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IMPACT OF STAKEHOLDER PRESSURES ON ADOPTING GREEN INNOVATIONS

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Abstract

Green innovation has emerged as a salient aspect in modern business environment. Practitioners contemplated green innovations as a foremost approach to amplify business sustainability. Yet, stimulating green innovations is still confronting in developing countries. The contradiction between economic efficiency and stakeholder pressure on green innovation hinders the sustainable development in a country. Hence, the researcher addresses this underexplored area by scrutinizing how the stakeholder theory influences company decisions regarding the green innovations by examining whether the companies submitted on stakeholder pressures in adoption of green innovations in addition to seeking economic efficiency. Previous literature has mainly focused on single factor rather than overall consideration of both internal and external factors together. And also, previous findings were mainly based on manufacturing industry. This research was conducted to assess internal and external pressures together in both manufacturing and service industry. Based on the data collected by a questionnaire survey of managers in companies certified with ISO 14001, regression analysis was conducted to deduce the effect. Findings manifest that external stakeholder pressures and internal stakeholder pressures significantly influence on adopting green innovations. Despite the stimulation provided by the internal stakeholder pressure, external stakeholder pressure has identified as the most influential factor on adopting green innovations. The study provides managers with implications to enhance the competitive advantage by forging value to the stakeholders and the study contributes to the literature of green innovations and stakeholder theory. However, researcher suggests to conduct further researches based on disparate samples and considering diverse stakeholder pressures in the future to validate the findings further.

Keywords: Green innovation, External Stakeholder Pressure, Internal Stakeholder Pressure