

The Impact of Financial Resources, Natural Ecological Orientation, and Environmental Innovation Capabilities on Environmental Management Accounting Across Kenyan SMEs

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ABSTRACT

Nowadays competitiveness in the global manufacturing industry does not rely only on industry location, employment, productivity, and innovation. However, environmental regulations and standards (e.g, European countries (EU) policies and regulations) also have a significant impact on firms' competitive advantage (Dechezleprêtre & Sato, 2017; Agan et al. 2013). This is clearly manifested in exporters' performance from SMEs, especially in developing countries such as Kenya (Massoud et al., 2010), which show instability in the sales of shares in the EU (Osano, 2019). Qian et al., (2015) emphasized the advantages of implementing Environmental Management Accounting (EMA) as desirable environmental information systems export barrier overcome and boosting competitiveness. The determinants influencing Environmental Management Control Systems (EMCS) for superior performance or Sustainable Competitive Advantage (SCA) based on Natural Resource Based View (NRBV) is the subject matter of an ongoing debate (Asiaei et al., 2022). However, there has been increasing attention placed on the impact of Intangible resources (IRs) (Latan et al., 2018), since these resources were regarded as the most likely sources of a company's success because they are difficult to be acquired and replicated (Kamasak, 2017). On the other hand, tangible resources (TRs) (e.g. financial resources) have largely been ignored (Schriber & Löwstedt 2015). Corporations especially SMEs also need to integrate financial resources which are considered intrinsic manifestations of the context in which organizational activities occur (Schriber & Löwstedt 2015). At the same time, Newbert, (2007) confirmed that neither intangible nor tangible resources could have actual value without effective capabilities integration as both resources are considered static in nature.

Keywords: Natural Resource Based View, Financial Resources, Natural Ecological Orientation, Environmental Innovation Capabilities. Environmental Management Accounting