

Green Marketing in Small Businesses

Abdul Samad A
Department of Management
Fajar University
Makassar, Indonesia
samad@unifa.ac.id

Syahnur Said
Department of Management
Muslim University of Indonesia
Makassar, Indonesia
syahnur.said@umi.ac.id

Mapparenta
Department of Management
Muslim University of Indonesia
Makassar, Indonesia
mapparenta.mappa@gmail.com

Serlin Serang
Department of Management
Muslim University of Indonesia
Makassar, Indonesia
serlin.serang@umi.ac.id

Muliyadi Hamid
Department of Management
Fajar University
Makassar, Indonesia
mulham66@yahoo.com

Abstract — The level of competition of the companies, including small businesses, changes with the changing paradigm of consumers who are increasingly concerned to environmental sustainability, therefore many investigators focus to examine the benefits of an environmentally friendly marketing. We explore green marketing activities in managing their companies. In this study, we found that that the green marketing is being carried out by small businesses.

Keywords—*Green Marketing, Small Firm*

I. INTRODUCTION

The issue of "green" is becoming increasingly important for corporate decision makers because companies stricter regulations, increase public sensitivity, and stakeholder pressure, which lead to the preservation of the natural environment [1]. Interest and scientific attention to ethics, social, and environment has grown in the last 20 years [2]. The evolution in this area of research has been used the integration of various theories such as stakeholder theory, resource-based theory, institutional theory, corporate environmentalism, corporate social performance, and enviropreneurial marketing [2].

Green marketing is a variety of activities that produce and facilitate various types of exchanges whose purpose is to fulfill the desires and needs of human beings whose minimum impact on environmental destruction. The environmentally friendly goods or services are characteristic if the goods or services are processed using materials and also environmentally friendly methods [3]. One of the reason why companies use environmentally friendly marketing or green marketing, because that companies believe that they have a moral responsibility to be more socially responsible, besides that the Company considers that environmental marketing is an opportunity that can be used to achieve the company's goals [4].

From an academic perspective, academics refer to the emergence of an environmentally friendly marketing strategy (GMS) as a form of the company's desire to develop which

aims to harmonize company goals and marketing objectives with nature protection [5]. However, the debate about whether the design of environmentally friendly products really improves economic performance, still continues [6]. Debates about the possible outcome of an environmentally friendly marketing approach are still limited to empirical studies that examine the impact on companies, including small businesses. In fact, small businesses produce about 70% of total global pollution, 60% of total carbon emissions, and the total impact of small business environments exceeds the combined environmental impact of the large companies [7].

Small businesses are not focus on environmental strategy research because of their lack of interest in exceeding compliance requirements [8], and the difficulties of getting data from small businesses [9]. As a result, knowledge of green marketing practices remains limited for managers and policy makers [10]. Therefore, it is very important that assumptions about the importance of studying small business environment strategies are based on empirical data. In addition, many companies integrate "environmentally friendly" into product innovation to achieve differentiation from competitors and gain competitive advantages [11]. So, the scope of the impact of small businesses on the global economy and the natural environment is the basis of the importance of giving detailed attention to the issue of the strategic behavior of small businesses related to the environment.

This paper provides a theoretical of green marketing, based on the related literatures. Furthermore, the research method is introduced, especially about the definition of variables and steps, and data collection. The research findings were then analyzed and discussed, then conclusions were summarized and produced implications from the findings. Finally, the limitations of this study and the direction of future research are provided.

II. LITERATURE REVIEW

Regularly environmental issues related to public consumption have faced changes during the 20th century,

which are considered to reflect current consumer behavior. The public strongly emphasizes the importance of environmental issues, because of the adverse effects of manufacturing industry pollution, this encourages companies to have social responsibility [12]. In fact, before early the 20th century, environmental issues by the public had begun to be heard, precisely in 1975, for the first time The American Marketing Associate (AMA) held a seminar on "ecological marketing", which produced books on green marketing with the same topic [13], and since then there have been many publications on these topics.

