

# A study of the environmental management system (EMS) adoption process within Australasian organisations—2. Role of stakeholders

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## Abstract

The importance of an Environmental Management System (EMS) for organisations is becoming widely known across all industrial sectors. EMS has brought both challenges and benefits for the organisations and these many-a-times are determined by the role played by the organisational stakeholders. Stakeholder is a broad term and can encompass a number of individual(s) or group(s) directly or indirectly impacted by organisational activities. This paper, second part in the series, focuses on the role of the stakeholders, primarily employees and suppliers during the EMS planning and implementation stages. It is based on the findings of the quantitative part of a large research project exploring the role of employees and suppliers, as organisational stakeholders, during the EMS adoption stages. A response rate of almost 50% was achieved from a questionnaire survey of ISO 14001 certified organisations in Australia and New Zealand. The key relationships existing between the organisations and stakeholder involvement and the benefits and impediments associated with the process have also been presented.

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*Keywords:* Environmental Management System (EMS); ISO 14001; Implementation; Stakeholders; Australia; New Zealand; Survey

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## 1. Background

The authors have been conducting a large project examining the adoption of Environmental Management Systems (EMS) in Australian and New Zealand organisations. This research has involved both in-depth case studies and a questionnaire survey of ISO14001 certified companies. An earlier paper published in this journal presented the first part of the analysis of the questionnaire survey pertaining to EMS benefits, drivers and impediments (Zutshi and Sohal (2002b)). In this paper the findings relating to the role of employees and suppliers, as organisational stakeholders during the EMS adoption stages, is presented. The aim of this part of the research was to explore and identify any relationships existing between the stakeholder(s) involvement and the successful adoption of an EMS. Successful adoption is defined as one being faster in implementation, in other words, implementation accompanied with fewer impediments

(such as resistance from stakeholders) and with more quantifiable and unquantifiable benefits.

The rest of this paper is structured as follows. The next section reviews relevant literature on the importance of stakeholders. Next, the research methodology is presented. This is followed by the results section. Finally, conclusions are presented.

## 2. Literature review

A number of stakeholder definitions have been identified in the literature (Suklev, 1997, p. 223; Ulhoi, 1997, p. 74; Walker, 2000, p. 19), all indicating that any individual or group being directly or indirectly impacted by the organisations' activities, is its stakeholder. The physical boundaries of an organisation hence no longer define its stakeholders. Stakeholders are present both internal and external to the organisations' boundaries and thus both (the organisation and stakeholders) are inter-related and inter-dependent. Both Radder (1998) and Environment (1996) further suggest that organisations need to treat their stakeholders in the same way they would their customers. In views of Frooman (1999, p. 191) the extent of attention given by the organisations

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to their stakeholders is dependent on three main attributes: urgency, legitimacy and power. These attributes are accordingly determinant of questions such as (Frooman, 1999, p. 191; Crosbie and Knight, 1995, p.36):

- Who are they? (This question concerns the stakeholders attributes)
- What do they want? (This question concerns the stakeholders ends)
- Have their needs be audited?
- How are they going to try to get it? (This question concerns the stakeholders means)
- What strategy has been adopted to meet their concerns or to manage a constructive dialogue with them? and
- How can their satisfaction be maximised overall?

Public affairs and social responsibility approaches have been described by Mitchell et al. (1997) as to assisting organisations in identifying their stakeholders. On the other hand, Ulhoi (1997, p. 75) suggests the use of SPOT (Secondary as well as Primary Stakeholders and related Opportunities and Threats) method for organisations to identify and prioritise their stakeholders.

### 2.1. Importance of stakeholders

The importance of involving stakeholders has been directly linked to financial success in Europe and US (Gullifer, 1999, p. 1). The Prime Minister of Australia, Mr. John Howard in a press release also stressed the same and encouraged Australian businesses to adopt *philanthropy* and change its present attitude. He pointed out that currently most of the Australian CEO's operate "from the viewpoint that the business of business is business... assigning the issue of social responsibility to public affairs departments" (Gullifer, 1999, p. 1).

According to Banerjee (1998, p. 153) besides regulatory compliance and reduction in cost factors an organisation is driven by its 'social responsibility' (which incorporates areas such as employee welfare, customer satisfaction, community improvement, philanthropy and environmental protection) for being a good corporate citizen. The views of Banerjee (1998) confirm with the 1990 study (cited in Bown and Mortensen, 1999) findings that included representatives from industries, unions, and governments to identify the elements in the leading firms in Japan, USA, Germany and Sweden. The study revealed the following seven common factors that played a major role in the success of organisations (Bown and Mortensen, 1999, p. 25):

- Creating a management vision and strategy for world class performance

- Employee consultation and participation in the planning of change
- More effective utilisation of technology
- Integrated and broadly based training and education programs
- The development of flexible organisational structures and processes
- A culture of continuous improvement and
- Close links to suppliers and customers.

Consequently, a decision being made within the walls of the organisation should encompass its stakeholders views. Ackerman and Bauer (cited in Boiral, 1998, p. 39) in their model showed that an inverse relationship exists between social pressure and corporate autonomy. "Model organisations, management consultants and researchers, professional organisations, national and international institutions" (Boiral, 1998, p. 37), [in addition to] employees, suppliers, competitors, community, government agencies, non-government organisations (NGO) and any other interested parties, all thus form part of organisations EMS stakeholders.

### 2.2. Employees as stakeholders:

The International Standards Organisation (ISO) management system identifies 'full employee involvement', as a prerequisite for successful working and achievement of environmental and quality objectives. "Good team work, high level of commitment, a well developed strategy, philosophy of continuous improvement, commitment from top management, elimination of all kinds of wastes" (Corbett and Cutler, 2000, pp. 206–208) are some of the basic key elements of a successful Quality Management System (QMS). After studying the EMS in detail, there is no doubt that many of the EMS and QMS elements are the same. This was demonstrated in the study of New Zealand plastic industry EMS implementation process, where all the seven plastic companies researched "considered deployment of staff as an integral part of their environmental management practices. [Moreover] shop floor staff drove waste and recycling decisions" (Corbett and Cutler, 2000, p. 214). Petts et al. (1998, p. 715) have similar views on employee involvement. According to them as shop-floor workers are close to activities and incidents in an organisation, they thus have a key role to play not only during implementation, but also in the development of EMS. This is because if adequately trained and motivated, shop-floor employees would be the first ones to recognise and maybe also rectify activities that may impact the environment. It can be attributed to the learning or education process, as employees become aware of their actions on the environment, impacts gradually decrease. This was also supported by Foszcz (1999) and proven during organisation's ISO 14001 implementation and

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