



Green Marketing Strategies and Business Performance: A Tool for Good Governance

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Abstract: The current study investigated Green Marketing Strategies and Business Performance: A Tool for Good Governance. The study sample size is fifty (50) and data was obtained through questionnaire. Statistical Package for Social Science (SPSS) version 21, was used to analyse the data while Pearson correlation was used to test the research hypotheses. The independent variable green Marketing strategy has two dimensions while the dependent variable is business performance. The result revealed a significant and positive relationship between green price and business performance. Furthermore, the result also showed that the relationship between green products and business performance is significantly positive. The current study adds to the body of knowledge that advocates for eco-friendly business activities which has the ability to promote security and foster good governance. Consequently, the study made the following recommendation among others; More orientation and awareness should be made by all stakeholders (customers, NGOs, pressure groups, the media etc) on the need for consumption of only green products and patronize only green services. Also, to institute severe punishment for offenders and reward (like tax rebate) for going and adhering green.

Key words: Green marketing, business performance, green price, green product

1.0 Background of the study

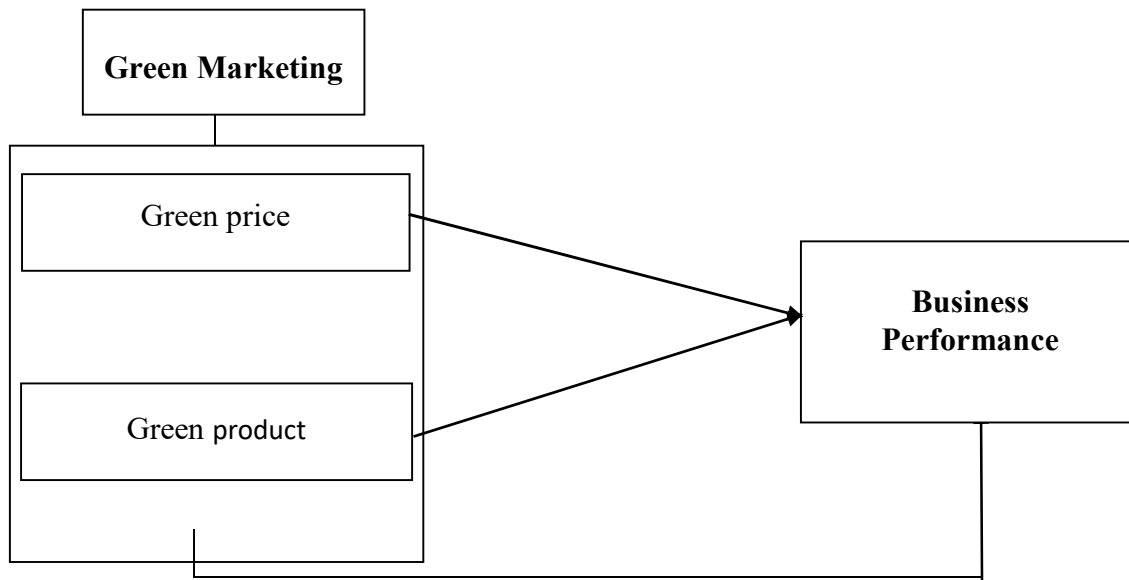
Following the industrial revolution, the pattern of doing businesses changed rapidly, that businesses that were originally operated in living homes, now have designated places meant for business activities. Furthermore, businesses that were also managed by members of the family that double as the owners, as a result of the industrial revolution, there was need for trained professionals to manage the business. The place of information and communication technology, coupled with the application of internet that has revolutionalised the trends in business cannot be ignored equally. The increasing awareness of the knowledge of customers and the society at large keep shaping the business environment, that today, green activities have become the order of the day. The concept of green connotes friendly and harmless.