Green marketing is also often referred to in other terminology such as environmental marketing, social marketing, and ecological marketing [14]. Green marketing is an activity carried out by a company that cares about environmental problems by distributing goods or services that are environmentally good to satisfy the needs of consumers and society [15]. The concept of green marketing is business practices that consider consumer concerns related to the preservation and conservation of the natural environment. [16] Green marketing is a way to understand customer needs through product activities, pricing, promotion and distribution and the relationship between planning, practice and monitoring policies that realize organizational goals by minimizing the negative impact in the natural environment [17], and also requires more than just image development [18]. So, this can mean that we have limited resources on earth, with unlimited wants from the world, so that if applied in a company, green marketing can be seen as a marketing activity by utilizing limited resources to meet customer satisfaction. so that it can achieve the company's sales goals [3]

Currently, Green marketing is considered an important trend in business [19]. There are several reasons why companies increase the use of the green marketing. Companies will be able to obtain solutions to environmental challenges through marketing, product and service strategies in order to remain competitive. This includes: New technologies to deal with waste and air pollution, standardize products to ensure products that are environmentally friendly, provide products that are "truly 'natural, and product orientation through resource conservation and those that pay more attention to health. The solution can ensure the participation of the company in understanding community needs and as a company opportunity to achieve excellence in the industry [20]. In addition, the increase in sales due to environmentally friendly products has more value in the eyes of the public [21]. Thus it can be assumed that companies that market their products with environmental characteristics will have a competitive advantage compared to companies that market without responsibility for the environment, this is an attempt to satisfy the needs of their consumers [22].

From the consumer term, there are four needs of consumers who are environmentally sound, namely: Information, Control, Reducing guilt or seeking a difference, and Maintaining a lifestyle [23]. From an academic perspective, academics refer to the emergence of green marketing strategy as a form of the company's desire to develop which aims to harmonize company goals and marketing objectives with nature protection [24].

Existing research has found that governments and organizations have approached the marketing of the environment from a number of perspective deviations, from

responsibility for comfort to pressures on emission level limits, where all can encourage consumers to adopt items with various levels of characteristics green from various marketing mix approaches [25]. Green marketing should be more proactive than passive, and to improve the environment. In the company the application of environmentally friendly management can be in the form of: Reducing the use of energy and raw goods in its production, Choosing environmentally friendly products, Doing recycling systems, Designing environmentally friendly marketing programs, Improving the image of companies that are environmentally friendly, Educating and training employees to carry out their activities with behaviors that are always environmentally responsible, and always strive to disseminate to the public about the importance of protecting the environment [26].

Previous researcher has shown that the benefits of realizing eco-friendly initiatives, such as high levels of employee commitment, financial benefits and greater market share, and increased company capability [27]. Other research also revealed that organizations with high-level green marketing practices outperform organizations with low-level environmental marketing practices in terms of total business sales growth, after sales tax returns, competitive positions and market share, this means that small businesses must be involved in green marketing practices [28].

III. METHODS

In this study, we use a Small Company questionnaire survey that registered in the city of Makassar, Indonesia which have a number of employees between 5-19 employees selected as small companies, as defined by the Central Bureau of Statistics (BPS) and the Ministry of Cooperatives and Small and Medium Enterprises of Indonesia. We selected 300 small companies randomly from the list in the local government. Before the formal survey, we conducted a preliminary survey by telephone to ensure companies that agreed to take part in the survey. Finally, we have 211 companies that can be used with a response rate of 70.33%. All constructs on the questionnaire were measured using a Likert scale ranging from "strongly disagree" (1) to "strongly agree" (5). Questionnaires were distributed and collected by the authors by applying a personal questionnaire method.

Green marketing instruments consist of 4 indicators, namely green product, green price, green place, and green promotion which consists of 8 question items developed from previous researcher [2].

IV. RESULTS AND DISCUSSION

We were used analysis descriptive statistics, namely statistics used to analyze data by describing or describing data that has been collected as it is without intending to make conclusions that apply to the general or generalizations. In descriptive statistics, among others, is the presentation of data through calculation of data distribution through calculation of averages and standard deviations. The results of the analysis can be seen in table 1.

