Bank, ADB, UN-Habitat, and government ministries in Sri Lanka. Her research interests include Sustainable Supply Chain/Logistics; Outsourcing; Supply chain collaboration;

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Dr. Hung Nguyen holds PhD in Operations Management from MGSM, Australia. At RMIT University, his teaching areas include Management of Information Systems and Logistics and Supply Chain Management. His research interests include decision-making, operations and production management, and supply chain sustainability. His research has appeared in the Journal of Production Planning and Control, Supply Chain Management: An International Journal, Operations Management Research, Business Strategy and the Environment, Business Process Management Journal, Journal of Cleaner Production, and others. Before joining RMIT, Hung was a training consultant for more than 200 middle and top executives in Vietnam Airlines, Petro Vietnam, VinaCoal, Shell, Diethelm, Vifon, etc. He also served as a consultant for the UNESCAP-GTZ project on export promotion and development plan for SMEs in HCMC