



**Proceedings of
4th International Conference
on Management, Finance and Entrepreneurship
ICMFE-2015**

**Garuda Plaza Hotel, Medan, Indonesia
April 11-12, 2015**



Ankara, Turkey



"PETRE ANDREI" of IASI, Romania



**SHINAWATRA
UNIVERSITY**

Bangkok, Thailand



NAM, Ukraine

Proceedings

4th International Conference on Management, Finance & Entrepreneurship

Medan, Indonesia

11 -12, April 2015

ISSN 2311-6269

Organized by

**International Foundation for Research and Development
(IFRD)**

Preface

Dear Distinguished Delegates and Guests,

The Conference Committee warmly welcomes our distinguished delegates and guests to the 2015 International Conference on Management, Finance and Entrepreneurship (ICMFE-2015) held on April 11-12 in Medan, Indonesia.

ICMFE-2015 is organized by International Foundation for Research and Development (IFRD). The conference is aimed at discussing with all of you the wide range of problems encountered in present and future issues in economies and Societies. ICESS-2015 is organized in collaboration with Universitas Islam Sumatera Utara, Medan, Indonesia, Yildirim Beyazit University, Turkey, Shinawatra International University, Thailand, PERTRE ANDERI of IASI, Romania and National Academy of Management, Ukraine where researchers from around the world presented their work. The conference committee is itself quite diverse and truly international, with membership around the world.

Proceeding records the fully refereed papers presented at the conference. Main conference themes and tracks are Management, Finance and Entrepreneurship. Conference aims to bring together researchers, scientists, engineers and practitioners to exchange and share their experiences, new ideas and research results about all aspects of the main conference themes and tracks and discuss the practical challenges encountered and the solutions adopted. The main goal of the event is to provide a scientific forum for exchange of new ideas in a number of fields that interact in depth through discussions with their peers from around the world.

Conference has solicited and gathered technical research submission related to all aspects of major conference themes and tracks. All the submitted papers have been peer reviewed by the reviewers drawn from the scientific committee, external reviewers and editorial board depending on the subject matter of the paper. Reviewing and initial selection were undertaken electronically. After the rigorous peer-review process, the submitted papers were selected based on originality, significance, and clarity for the purpose of the conference. Conference program is extremely rich, featuring high-impact presentations. The high quality of the program guaranteed by the presence of an unparalleled number of internationally recognized top experts. Conference will therefore be a unique event, where attendees will be able to appreciate the latest results in their field of expertise, and to acquire additional knowledge in other fields. The program has been struttred to favor interactions among attendees coming from many diverse horizons, scientifically, geographically, from academia and from industry.

We would like to thank the program chairs, organization staff, and members of the program committee for their work. We are grateful to all those who have contributed to the success of ICMFE-2015 especially our partners. We hope that all participants and other interested readers benefit scientifically from the proceedings and find it stimulating in the process. Finally, we would like to wish you success in your technical presentations and social networking.

We hope you have a unique, rewarding and enjoyable time at ICMFE-2015 in Medan.

With our warmest regards,

Conference Committee
April 11-12, 2015
Medan, Indonesia.

ICMFE-2015

Conference Committee

Conference Chair

Jumino Suhadi, Ph. D., Universitas Islam Sumatera Utara, Medan, Indonesia

Conference Co Chair

Dileep Kumar, M., Ph. D., University Utara Malaysia, Malaysia

Conference Convener

Dra. Hj. Hasrita, M.Pd. Ph. D., Universitas Islam Sumatera Utara, Medan, Indonesia

Members

Sisira R. N. Colombage, Ph. D., Monash University, Victoria, Australia

John C. Walsh, Ph. D., Shinawatra International University, Bangkok, Thailand

Nek Kamal Yeop Yunus, Ph. D., Univerisiti Pendidikan Sultan Idris , Perak, Malaysia

Alexandru Trifu, Ph. D., University, Petre Andrei, Iasi, Romania

Izah Mohd Tahir, Ph. D., University Sultan Zainal Abidin, Terengganu, Malaysia

Rishidaw Balkaran, Ph. D., Durban University of Technology, South Africa

Hamdan Said, Ph. D., Universiti Teknologi Malaysia, Johor Bahru Johor, Malaysia

Johan de Jager, Ph. D., Tshwane University of Technology, South Africa

Somnath Sen, Ph. D., University of Birmingham, United Kingdom

Chux Gervase Iwu, Ph. D., Cape Peninsula University of Technology, South Africa

Chandana Prasad Withana, Ph. D., Charles Sturt University, Sydney, Australia

Susantha Herath, Ph. D., St. Cloud State University, USA

Wei-Bin Zhang, Ph. D., Ritsumeikan Asia Pacific University, Japan

Katalin Jackel, Ph. D., Budapest Business School, Budapest, Hungary

R K Uppal, Ph. D., DAV College, Punjab, India

M. Saman Dassanayake, Ph. D., University of Colombo, Colombo, Sri Lanka

Ayhan Kapusuzoglu, Ph. D., Yildirim Beyazit University, Turkey

Ahasanul Haque, Ph. D., International Islamic University Malaysia (IIUM), Malaysia