Hence, customers and the society are becoming more careful of what they buy, consume and the larger environment they inhabit, which consequently, has propelled businesses to drastically adjust their activities and operations. As stated by Anyasor (2015) societies are increasingly getting more serious about issues of healthy natural environment, businesses on their part are tuning in by modifying their activities to synchronize with this global concern. In this context, we are concentrating on green marketing. The terms green marketing and environmental marketing, ecological marketing, or sustainable marketing are often interchangeably used (Hasan & Ali, 2015; Masocha, 2018). Kotler (2006) described green marketing as the commitment of an enterprise to the development of safe, eco-friendly goods and services by employing recyclable and easily decomposed packaging, better pollution prevention methods, and a more efficient use of energy. Dutta, (2009) promulgated that Green Marketing involves developing good quality products which can meet consumer needs and wants by focusing on the quality, performance, pricing and convenience in an environment-friendly way. Green marketing can be viewed as a response to concerns about the global environment (Peattie, 1992) and can be examined from five perspectives: purchasing, manufacturing, packaging, transport and distribution, and waste disposal (Hart, 1995).

1.2 Statement of the problem

Environmental problems such as environmental pollution and degradation, excessive wastes disposal, climate change and global warming have changed the purchasing patterns of customers as many customers are now demanding for green products that do not only meet their immediate needs but will also preserve the environment from damage (Kushwaha & Kumar, 2014). The paradigm shift of customers to consuming products that are harmless, patronize businesses that promotes environmental sustainability, such as acceptable environmental standards consisting of recyclable, reusable packaging and energy saving has constituted problem in the business world that business owner are forced to adjust accordingly.

1.3 Conceptual framework



1.4 Aim and objective

The aim of the current study is to investigate the relationship between Green Marketing Strategies and Business Performance: A Tool for Good Governance. Specifically, the objective of the study are

1. To determine the impact of green price on business performance
2. To ascertain the influence of green product on business performance.

1.5 Research hypotheses

H0₁: There is no significant relation between green price and business performance

H0₂: The relationship between green product and business performance is not significant

2.0 Literature review

2.1 Green marketing strategies

So many things have happening in the business environment in the past few decades that the paradigm has shifted from customers accepting whatever the business has to offer to customers determining what the business should offer. Consequently, customers are now mindful of what they consume and also ensure that the eco-system is also safe and protected. Furthermore, as noted by Seretny and Seretny (2012) consumers expect organisations, operating both in market and society, to provide solutions that will make the globalised world a better place to live. The aforementioned is termed green marketing. Green marketing is an evolving marketing strategy that includes numerous tasks like fair-trade practices, changes in products, production and packaging that is eco-friendly (Mishra & Sharma, 2012). It is the process and activities that involve providing the environmentally friendly goods or services to satisfy customers by the firm (Rex & Baumann, 2007). Kotler and Armstrong (2008) contended that such products must meet the acceptable environmental standards consisting of recyclable and reusable packaging, enhanced pollution control methods and energy efficiency in operations. Marketers have understood the need for and worth of green marketing due to public concerns over the ecological decline in the past years (Kinoti, 2011).

Without exception, we are all participants in a changing market - every member of society will sooner or later become a consumer Seretny and Seretny (2012). Marketing undoubtedly acts as a stimulus to the development and improvement of living standards (Helen and Stan, 2011). Green marketing strategies are named differently in the literature, the consensus is on the 5 titles as follows: The Green Product Strategy, The Green Demand Strategy, The Green Pricing Strategy, The Green Distribution Strategy and The Green Labeling Strategy (Uydacı, 2002). The focus of the current study are on Green price and Green product.

2.2 Green price

In every business dealings or operations, the price of a product is usually very essential to determine the progress of such business and the associated profit. It is therefore imperative for businesses to be careful when determining the price at which the goods or service will be sold. This is because, a low price may attract so much patronage which may also bring about running into loss. On the other hand, high price may drive away patronage and which will also bring about negative report. For instance, While green pricing is a strong competitive advantage in equal pricing, if the prices are lower than the green prices the consumer awareness is triggered (Bati, 2016), consequently, the consumers pay 10% more in purchase

