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ISO 14001 CERTIFICATION AND ENVIRONMENTAL PRACTICES OF MANUFACTURING SMES: EVIDENCE FROM TURKEY

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Abstract

The study's purpose is to explore the role of ISO 14001 adoption on environmental practices by manufacturing small-and-medium-sized enterprises (SMEs) in Turkey. It asks: (a) Does ISO 14001 adoption leads to an SME's utilization of precautions to increase its resource efficiency? (b) Does ISO 14001 adoption lead an SME to obtain any considerable gain from resource efficiency investments made recently? (c) Does ISO 14001 adoption influence firms' attitudes towards protecting natural resources and environmental sustainability? (d) Is ISO 14001 adoption associated with firms' consideration of environmental risks before deciding on new investments or arrangements with new suppliers? We use firm-level data and estimate various models using three different estimation techniques -ordinary least squares, entropy balancing, and instrumental variables- which the related research on the subject matter has utilized on various occasions. The results show that even though the ISO 14001 adoption and environmental practices of firms are positively correlated, once the endogeneity of the certification decision is accounted for, the adoption of ISO 14001 does not facilitate the environmental practices of Turkish manufacturing SMEs. These results imply that ISO 14001 adoption by a manufacturing SME may not be interpreted as a signal that the company is also adopting environmental practices as part of its management strategy. Instead, having ISO 14001 certification could be led by different motives. The paper contributes to the scanty literature on the impact of ISO 14001 certification on SMEs' environmental practices in developing economies and the discussions on the symbolic role of certifications on environmental practices.

Keywords: environmental practices, ISO 14001, small-and-medium-sized enterprises, Turkey

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