Boubker Sbihi, Ph. D., I-shcool ESI, Rabat, Morocco

Pratibha Samson Gaikwad, Ph. D., Shivaji University of Pune, India

International Conference on Management, Finance & Entrepreneurship (ICMFE-2015)

Table of Contents

Description	Pages
Preface	ii
Conference Committee	iii
Table of Contents	iv
Papers	vi
Developing Islamic City through Network-of-Mosque (NoM), Abdul Rahman Ahmad Dahlan, Ammar Ihsan Nasution, Muhammad Iqbal Husaini, Mohamed Hassan Ahmed	1
The Influence of Job Market Factors and Parental Influence towards Accounting Students in Becoming Professional Accountants in Indonesia, Vina Arnita	15
Using the Social Network for Business Sustainability: Examining Start-up SME Firms in Malaysia, Ehsan Fansuree Surin, Ismail Ab. Wahab, Mohd. Hazman Fitri Hussin, Mohd Najib Saad, Mior Harris Mior Harun	19
Weekend Effect of Stock Returns in Indonesia: The Unconditional Method and the Conditional Method, Ika Pratiwi Simbolon	29
World Oil Price Movement And Stock Return on Some Capital Markets in Southeast Asia, Hersugondo, Robiyanto, Harjum Muharram	38
The Examination of Day of the Week Effect and Turn-of-Month Effect in Indonesian Stock Exchange using Garch Approach, Hersugondo, Robiyanto, Irene Rini D. P.	43
Minimalizing Agency Costs through Bonding Mechanism, Maya Indriastuti, Chrisna Suhendi	50
Fat to Fit – an Asian Obesity Management Program and the Malaysian Case Study, Dee Dee A. SALLE, Yii Bonn BONG, Abdul Majid MOHAMED, Asma Ahmad SHARIFF, Amir Feisal MERICAN	54
Entrepreneurship Education in Sports: Issues and Challenges, Payam Ansari, Solha Husin	60
Analyze on the Influence of Financing Risk, Capital Adequacy and Financing to Deposit Ratio to Profitability Islamic Bank in Indonesia, Osmad Muthaher, Sri Dewi Wahyundaru	67
The Effect of Characteristics and Behavior, Socialization and Perception, and Financing System of SMEs on Financing Distribution of Islamic Banking, Sri Dewi Wahyundaru, Osmad Muthaher	78
Role of Commitment in the Relationship between Islamic Leadership and Islamic Work Ethic on Employee Performance, Heru Sulisty	83
Fraudulent Financial Statement (Factors Analysis), Imam Setijawan, Yulfarida Listyo Pertiwi	90
Acceptance Analysis of Smart Transport Application Using Technology Acceptance Model Approach, Zuniati Hasiholan Sinaga, Ratih Hendayani	98
Dampak Tekanan Organisasional Terhadap Stres Kerja Pada Perawat Rumah Sakit Islam (RSI) Di Kota Semarang, Ardian Adhiatma, Yuka Windyaningtyas	105
Environmental Management Practices in Small Batik Industry in Kelantan, Malaysia, Mohd Rafi Yaacob, Nur Faizah Mat Zain, Mohd Nazri Zakaria, Muhammad Ismail	117
Individual Psychology as Component of Entrepreneurial Process: The Cognitive Perspective Contribution of the New Venture Creation among E-Commerce Entrepreneurs, Ahmad Firdause Bin MdFadzil, Mohd Rafi Bin Yaacob, Mohd Nazri bin Muhayiddin	125
The weak of control systems result in the emergence of a number of problems within the organization, Muhammad Jafar Shodiq	133
Factors Influencing Trends Against Fraud (Fraud): Employee Perceptions of District Kendal, Dedi Rusdi, Zulmina Kumalasari	134
Determinant Factors of Cooperative Capital Structure in Financial Perspective, Sugiyanto	144
How to Promote Franchisee Endurance in the Franchise System based on Entrepreneurial Orientation, Erlinda	153
Independent Value Creation: Concept, Activities and Implications, Yudi Sutarso	161
Model of Improvement Operational Performance Based on Quality Management, Creativity Innovation, Imitating and Role of Strategic Human Resources, Marno Nugroho	170
Improving New Product Performance through Market Intelligence Quality, Customer	179