of the environment friendly goods (Düren, 2000). Of the other elements of marketing-mix, it is only price creates an ideal link between sales returns and profit, while others create costs (Awan, 2011). According to Seretny and Seretny (2012) Marketing representatives have been accused of harming consumers primarily through the imposition of high prices on products and services resulting from the high costs of distribution, advertising, promotion, and excessive margins reducing the package material may reduce the prices of green products as many businesses have already experienced in particularly context when the packaging costs constitute a huge part of the unit cost (Arseculeratne and Yazdanifard, 2014). Hence, green price, refers to the price customers are expected to pay, as a result of producing a product, taking customers health and environment into consideration. Hashem and Al-Rifai (2011) conceptualize green pricing as the price particularly in the light of company's policies with regard to environmental consideration imposed by rules and corporation instructions or its initiatives in this regard. Finally, a higher price compared to the alternative can be formative factor for some customers verifying the accurateness of the product's green features (Alabo and Anyasor, 2021) others do not consider the price at all but choose the environmental friendly alternative (Solvalier, 2010).

2.3 Green product

There has been an increased demand on producers from customers in the past few decade. While it is now much more important to the customer, what they consume, it is equally important for whatever that is produced to be friendly to the environment. Every business needs to develop an ecofriendly design and packaging which have the capability of minimizing pollution and hazards (Eneizan et al. 2016). Green products are characterized by being produced from recycled materials, products which can be recycled or reused, organic products, products which meet environmental responsible packaging or other environmental criteria (Joana, 2015). Tomasin, et al. (2013) noted that green products are best in both resolving problems such as wastage, noise and common harms to environment and serving as an opportunity to generate beneficial products. Today organizations are highly concerned with green products which are lucrative for them because they provide the economic gains to organizations.

2.4 Business performance.

Business performance refers to the level at which a business is carrying out its activities and also, competing. It can also be used interchangeably with firm performance or just performance. Hasan & Ali (2015) defines firm performance from perceived benefits perspective which may be achieved through integration of environmental management in their business operations. Psomas et al (2011) also supports the concept of green strategies for increasing business efficiency.

Prior research has found a positive relationship between environmental practices in the service industry like green marketing practices and performance (Wanjohi et al, 2013), as Holsapple and Wu, (2011) noted that excellence in performance is the main and competitive advantage for any firm.

3.0 Method

This study adopted the cross sectional research design. It deals with the collection of necessary data from respondents at different locations, and also, the respondents were independent of the researcher, and this design is suitable when a study is concerned with the test of relationship between two or more variables (Kothari, 2008; Sekaran, 2003). The population and consequently, sample size of the current study comprise the 55 restaurants that are environmentally friendly, hence the study is purposive. Data was collected using structured questionnaire and analyzed using Statistical Package for Social Sciences Version 21. Spearman correlation was adopted to determine the relationship between the study variables

4.0 Result and discussion of findings

A total of fifty five questionnaires were distributed but only fifty were completed and retrieved. Three of the remaining five were not filled correctly and the remaining two, the respondents could not be reached as at the time of completing the study. The retrieved questionnaire represent 90.9% of the distributed questionnaire and consequently, valid for the current research purpose.

H0₁: There is no significant relation between green price and business performance

Table 1: Result of the test of relationship between green price and business performance

Correlations		Green price	Business performance
Green price	Pearson Correlation	1	.320*
	Sig. (2-tailed)		.023
	N	50	50
Business performance	Pearson Correlation	.320*	1
	Sig. (2-tailed)	.023	
	N	50	50

*. Correlation is significant at the 0.05 level (2-tailed).

The result of the test of relationship between green price and business performance is displayed in table 1 above. The Pearson correlation coefficient is 0.320. While the relationship is positive, it is a weak relationship from the test result. Furthermore, with a cut-off of 0.05 significant level, the result revealed a P-value of 0.023, which is lesser than the significant level of 0.05. This implies that the relationship that exist between green price and business performance, is significant, consequently, the null hypothesis which states that there is no significant relationship between green price and business performance is rejected.

