

## Chapter 3

# The Role of Environmental Innovation Strategy in Reinforcing the Impact of Green Managerial Practices on Competitive Advantages of Fertilizer Companies in Egypt

Mostafa Mohamed Ahmed Al-kerdawy  
Mansoura University, Egypt

### ABSTRACT

*Little literature and research exists on the impact of Green Managerial Practices (GMP'S) on competitive advantages (CA). This study fills this research gap and is conducted on a sample of 450 workers in 10 fertilizer companies in Egypt. The study identifies the moderating role of environmental innovation strategy (EIS) in reinforcing the impact of green managerial practices on competitive advantages. The empirical results show that three types of green managerial practices – green planning, green managerial concerns, and green entrepreneurship – have positive effects on competitive advantages, which increases in the presence of environmental innovation strategy. Companies that invest resources and efforts in green managerial practices can meet the strict environmental regulations in Egypt and popular environmental consciousness of consumers, as well as obtain corporate competitive advantages. Managerial implications and areas for further research are also discussed.*

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## INTRODUCTION

The environment is no longer just the air we breathe, or the world we live in, it has become a requirement for business to address the environment to maintain customers and thrive in an ever more critical global economy (Chavan, 2005). Currently, companies have no choice to carry out environmental protective activities to comply with international regulations of environmental consciousness of the consumers (Berry & Rondinelli, 1998). This, in turn, has led to an increasing public and political focus on the negative consequences of present production and ways of life, which threaten conditions for future generations. This has resulted in a spate of environmental legislation and agreements at international, regional, national and local levels, as well as voluntary initiatives (Madsen & Ulhøi, 2003).

Egypt has become conscious of the different effects of industrial activities on the environment. So, it has issued a number of legislations which protect the environment from the risks of pollution. This trend has started since the 1950s. However, an increased desire to achieve high levels of industrial development in that period without subsequent environmental planning has led to some deterioration of Natural resources and increasing waste of raw materials. The fertilizer industry is considered one of the large-scale industries which include many chemical and physical processes in manufacturing, so it is considered one of the most environmental pollutants.

It is noteworthy that the notion of protecting the environment has been noticeable since the 1960s, but it has gained prominent international acknowledgment at the 1992 Earth Summit in Rio de Janeiro, when Agenda 21 was adopted. This document has encouraged businesses to adopt codes that establish “best environmental practice” (Turner & O’Neill, 2007). Hence, many environmentalists trace the “Green” Lifestyles to the moment when the space program gave us the first view of earth from space. In the last two

decades, the concern for the environment has raised a widespread awareness among all nations. This is the result of terms like “ozone depletion,” “Greenhouse effect” and “Acid rains”, coming to surface and the increase at the level of awareness all over (Walker, 2000).

Recently, participants in Copenhagen 2009 showed that the time has come to take serious measures with regard to climate changes. There is now a growing consensus among scientists that the best way to reduce the effects of climate changes is to prevent an increase in the rate of warming above two Celsius degrees, as compared to the era before industrialization. This goal can be achieved through reducing the dangerous emissions of greenhouse gases of industrialized countries with large ratios, ranging between 25 and 40% over the next decade.

Some estimates, highlighted by many authors, show that mankind is now using more than 40% of the planet’s primary productivity. If, as projected, the population doubles over the next 40 years, we may out-compete most other animal species for food, driving many to extinction (Hart, 2007). Hence, those who believe that ecological disasters can be avoided must also appreciate the commercial implications of such beliefs: such a sustainable development over the coming decades will constitute one of the biggest opportunities in the history of commerce. Taking the entire planet as the context in which they do business, organizations have to address the issue of environmental degradation, and recognized that they are part of the solution to social and environmental problems (Hart, 2005).

For the past few decades, concerns about environmental degradation have been increasing (Chan & Lam, 2002; Laroche et al., 2001). As consumers have been recognizing the importance of protecting our environment, environmentalism has become a major issue in the marketplace (Brown, 1996; Kalafatis et al., 1999). Increasingly aware of the seriousness of environmental problems, customers are becoming more eco-

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