Interaction Capabilities and Customer-Centric Commitment on Indonesia Micro Retail Fashions, Hendar, Tatiek Nurhayati	
Aggregate Economic Forces and Malaysian Equity Market: Equilibrium Time-Series Approach, Mohamed Ibrahim Mugableh	192
Pengaruh Right Issue Terhadap Kinerja Keuangan Pada Perusahaan Terbuka Sektor Perbankan Di Indonesia, Oleh, Ibnu Khajar	199
Female Fertility and Labour Force Participation for Asean-5: A Dynamic Heterogenous Panel Analysis, Thirunaukarasu Subramaniam, Nanthakumar Loganathan, Mazlan Majid	209
Corporate Social Responsibility and Airline Performance, Teguh I. Maulana	210
The Influence of Money Perception toward Unethical Behavior of Employee (A Study at the Supreme Court in Southeast Sulawesi), Moh. Ali Shahab, Ismanto	224
Improving Entrepreneurs Capability Models of the Creative Industry Through The Triple Helix and Anticipatory Learning, Tatiek Nurhayati, Mulyana	233
Change Management in the Higher Education Landscape: A Case of the Transition Process at a South African University, Renitha Rampersad, Vaneshree Govender	242
The Influence of Audit Committee Efektivity toward Earning Management Practices, Dista Amalia Arifah, Wahyu Agung Isriyani	243
The Improvement of Organizational Citizenship Behavior (OCB) Affected By Transactional Leadership Style, Abdul Hakim, Asnur	249
Entrepreneurial and Relationship Marketing toward Innovation and the Impact on Business Performance on Small Industries of Wearing Apparel in West Java, Sambudi Hamali, Yuyus Suryana, Nury Effendi, Yudi Azis	259
Credit Risk Influence on Systemic Risk in Indonesia Banking System, Alfiana, Erni Tisnawati Sule, Sutisna, Dian Masyita	267
Perception and Expectation of Marketing Mix on Customer Satisfaction and Confidence in Consumer Finance Branch Mandala Multifinance Poleang, Shouteast Sulawesi Province, Wuryanti K., Usman Nur U.	275
The Relationship between Environmental Management, Environmental Performance, and Company Performance at Small-Medium Enterprises, Budhi Cahyono	283
Entrepreneurial and Market Orientation towards Innovation and Marketing Mix Strategy, and their Impact on Business Performance on the Florist Business in Dki Jakarta Province, Cecep Hidayat, Yuyus Suryana, Faisal Afiff, M. Fani Cahyandito	291
Improvement of Human Resources Performance through Empowering Leadership, Intrinsic Motivation, Training and Employee Wellbeing, Mutamimah dan Haryana	292
Effect of Islamic Based Leadership Style to Motivate Creativity of Syariah Bank Employee, Muhammad Tafsir, Roziana Bt Shaari, Azlineer Bt Sarip	293
Analysis the Effectiveness of Cocoa Distribution Channel in the Province of Aceh, Indonesia, Syafruddin Chan, Rulfah M Daud, Fauziah Aida Fitrie	294
The Role of Marketing Environment Audit in Marketing Performance through Index Of Services Marketing Excellence (ISME) in Bandung Stars Hotel, Likewati W.O., Kartini, D., Ariawati, R., Sari D.	303
Financial Performance: Current Assets, Debt to Equity Ratio, Return on Assets, and Growth towards Dividend Payout Ratio, LeniSusanti	304
A Conceptual Model of Resonant Leadership, Dian Alfia Purwandari	315
The Impact of Consumer Animosity and Consumer Ethnocentrism on Intention to Purchase Foreign Products: The Case of Chinese Branded Household Appliances in Vietnamese Market, Nguyen ThiHuongGiang, Nguyen DinhKhoi	320
The Benefits of Financial Ratios' as the Indicators of Future Bankruptcy on the Economic Crisis, Setia Mulyawan	334
Neoclassical Growth Model: Application to the Analysis of Human Capital For Regional Development, Aulia A. Abdhy	342
The Role of External and Internal Factors in the Accuracy of Predicting Financial Distress, Pramudena Marti Sri	343
Knowledge Management System Role in Stock Investment Behaviour, Didi Sundiman, Ali Kesuma	350

**International Conference on Management, Finance &
Entrepreneurship (ICMFE-2015)**

PAPERS

The Relationship between Environmental Management, Environmental Performance, and Company Performance at Small-Medium Enterprises

