



Analysis of Green Marketing and Performance of Environmentally Friendly Based SMEs in South Sulawesi

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Abstract. Strategy of green marketing has an important role in improving the marketing performance of SMEs. The specific objectives of the study are to analyze the effect of green marketing on marketing performance of SMEs in South Sulawesi. The population was all SMEs registered at the Department of Cooperatives and SMEs in Makassar and Pare-Pare. The sample is SME entrepreneurs who are selected according to the research objectives and meet certain criteria (Purposive Sampling). The respondents were micro and small business actors/entrepreneurs who were selected to represent their businesses with a total of 100 people. Descriptive analysis and Structural Equation modeling (SEM) with SmartPLS tools were used to solve research problems. The results show that the implementation of green marketing on marketing performance of SMEs in South Sulawesi has a positive and significant effect. Also, research shows that promotion is most important indicator in shaping green marketing, while consistency is indicator that contributes the most to marketing performance.

Keywords: Green marketing · Marketing performance · SMEs

1 Introduction

Since the last few decades, the world community's awareness of the importance of environmental preservation has increased, waste is now a big problem and a lot of waste is difficult to recycle [1]. *Green consumerism* emerged as a global movement to show awareness for consumers of their rights to obtain products that are appropriate, safe, and environmentally friendly (*environmentally friendly*).

With this awareness, companies are expected to apply environmental issues as a strategy in their marketing and it is known as *green marketing*. Green marketing is a new focus in business ventures, namely a strategic marketing approach that has received attention since the late 20th century [2]. Green marketing is efforts to design, promote and distribute products that do not damage the environment and are safe for consumption. Conditions like these require marketers to be careful when making decisions involving the environment [3]. ISO-14000 is an environmental management system that can provide assurance to producers and consumers that by implementing this system the

products produced go through a process that takes into account environmental management principles. The elements that support *green marketing* include: product, price, place or channel of distribution and promotion [4]. Marketing performance is a variable that can be used to measure marketing achievement [5]. According to [6], indicators measuring marketing performance are: 1) Customer growth, 2) Price, 3) Quality, and 4) Consistency.

SMEs in South Sulawesi play an important strategy in supporting marketing performance with an emphasis on *green marketing*. SMEs also care about and are responsible for the environment and will maintain and increase their market share. Overall, the actions of UKM actors who participate in environmentally friendly behavior in the production process can increase the profits of businesses owned by UKM.

2 Method

The location of research was South Sulawesi Province, precisely in Makassar City, and Pare-Pare City. The population is all MSMEs in Makassar and Pare-Pare City. The sample was SMEs that were selected according to the research objectives and met certain criteria (*purposive sampling*). In this study, 100 people were selected. Data analysis techniques used *Structural Equation modeling* (SEM) with SPSS and SmartPLS analysis tools.

3 Results

3.1 Descriptive Statistical

Descriptive statistical analysis in this study is an analysis used to describe respondents' perceptions of the items or statement items submitted in the questionnaire, as well as methods related to data collection and presentation so as to assess data quality.

Green marketing variables are supported by indicators: X.1; product, X.2; price, X.3; place or distribution channel and X.4; promotion (Stanton in Swastha and Handoko, 2000). In general, a description of the research results for this variable can be shown in Table 1.

Based on the descriptive analysis, the indicator of Green Marketing (X) which is perceived as the strongest by respondents is X.4 with a mean of 4.21. Furthermore, the indicator that is perceived the lowest by respondents is X.2 with a mean of 4.12.

Marketing performance variables are supported by indicators: Z.1; Customer growth, Z.2; Price, Z.3; Quality, and Z.4; Consistent. In general, a description of the research results for this variable can be shown in Table 2.

Based on descriptive analysis, the indicator of marketing performance (Z) which is perceived as the strongest by respondents is Z.4 with a mean value of 4.41. Furthermore, the indicator that is perceived the lowest by respondents is Z.2 with a mean value of 4.02.

Table 1. Descriptive Analysis of Green Marketing (X).

No	Indicators	Percentage of Respondents' Answers					Amount	Mean
		SDA	DA	N	A	SA		
		1	2	3	4	5		
1.	X.1	0	5	17	33	45	418	4.18
2	X.2	0	6	12	46	36	412	4.12
3	X.3	0	7	10	44	39	415	4.15
4	X.4	0	4	7	53	36	421	4.21
	Variable Means							4.17

Source: Results of data processing, 2022

Table 2. Descriptive Analysis of Marketing Performances (Z).

No	Indicators	Percentage of Respondents' Answers					Amount	Mean
		STS	TS	RG	S	SS		
		1	2	3	4	5		
1.	Z. 1	0	3	9	51	37	422	4.22
2	Z. 2	0	4	13	60	23	402	4.02
3	Z. 3	0	1	5	50	44	437	4.37
4	Z. 4	0	1	4	48	47	441	4.41
	Variable Means							4.26

Source: Results of data processing, 2022

3.2 Hypothesis Test

Model fit evaluation was carried out to see whether the model used in this study was appropriate or not. In measuring the fit model, it is done with the Standardized Root Mean Square Residual (SRMR) value. SRMR is the level of difference between the model and the data, and a small value close to zero is expected. The results of the evaluation of the model fit with PLS show an SRMR value of 0.09, this value is greater than 0.08 but still within the limits of 0.12, so it is concluded that the model in this study has a marginal model fit.

For effect analysis was conducted using the inner weight table. On the 2-tailed test. The following is the path coefficient value (original sample estimate), the calculated t value (t-statistic), and the p value in the PLS inner model:

Table 3, shows that the contribution of green marketing in improving marketing performance for SMEs in South Sulawesi is positive and significant.

Table 3. Relationship of variable.

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Green Marketing_X -> Performance Marketing_Z	0.404	0.413	0.099	4,091	0.000

Source: Results of data processing, 2022

4 Discussion

The results show that in the descriptive analysis, the indicator that has the greatest contribution in shaping and explaining the green marketing variable is promotion (X.4) with a mean of 4.21. Therefore, the ability of SMEs in implementing green marketing is closely related to promotion, green marketing is better through promotion for understanding and knowledge about green marketing, while on marketing performance consistency is much more demonstrable through green marketing. Companies that sell their products will of course also consider their target market, where from the target market the company can find out how much the purchase transaction was made at the company [7]. Marketing performance receives a good impact on green marketing, that producers are demanded not only to generate profits economically but also to consider environmental factors as demanded by consumers [3, 8], so from the research process, processing, waste disposal, even to distribution must follow environmentally friendly criteria [9].

5 Conclusion

Based on the results of the research, it can be concluded that the factors that contribute most in supporting green marketing are promotion, promotion maximizes the understanding and knowledge of many business actors about green marketing, while in terms of marketing performance the most contributing indicator in shaping marketing performance is consistency, consistency plays an important role in realizing something in a sustainable manner for the benefits obtained.

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