Chapter 13
Eco-Innovation Practices: Insight from Malaysia’s Green Technology Sector

Yudi Fernando
Universiti Sains Malaysia, Malaysia

Wah Wen Xin
Universiti Sains Malaysia, Malaysia

ABSTRACT
This chapter describes a study which seeks to test whether there is a significant difference between levels of eco-innovation practices on the type of ownership in green technology sector. Malaysian fully owned companies and joint venture companies have no difference in environmental regulatory compliance. Both types of ownership have the knowledge and expertise to ensure companies meet all environmental regulatory mandates. Both types of ownership have not much difference in terms of attainment after successful completion of environmental compliance. As reinforcement, in Malaysia environment law, companies are required to have inspection visits by regulatory. For these reasons environmental inspection is carried out periodically for both types of ownership. The regulation of inspection and monitoring can address wider environment issues.

INTRODUCTION
Eco-innovation helps organization to reduce the environmental impact on products, address societal concerns as well as gain in profit. The European Commission linked eco-innovation to sustainability, “eco-innovation is any form of innovation aiming at significant and demonstrable progress towards the goal of sustainable development, through reducing impacts on the environment or achieving a more efficient and responsible use of natural resources, including energy” (EC, 2008). The green technology aims to meet the customer needs by reducing the environmental pressures such as green gas emissions and by the lowering the cost of production (Machiba, 2011). Furthermore, previous scholars argued that sustainability may be a type of agency cost where the manager gain private benefits from implementing environmental and social policies in the organization, but doing...
Eco-Innovation Practices

so lead to negative financial implications (Eccles, Ioannou and Serafeim, 2013). Moreover, by adopting environmental technologies, these companies might experience a higher cost structure (Eccles et al., 2013). Subsequently, the argument continues, companies that do not operate under environmental and social constraints will be more competitive in the industry (Jensen, 2001).

ECO-INNOVATION IN BUSINESS ORGANIZATION

The European Commission (2008) defined eco-innovation as, “the production, assimilation or exploitation of a novelty in products, production processes, services or in management and business methods, which aims, throughout its lifecycle, to prevent or substantially reduce environmental risk, pollution and other negative impacts of resource use (including energy)”. Furthermore, the European Commission (2008) linked eco-innovation to sustainability: “Eco-innovation is any form of innovation aiming at significant and demonstrable progress towards the goal of sustainable development, through reducing impacts on the environment or achieving a more efficient and responsible use of natural resources, including energy”. In general, all the definitions emphasize that eco-innovations will reduce the environmental impact caused by consumption and production activities (Horback, Rammer, Rennings, 2012). The scope of eco-innovation may go beyond the conventional organisational boundaries of the innovating organisation and involve broader social arrangements that trigger changes in existing socio-cultural norms and institutional structures (OECD, 2009). Eco-innovations can result of other economic rationales such as increasing market share or reducing costs (Horback et al., 2012). Sometimes, it is difficult to measure the intention or motivation of the innovation than the result of the innovation. With the intentional problem, some definition of eco-innovation considers newness and “novelty” (Pujari, 2006), and some focus on product, process and systems innovation (Chong et al., 2011).

The “eco-innovation” term has been increasingly used in environmental management and policy. In the organization, eco-innovations can contribute to the sustainable business performance, taking into account social, environmental and economic aspects. To achieve the sustainable performance is depends on its ability to create and maintain sustainable economic processes (Hermosilla et al., 2010). Eco-innovation in firms tend to reduce environmental harm while generate value for market. The final targets of eco-innovation based on the firm products and processes, institutions and organizations. The firm, at the centre of analysis, should first of all be seen as a potential eco-innovator, rather than as a polluter (Andersen, 2008).

There are two ways to enhance a firm’s green competitiveness which are acquiring a premium price for its green reputation or product (Foxon & Andersen, 2009; Andersen, 2008), or to reduce production costs by achieving greater resource efficiency or reducing the costs of costly emissions (Pujari, 2006). For the firm make greening process as a change in the environment, it requires new legitimacy or requirement for organizational and technological innovations (Andersen, 2008). As eco-innovation in organization is important, a competitive factor is required to predict the recent concept of eco-innovation and it’s dimensions in organization.

BENEFITS OF ECO-INNOVATION TO ORGANIZATIONS

Firms which implemented eco-innovation are crucial in helping move companies and society towards environmental sustainability (Pujari, 2006). The advanced environmental technologies like eco-innovation and products will make contribution to the pursuit of sustainability when the
Related Content

**CoSeMed: Cooperative and Secure Medical Device Sharing**
Andreas Kliem (2014). *Cloud Computing Applications for Quality Health Care Delivery* (pp. 201-227).
[www.igi-global.com/chapter/cosemed/110436?camid=4v1a](www.igi-global.com/chapter/cosemed/110436?camid=4v1a)

**An IoT-Based Framework for Health Monitoring Systems: A Case Study Approach**
[www.igi-global.com/article/an-iot-based-framework-for-health-monitoring-systems/219360?camid=4v1a](www.igi-global.com/article/an-iot-based-framework-for-health-monitoring-systems/219360?camid=4v1a)

**Challenges and Opportunities in Big Data Processing**
[www.igi-global.com/chapter/challenges-and-opportunities-in-big-data-processing/145587?camid=4v1a](www.igi-global.com/chapter/challenges-and-opportunities-in-big-data-processing/145587?camid=4v1a)

**Fog Computing QoS Review and Open Challenges**
[www.igi-global.com/article/fog-computing-qos-review-and-open-challenges/210568?camid=4v1a](www.igi-global.com/article/fog-computing-qos-review-and-open-challenges/210568?camid=4v1a)