Budhi Cahyono

Sultan Agung Islamic University, Semarang Indonesia
budhicayono@yahoo.com

Abstract: Environmental issues are relevant to study along with the development of industrial activities, especially in Indonesia. Indonesia as a part of Southeast Asian countries will be the destination of industrial activities because this region is claimed to be low-cost industrial area (Rao, 2004), where 70% of industrial activity will be focused on South-East Asia. Industrial activities will cause environmental problems, such as pollutions of air, land, noise, and water, as the impacts of poor environment. This phenomenon is very essential to study, especially on the aspects of environmental management. The first objective of the study is designed to investigate the relationship between environment initiative, employee involvement, and supplier integration to the environmental performance. The second objective of the study is designed to investigate the relationship between environmental and company performances. This study also aims to investigate the impacts of independent variable on the dependent variable that are mediated by intervening variable of environment performance. This investigation uses trimmed model as the ending model of path analysis. The participant of this study consisted of 85 companies where operations at Semarang municipality. All of the variables were measured with four indicators. The data were collected from primary and secondary data. The primary data were obtained from respondent interviews and focus group discussions. The secondary data were obtained from statistics center bureau, journals, text books, and precedence research. The data analysis used path analysis followed by multiple regressions. The results of the study showed that, first: the independent variables of environmental initiative and employee involvement had significant influence to the environmental performance. Second, supplier integration had the influence to the company performance. Third, environmental management had significant influence to the company performance. At last, the results of trimmed model showed that environmental performance was as the mediating variables of the relationship between environment initiative, employee involvement and company performance.

Keywords: *Environment Initiative, Employee Involvement, Supplier Integration, Environmental Performance, and Company Performance*

1. Introduction

The emergence of environmental issues was reinforced by of Rao (2004) that the manufacturing operations, up to 70 % would be operate in the Southeast Asia since it was considered as *a cheaper production house*. Pollution as the environmental impacts at various stages of production and consumption activities will become interesting phenomena to study. The concept of *Greening supply chain management* proposed by Rao (2002) had integrated the environmental initiatives to the environmental performance and the supply chain environmental management to the economic performance. While in the study on *greening production*, environmental responsibility requires employee involvement and supplier integration in the creation of clean production. The employee involvement has direct impacts on *greening production* (Rao, 2004). This study examines that environmental management is important concepts to the performance of environment and company. The concepts of environmental management are the combination of study conducted by Rao (2002, 2004), and will focus on variables of environmental initiatives, employee involvement, and supplier integration. Environment initiative is the company management initiative to improve the performance of company environment, complaint rectification, and competitive advantage, Rao (2004). The relationship between the performance of company and environment has become dispute among researchers that it is very much interesting and unique to study in depth. This study merely focused on industrial centers. Industrial centers are industrial grouping based on their similar activities and products in specific location. In the study of environmental managerial encouragement and proactive environmental management (Cahyono, 2006), the results were not significantly effective for policy-making, due to highly heterogeneous respondents of all types of manufacturing. This study will merely focus on the industrial centers.

Different views appeared due to the influence of environmental and company performance. Research conducted by Naffzinger (2003) stated that efforts on environmental fields has the influence to the

company performance, regardless to the indicators of profit, revenue, and operational efficiency. Freeman (1994) in his research found that environmental initiatives have negative impacts to the company performance. Based on findings, the environmental issues still need to be followed up, especially in the environmental management of small and medium enterprises. Management is focused on how environmental management system is able to improve the environmental performance and ultimately influence the improvement of company performance, based on the variable of environmental initiatives, employee involvement and supplier integration.

2. Literature Review

Environment Management System (EMS): Hussey (2003) say that *Environmental Management Systems* (EMS) is a formal package consisting of procedures and policies that describes how organization manages the potential of environmental impacts. EMS is a structured approach related to the environmental management issues and provides the basis for complaints and company performance guarantees. While the *Environment Protection Agency* (EPA), Begerson (2005) defines EMS as the ongoing cycle encompassing planning, implementation, supervision, and repair processes and actions that bind organization to integrate business and environmental purposes. The defined concepts of EMS suggested that environmental management should be integrated with business management organization. Environmental management is the responsibility of all employees in creating a healthy and safe environment. Bergeson (2005) stated that there are four driving force in the development and implementation of EMS. First, the demands of certification require reports and procedures in preparing and reporting the required information. Management should pay attention to the performance standards in managing the company. Second, the innovation needs upon fuels to the development of EMS. Company continuously thinks about the new and better ways to achieve more sustainable development, competition, and prosperity. Design and implementation of EMS is part of innovation process and instrument to save the company resources and to maximize the pollution prevention. Third, incentives are provided for companies to the development and implementation of EMS. Fourth, the demand of changes is to the ways of managing business.