TABLE I. RESULTS OF DESCRIPTIVE A

	N	Minimum	Maximum	Mean	Std. Deviation
GProduct	211	1.00	5.00	3.4289	.67413
GPrice	211	1.00	3.50	2.0190	.78353
GPlace	211	1.00	5.00	3.1469	.89561
GPromotion	211	1.00	5.00	2.9479	.94724
GMarketing	211	1.25	4.63	2.8879	.60295
Valid N (listwise)	211				

Table 1 shows results of descriptive statistical calculations, it shows that of the four indicators used to measure green marketing in small businesses in the city of Makassar. It is shown that all four indicators were not responded to well by respondents because the mode of answer for each indicator was in a different category, with an overall rate of 2.89. From the assessment of the average of each indicator it can be seen that only the *green price* indicator averages the average ($2.02 < 2.89$), and the other does not, this indicates that the implementation of *green product* ($3.43 < 2.89$), *green place* ($3.15 < 2.89$), and *green promotion* ($2.95 < 2.89$) by small businesses in this study were assessed to be of good implementation as indicated by the average value above the overall average, with the highest average value found in the green product indicator.

This means that the implementation of green marketing in small businesses in the city of Makassar has been implemented well and prioritized on the green product indicator, although it is still not maximized at the implementation of the green price. Addition, the standard deviation value for all variables indicates a deviation or standard deviation that is smaller than the average value, which means that the average value can be used as a representation of the overall data in each variable.

One of the main reasons why companies use green marketing is that companies believe that they have a moral responsibility to be more socially responsible, besides that the company considers that environmental marketing is an opportunity that can be used to achieve the company's goals [4]. In this study, Green marketing is reflected by 4 (four) indicators, namely; green product, green price, green place, and green promotion. The results of the study show that the four indicators have been practiced by small entrepreneurs with green products which according to their perceptions are implemented better than other indicators.

Indicators of environmentally friendly products considered important by respondents meant that they showed that the understanding of small-scale business actors on environmentally friendly products was good especially in the production process. In general, it appears that the production process of environmentally friendly products is a more dominant aspect associated with environmentally friendly activities. Environmentally friendly business activities in

small businesses are synonymous with the use of environmentally friendly raw materials with guaranteed certificates or permits from certain institutions. Some of the business actors who are respondents consider themselves to have carried out some environmentally friendly activities that are in accordance with the criteria and have increased significantly. Activities related to the process of producing products such as the use of certified raw materials (Indonesian and Halal National Standards) or having permits, making efficiency in the use of raw materials and auxiliary materials, making efficient use of energy, and efficiency in water use, all of which can be reduce operational costs and have an impact on increasing income.

Many companies including small businesses in Makassar City want the green marketing to be an integrated part of their strategic marketing plan. However, their fail to benefit from green marketing efforts are mainly due to lack of commitment and environmental policies that are not fully integrated into the overall planning process. The owner's unwillingness to take risks and lack of resources are obstacles in integrating environmentally friendly concepts into the company's marketing program. In particular, our results show that, independently, limited resources are positively associated with green marketing programs and risk-averse owners generally see risky green marketing programs in doing so. Whereas some studies reveal that such variables can also interact in ways that enhance understanding of when and why companies are involved in integrating environmentally friendly concepts into their programs, this can enhance and encourage corporate sustainability efforts [30].

The conclusion is our results provide researchers with a deeper understanding of the importance of green marketing in the operationalization of the company. The importance of a considerable effort and requires attention and cooperation from various parties to encourage small businesses to better respect the environment as an ecosystem that needs to be preserved, especially in the production process in small businesses in the city of Makassar.

V. CONCLUSIONS

The implication in this study is the dominance of green products in shaping green marketing in small businesses. We found that the green products must be the main focus of managers because of the marketing concept that prioritizes the interests of customers who are increasingly concerned about sustainability and of course enhancing the role of other aspects, namely green price, green place, and green promotion. Small business actors can use it to improve their company's capabilities by building business networks. There are key aspects beyond the scope of this research that we leave behind for future investigations. First, this research emphasizes the importance of green marketing in small companies, therefore it must be considered to link it with organizational performance

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