Some customers do not consider the price at all but choose the environmental friendly alternative (Solvalier, 2010). The result of the current study support the findings of Devakumar et al. (2016) who carried out study on green marketing strategies for market sustainability with respect to organic products in Malleswaram, Bangalore city, with a sample of Two hundred and fifty nine (259) respondents, and testing the relationship with Chi-square. The result revealed a significant and positive relationship between green price and sustainability of organic products (business performance). Rahadian and Rofiaty (2015)

study, aimed to ascertain the extent to which green marketing and corporate social responsibility influence customer loyalty via brand in Indonesia. A total of 160 respondents were sampled for the study. Data were collected with questionnaire and analyzed with Structural Equation Models, and the result should a positive and significant relationship. Furthermore, Novela, Novita and Scherly (2018) carried out an empirical investigation of green marketing-mix effect on customer satisfaction with eco-friendly products in Jakarta, Indonesia, with a sample of 101 residents of Jakarta. The result showed a positive and significant relationship.

H0₂: The relationship between green product and business performance is not significant

Table 2: Result of the relationship between green product and business performance

Correlations		Green product	Business performance
Green product	Pearson Correlation	1	.333*
	Sig. (2-tailed)		.018
	N	50	50
Business performance	Pearson Correlation	.333*	1
	Sig. (2-tailed)	.018	
	N	50	50

*. Correlation is significant at the 0.05 level (2-tailed).

Table 2 above depict the hypothesis result of the relationship between green product and business performance, with a Pearson correlation coefficient of 0.333 which connotes positive but below moderate relationship and a P-value of 0.018 which is lesser than the cut-off significant level of 5%. The implication here is that the null hypothesis which states that there is no significant relationship between green product and business performance is rejected, hence there is a significant relationship between the two variables. The current result support the findings of Bilal, et al. (2016) study in Jordan that investigated the effects of green marketing strategies on sales turnover of green cars. The study adopted survey research design, sampling 332 car dealers. Descriptive statistics and structural equation model were employed in analyzing the data gathered with structured questionnaire, the study revealed a significant and positive relationship between green products and sales turnover of green cars.

Furthermore, the study of Ali and Ahmad (2012) on Environment Friendly Products: Factors that Influence the Green Purchase Intentions of Pakistani Consumers, that respondents have a high positive attitude regarding green products and are ready to buy green products more often

A study conducted by Fraj-Andrés, Martínez-Salinas and Matute-Vallejo (2009), emphasized that many customers are more worried about environmental problems, and those organizations that do not take actions to confront the environmental issue by offering green products, will possibly lose credibility in the eyes of their customers. Kim and Choi (2005), study, revealed that people with environmental concerns have a direct and positive influence on the customer purchasing intention of green products. In addition, Manrai et al., (1997)

argued that environmental knowledge of a customer has a direct proportional relation with the intention to purchase the products, having green claim

5.0 Conclusion and recommendation

The drive for environmental friendly business activities is being taken serious now than ever, especially, as consumers becomes more knowledgeable and also, determining the direction businesses, especially marketing must follow in order to remain in operation and this message is seriously passed to businesses. As explained by Ali and Ahmad (2012) businesses have discovered that in future, customers purchase decision will be based upon environmental considerations. This phenomenon is called green marketing (Lampe and Gazdat, 1995). Green marketing, also known as sustainable marketing and environmental marketing involve designing, promoting, pricing and distributing products and services according to the customers' want and need, with minimal detrimental impact on the natural environment (Grant, 2008; Jain and Kaur, 2004; Pride and Ferrell, 2008). Consequently, the following recommendations are made

1. There is still need for stronger consumer push on the drive for businesses to go green
2. More orientation and awareness should be made by all stakeholders (customers, NGOs, pressure groups, the media etc) on the need for consumption of only green products and patronize only green services. As noted by (Ali and Ahmad 2012) still there is a need that business personnel and government together take initiatives to educate and persuade people for green purchase decision.
3. There should be a severe punishment on the part of the government to offenders of the green ideology and a reward (in the form of tax rebate) system for business activities that adhere to the green concept.

Upon the implementation of the above, the issue of security will become everybody's business and good governance will be enhanced.

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