The implementation of EMS may influence the improvements of environmental performance, particularly on fouling reduction, pollution prevention, and organizational efficiency. EMS models have continuously improvement cycles based on the process of *plan, do, check, and act*. EMS is based on the approach of ISO 14001 which has five major components:

1. *Environmental policy*, a written commitment from the top management that provides guidance to organization as a whole. Ideally, the establishment of policies involves the employee substantial inputs. After adopting, all employees are given information related to the policies, precautions, how policy affects all employees, and what their responsibilities are to the company.
2. *Planning*, that the company shows the process of implementation and evaluation, identification and testing of various environmental aspects and impacts, identifies needs, sets priorities, develops the goals and targets, and describes the relationship between program and the objective achievement in details.
3. *Implementation and operation*, is by involving resources, delegation of responsibility, task exposure that should be done, ensuring that all employees have the understanding upon EMS. Internal and external communications are extremely needed to monitor, supported by documentation, control and operational supervision of EMS.
4. *Monitoring and corrective action*, done by organization in auditing or evaluating performance. Auditing can be done by the internal organization or external parties. The problems found in the implementation of EMS will be identified and documented to determine the required corrective actions, which is then documented and reported.
5. *Management review* is done periodically by the top management to overall implementation of EMS and the determination of subsequent implementation. Review may include the review of policies, environmental aspects and impacts, rules, objectives and performance. All of these changes can be made based on the consideration of review results.

In the era of proactive environmental management started in 1990s, the companies began to think about the anticipations of environmental impacts to the operation of company by measuring the efforts to reduce *waste* and pollution related to the emergence of various environmental regulations by finding positive efforts in order to achieve the superiority of business through *total quality environmental management* (TQEM). At this stage, company undertakes efforts upon the pollution prevention and

exploration to create new opportunities in the development of *green products, green process, and green technology*.

The Relationship between Environmental Initiatives, Employee Involvement, Supplier Integration and Environmental Performance: The study conducted by Rao (2004) testing of the variables influencing the *greening production*. There are five variables which are closely related to *greening production*: company social responsibility, *Total Quality Environmental Management (TQEM)*, supplier integration, employee involvement, and clean production. This study was conducted in Southeast Asia by with the objects of the existing companies in Malaysia, Indonesia, Thailand, and the Philippines. There were 52 respondents with the number of indicators of 64. The result showed that the employee involvement had direct and significant influence to *greening production*, in addition to the variables of *cleaner production*. TQEM had indirect influence to *greening production*, through the variables of employee involvement, supplier integration, and *cleaner production*. While the *company environmental responsibility* variables influenced TQEM and worker involvement. The research results conducted by Cahyono (2007) in the manufacturing industry in Center Java, indicated that 34.7 % of respondents did not understand, and 21.1 % were not aware to the various government regulations concerning on environment. Besides, there are differences in the various environmental management practices among large and medium company related to the enforcement of environmental management, proactive environmental management, and environmental management performance. This study involved respondents of 51 big companies and 92 medium companies. The observed Industry groups included: furniture, wood processing, cigarettes, clothing, textiles, medical equipment, fertilizer, mining, batik, dried fish, plastic, and *mori blaco* companies. The results also indicated positive and significant influence related to the enforcement of environmental and proactive environmental managements to the environmental performance.

Hypothesis 1: The better the environmental initiatives, employee involvement, and supplier integration, will improve the environmental performance.

The Relationship between Environmental Initiatives, Employee Involvement, Supplier Integration and Corporate Performance: Cahyono and Sulisty (2002) investigated the quality of environmental management and competitive advantage to the company performance as the *moderating* variable. The population in this study is the manufacturing companies that are susceptible to the environment in the province of Center Java, such as: gas, chemical, plastic, fodder, timber, textiles, garments, food and beverages, and pharmaceuticals companies. The results showed that the respond rate was 28%. The company active involvement in the formation of environmental regulations is very low (67 % had never been involved). Approximately 60 % of respondents also stated that they never followed or received counseling about EIA (Environmental Impact Analysis) extension. The other results indicated that the quality of environmental management had no significant influence to the competitive advantage. The second result, after the quality of environmental management interacted with the company performance significantly influenced the competitive advantage.

Hypothesis 2: The better the environmental initiatives, employee involvement, and supplier integration will improve the company performance.

The Relationship between Environmental and Company Performances: Freeman (1994) in his research found that environmental initiatives had negative impact to company performance. However, in the other study conducted by Porter and Linde (1995), Ahmed et al. (1998), found that environmental stewardship can proactively create long-term benefits. In his research, Clelland et al., (2000) presented evidence that the pollution prevention practices and *waste* minimization will be able to achieve the operational efficiency. This research results were supported by the study conducted by Ahmed et. al., (2003) who found positive relationship between the improvement efforts of company environment and operational efficiency. Naffziger study (2003) was motivated by the desire to protect and preserve the natural environment. Initiatives to create *green* comes in many business organizations. Business organizations are expected to be more environmentally responsible than the previous time. Various traditional beliefs stated that environmental activities had negative impact to the company performance, such as sales and *profit* growth. However Bandlely (1993) stated that there were indications that the implementation of proactive environmental management would influence long-term economic benefits. The research results conducted by Naffziger (2003), suggested that the conceptualization of *environmental concern, environmental effort* and the company performance were closely related. The improvement of *environmental concerns* will improve the *environmental effort*, and also the company performance. Ashrof (1993) concluded that the *environmental effort* is positively related to the company

4. Results and Discussion

Table 2 showed the picture of the industrial centers in Semarang, which are grouped into seven centers, the centers of tofu, tempeh, batik, garment, salted, smoked fish, and fermented small fish or shrimps. The dominant companies in this study are from the industrial centers of smoked fish by 42 %, tofu by 14 % and fermented small fish or shrimps by 11%. While the industrial centers of tempeh, batik, garment are by 8 %, and the salted fish by 9 %. The largest Production value is the industrial centers of tempeh with 153,600 kg of tempeh, and smoked fish which used raw materials of 98,700 kg per day. Smoked fish industry is a major industry in Semarang since sufficient numbers of raw materials (tuna, fish pee) are available. The smoked fish centers are mostly located in the north of Semarang (Bandarharjo, Mangunharjo, and Tawang Mas). Tofu Centers are mostly located in Jomblang while tempeh centers are mostly in Krobokan. Tofu centers are also located in Lamper Lor, and Sekayu. Batik centers are mostly located in Bukit Kencana Jaya while fermented small fish or shrimp centers are mostly located in Tawang Mas and Mangunharjo. Garment centers are mostly located in Kauman and Sendangguwo.

The Value of Mean and Deviation Standard: The research results showed that the value of mean upon the respondents' answers to four indicators of environmental initiative variables showed value of below 3, which were, 2.553. It meant that the environmental initiative activities undertaken by the industrial centers in Semarang had not properly and seriously implemented, since the value was still below the average. However, the indicators of attempts to use friendly environmentally raw materials and to reduce waste showed the results of good, meaning that the industrial centers have the desire or willingness to use raw materials that are environmentally friendly and to reduce waste due to the initial efforts of environmental improvement. The average value of the respondents' answers to the employee involvement variables was 2.435 and is still below the average value of three, meaning that the employee involvement in the centers of small and medium industries in Semarang was still not optimal. The lack of employee involvement was indicated by the absence of employee involvement standards and guarantee. While the employee task clarity related to the environmental quality improvement had been there, although it was not completely implemented. The employee trainings had actually been done, either by the company management, colleges, or city government of Bapedalda, Semarang. Due to the answers of respondents, the average value of environmental performance variable was 2.812, meaning that the value is still below the average of three. These findings indicated that the environmental performance of industrial centers in Semarang was not optimal yet, meaning that the efforts undertaken by the industrial centers had not completely reduce the pollutions, waste, people's complaints, and consumption.

Validity and Reliability Test Results: The results of validity test were conducted by correlating indicators with each of the variables. Furthermore, to determine the validity of indicator, it was determined by the significance correlation value. Based on the significance value, it could be concluded that all research indicators were considered valid, because it had the significance value of < 0.05. Meanwhile, the reliability test was conducted by looking at the value of Cronbach's alpha (α). In this research showed that the value of α for each variable was as follows: the environmental Initiative = 0.771, supplier Integration = 0.830, Employee Involvement = 0.621, environmental performance = 0.773 and company performance = 0.664.

Table 1: Regression Analysis Result

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.177	1.604		7.592	,000
	IL	,416	,075	,571	5.563	,000
	KK	,289	,142	,188	2.039	,045
	IS	-1.216	,193	-,585	-6.307	,000

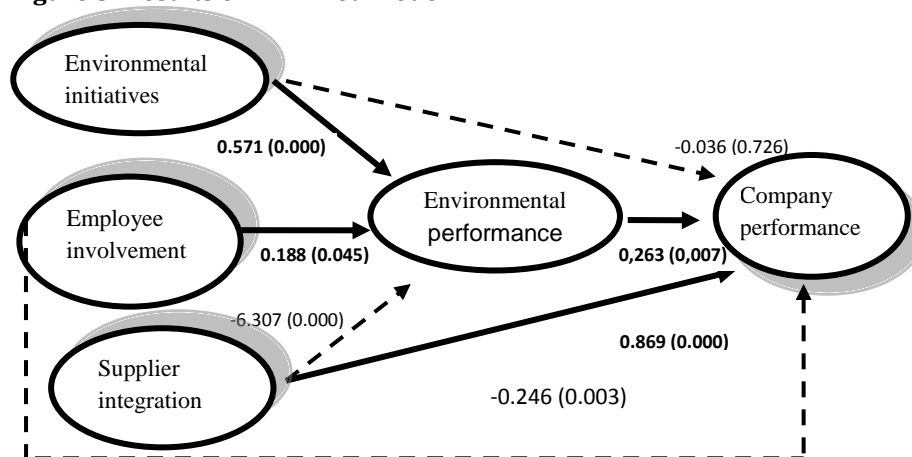
a. Dependent Variable: KL

Path Analysis Results: Based on the calculation results of multiple regression showed that the variables of environmental initiative had significant influence to the environmental performance ($t = 5.563$ and

sign. 0.000), but had no directly influence the company performance. The employee involvement variables had significant influence to the environmental performance (t = 2,039 sign. 0.045), but had no direct influence to company performance. The supplier integration variables had no significantly influence to the environmental performance, but had direct influence to company performance (t = 9.041 sign. 0,000). The further Relationship that the environmental performance variables had significant influence to company performance (t = 2,748 sign. 0.007).

Trimmed Model: Based on the results of trimmed model, then the previous research model and that demonstrated the relationship between the variables changed as presented in Figure 3. The changes occur as the environmental performance variables mediated the relationship between environmental initiatives, employee involvement, and company performance while the supplier integration had direct influence to company performance.

Figure 3: Results of Trimmed Model



The next step, in path analysis is to examine the model validity. The validity of analysis results depends on whether or not it meets the underlying assumptions. Once trimmed model is acknowledged, then we can determined the coefficient of total determination. The calculation of total determination based on the value of R square of two multiple regression equations. The first equation results the value of R² equal to 0.456 and the second equation resulted the value of R² equal to 0.593. The second is based on both values of R² that the coefficient of total determination can be formulated as follows:

$$R^2_m = 1 - P^2_{e1} \times P^2_{e2} \dots\dots\dots P^2_{ep}$$

$$R^2_m = 1 - (0.456)^2 \times (0.593)^2$$

$$R^2_m = 0.9269$$

Meaning that the variety of data can be explained by this model which is equal to 92.69% or in other words, the information available in the data of 92.69 % can be explained by this model. The other 7.31% is explained by the other variables (that is not available in this model) and error.

Discussion: The lack of environmental management implementations occurring in the industrial centers of Semarang showed that environmental issues had not become the focus of businessmen. The company goals still focus on how to obtain the highest profits instead of environmental concerns that have not become part of the company strategies. This condition is supported by respondents' responses to several variables of this study which average values were less than three with a 5 point Likert scale. The Lack of awareness upon the environmental issues will certainly bring the long term greater risks, such as poor air quality, greater waste water, and people's complaints as the influences of company activities. Environmental initiative and employee involvement Variables had no direct influence to the company performance, but were mediated by the environmental performance. These findings meant that the environmental performance as the intervening variable in the relationship between environmental initiative and employee involvement to the company performance. Or in other words that the company performance can be obtained if it is preceded by the environmental performance. Environmental initiative and employee involvement Variables had significant influence to the environmental performance variables. However, environmental initiative variable had greater influence. These findings indicated that the creation of environmental performance is strongly influenced by the environmental initiative. Environmental initiative was measured by four indicators, such as the efforts to use

environmentally friendly raw materials, reducing waste, pollutions of water, air, and noise, and the efforts to use clean technology. The most dominant indicator variable (which had large loading values) was the indicator of: Efforts to use of environmentally friendly materials, to reduce waste efforts, to guarantee employee involvement, employee involvement standards.

From the employee involvement variable, there were two indicators that had dominant influences, the employee involvement guarantee and employee involvement standard. Employee involvement guarantee basically indicated the presence or absence of guarantees granted to employees upon the creation of clean company environment. Employees though that their primary task activities focused on the production of goods demanded by the company, whereas the environmental issues were problems arisen from the impacts of production activities. This condition certainly required the company polices to offer greater roles to the employees and of course with the consequences. The other policies may be given by other companies to attract employees which especially are assigned in the field of environmental hygiene. The employee would actually have double roles, in the field of production, and responsibility to the environment. The next finding is that supplier integration had direct influence to the company performance. Meaning that supplier integration was not only related to environmental issues but also more significantly to the formation of cooperation between company and suppliers. If the cooperation with suppliers got better either by selecting suppliers with environmental criteria, enforcing suppliers, creating the environmental management system, and informing the importance of cleaner production, they will improve the company performance.

Other findings showed that environmental performance had a significant influence to the company performance. It means that the better the environmental performance, it will improve the company performance. These findings indicated that that the company performance can be a good predictor to the company performance. The implication is that environmental performance can be one of the promotional strategies of companies in the industrial competitive environment. The indicators of environmental performance that had high loading factors are: indicators of reduced pollution, and reduced people's complaints. Both indicators which had dominant influence tend to have direct relationship with the society, such as pollutions and people's complaints. It means that the environmental performance will influence the company performance if the company is able to create some efforts to reduce pollutions (water, air, and noise) and to minimize complaints from the surrounding industrial center communities.

5. Conclusion

Based on the research results and discussion, it can be conclude that the environmental management practices in the industrial centers of Semarang are still not optimally implemented, related to environmental initiatives, employee involvement, supplier integration, environmental and company performance. Environmental performance variables mediate the relationship between initiative environmental variables, employee involvement and company performance. Supplier integration variables directly influence the company performance. Various data that can be explained by the model is equal to 92.69 % or in other words, the information available in the data of 92.69 % can be explained by the model. The other 7.31% is explained by the other variables (which is not available in the model) and error. The suggestions recommended after conducting the study on environmental management are: it is necessary to improve the roles of company (centers) to the environmental management focusing on the improvement of center roles of environmental initiative variables through the efforts in reduction of water, air, and noise pollutions. It is also necessary to have to use clean technology. In addition, it is necessary to improve the center roles through the involvement of variable emphasizing on the needs of trainings for employees to create clean production and the quality of environment.

References

- Ahmed NU, Montagno RV, and Naffziger DW. 2004. *Environmental Concerns, Effort and Impact: An empirical Study*. Mid American Journal of Business, Volume 18, Number .
- Statistical Center Beureu. 2003. *The List of Names and Address of Small And Medium Enterprises*.
- Brown B Warren and Karagozoglu Necmi. 1998. *Current Practices in Environmental Management*. Business Horizons, July-August, pp.12-18.
- Cahyono B. 2002. *The Impacts of Environmental Management Quality on Company Performance in Center Java*. Journal of business strategy of Magister Management Program of Diponegoro University,

- Volume 9/July/Th.VII/2002; ISSN: 1410-1246, Accredited by the Higher Education of National Department, Number 118/DIKTI/KEP of 2001.
- Cahyono B. 2007. *The Influence of Environmental Management Forces and Proactive Environmental Management on Environment Performance*. Journal of Economics and Management, Post Graduate Program of Gajayana University of Malang, Volume 8, No 1 February 2007. ISSN: 1411-5794, Accredited: No. 39/DIKTI/Kep./2004.
- Cahyono B. 2007. *Identification of Environmental Management Dimensions and its Impacts on Environmental Performance*. Management of Indonesia Businessmen No 05 of XXXVI May 2007. ISSN: 0302-9859, Accredited by DIKTI No: 23a/DIKTI/Kep/2004.
- Cooper R Donald and Emory William. 1995. *Business Research Methods*. 5th ED. Richard D Irwin, Inc.
- Hart L Stuart. 1997. *Beyond Greening Strategies for a Sustainable World*. Harvard Business Review, January-February, pp.67-76.
- Rock, M.T. and J. Aden. 1999. *Initiating Environmental Behavior in Manufacturing Plants in Indonesia*. Journal of Environment and Development, 8(4): 357-375.
- M.E. Porter and C Van der Linde. 1995. *Green and Competitive: Ending the Stalemate*. Harvard Business Review, September-October, pp. 120-134.
- Naffziger. 2003. *Perception of Environmental Consciousness in US Small Business: An Empirical Study*. SAM Advance Management Journal, Spring.
- Rao P. 2002. *Greening the Supply Chain: a New Initiative in South East Asia*. International Journal of Operations and Production Management, Vol. 22, No. 6.
- . 2003. *Corporate Environmental Indicators, Environmental Performance and Industry Competitiveness for the SMEs in the Philippines*. Paper is based on the Empirical Research funded by NEDA and UNDP.
- . 2004. *Greening Production: a South-East Asian Experience*. International Journal of Operations and Production Management, Vol. 24, Number 3.
- Rao P, Castillo O, Intal P, and Sajid A, 2004. *Environmental Indicators for Small and Medium Enterprises In the Philippines, An Empirical Research, Partnership for Sustainable Development*. November 7-10, 12th International Conference of Greening of Industry Network Hong Kong.
- Sekaran U (2003). *Research method for Business*. John Wiley & Sons Inc. USA.
- Solimun, Nurjanah and Rinaldo, 2006. *Modelling of Structural Equation with PLS dan SEM*. Faculty of Sciences, Post Graduate Program of Brawijaya University of Malang.
- Susi Sarumpaet & Greg Shailer. 2009. *Corporate Environmental Visibility, Environmental Performance and Disclosure Strategies*. 8th International Conference on Corporate Social Responsibility 8-11 Sept 2009.
- Theyel G, 2000. *Management Practices for Environmental Innovation and Performance*. International Journal of Operations and Production Management. Volume 20, No. 2th