

RESEARCH PROPOSAL



LINKING GREEN MARKETING AND GREEN HUMAN RESOURCE PRACTICES FOR ANALYSING EFFECTIVENESS OF THE CONSUMER-PRODUCT GREEN MARKETING STRATEGY MODEL

RESEARCH TEAM:

Maria Yosephine Dwi Hayu Agustini, MBA, PhD – NIDN 0603086703

Dr. Agatha Ferijani, MS-HRM – NIDN 0626026501

**MAGISTER MANAGEMENT PROGRAM
SOEGIJAPRANATA CATHOLIC UNIVERSITY**

Semarang

October 2020

ABSTRACT

The research on green marketing strategy we did in the previous years resulted in a model of green marketing strategy with the perspective of developing countries. Here, the model is called as consumer-product green marketing strategy comprising of four types of strategy indicating the level of greenness of the marketing strategy. The model must be tested in more contexts to increase its explanatory ability that can lead to generalization of the model. The test is conducted to medium and large manufacturing companies located in Central Java. Secondary data is used to accommodate the condition of pandemic covid-19 and rely particularly on the internet for the data source. Content analysis is the method to analyze data in which information is presented in tables or charts.

Keywords: *green HRM, green product, green marketing strategy, consumer-product model*

TABLE OF CONTENTS

ABSTRACT.....	ii
TABLE OF CONTENTS.....	iii
TABLE OF FIGURES.....	iv
CHAPTER 1 INTRODUCTION.....	1
Background.....	1
Research Problem.....	3
Research Purpose.....	4
CHAPTER 2 LITERATURE REVIEW.....	5
Green Marketing.....	5
Green Marketing Strategy.....	5
Consumer-Product Green Marketing Model.....	7
Green Human Resource Management (GHRM).....	8
Research Framework.....	9
CHAPTER 3 RESEARCH METHODS.....	11
Research Approach.....	11
Subjects of the Research.....	11
Sample and Sampling Technique.....	11
Data Collection Method.....	12
Data Analysis Method.....	12
REFERENCE.....	13

TABLE OF FIGURES

Figure 1. Green Marketing Strategy Matrix.....	6
Figure 2. Types of Green Strategy.....	7
Figure 3. Consumer-Product Green Marketing Strategy Model	8
Figure 4. Research Framework	10

CHAPTER 1

INTRODUCTION

Background

Participation of a company in green marketing can be based on the estimation on value of money and of non-money (Marketing-Schools.Org, 2016). Some perceive that practicing green marketing creates extra cost or revenue loss (Marketing-Schools.Org, 2016) while some others believe that being green is their responsibility to do so and is the right thing to do (Jones, 2014). This dichotomous condition has made green marketing practices are not yet applied by businesses around the world (Cekanavicius, Bazyte, & Dicmonaite, 2014).

Those practicing green marketing are usually large businesses since applying green marketing means that they must deal with complexities because green marketing requires comprehensive approach. The facts show that majority companies practicing green marketing have struggled for their market share (Marketing-Schools.Org, 2016). Thus, companies need to create effective green marketing strategy for them to be able to sustain the business and thus formulating an effective green marketing strategy is a challenge.

Green marketing strategy focuses on the ideal marketing mix to achieve maximum profit potential while adhering to sustainability principles (Lardbucket.org, 2012). Ginsberg and Bloom (2004) stated that there is no right green marketing strategy for every company. To find the right green marketing strategy, a company shall answer two basic questions. First question refers to the extent of how green the consumer segment. If the consumer segment concerns only on day-to-day things and does not care about environmental issues, then it may not work for the company if it imposes greenness in their marketing programs and vice versa. Second question is whether the brand or company can be differentiated on the green dimension. The answer of this second question should consider internal capability (resources and top management commitment) and competition. These conditions affect level of greenness in the marketing.

The research on green marketing strategy that has been conducted in the previous years resulted in a model of green marketing strategy with the perspective of developing countries (Agustini, et al., 2019). The model supports Ginsberg and Bloom's (2004) in which the model covers the two basic questions of Ginsberg and Bloom: consumer segment and product, which is the green dimension that can be used as differentiation. Based on these two aspects, the model provides four types of green marketing strategy: (1) traditional marketing strategy, (2) green innovation strategy, (3) green extension strategy, and (4) green marketing strategy. The

model identifies the level of greenness of the marketing strategy. It aimed at helping companies to have an effective green marketing strategy. However, the model has not been tested in many contexts to increase its generalizability and this research is conducted for that purpose.

Green practices require commitments and supports of the management since they need allocation of resources strategically. One of the resources is human resource. It is the main resource of a company that can have significant impact on operational of the company including those in green practices. For a company, human resource is the main target for managing the environment (Bukit, 2017) and thus management support in managing human resources can adopt practices in environment management. Company can use policies and practices in human resource management to accomplish the goals in managing the environment and help to manage human resource behavior to contribute to green movements. These can provide guidances for involving employees in environmentally friendly methods in the work that are addressed to reduce pollutions and immerse environmentally friendly culture in the organization. In other words, human resource is an enabler factor toward green practices in the company.

Research has emphasized that higher integration between practices in human resource management and environmental problems can assist company in applying Safety Management System (SMS) more effectively. However, research that can provide guidance for managers to involve human resource factor in maximising their efforts in the implementation of SMS in particularly green human resource management (GHRM) is still limited (Govindarajulu & Daily, 2004). Many confirm that implementation of GHRM increases not only productivity but also commitment of the company in sustaining the environment. This indicates that implementation of GHRM will also supports achievement of effective green marketing strategy. As Cherian and Jacob (2012) stated, implementation of GHRM brings benefits for the company in terms of, for example (1) better employee retention process, (2) better reputation of the company to the public, (3) better employees, (4) higher productivity and sustainability, (5) lower environmental impacts caused by the company, and (6) higher competitiveness and performance.

Considering the importance of human resource in implementation of green marketing strategy, this research addresses human resources along with marketing in identifying green marketing practices of company. The logic underlying this is that company implementing green marketing should use holistic approach that integrates several activities (Marketing-Schools.Org, 2016). One of the activities is to increase awareness on marketing compliances to the environment and this needs the role of human resources.

Research Problem

A marketing strategy is derived from the company's vision and mission and it integrates the organization's overall goals and marketing objectives into a cohesive plan (Lardbucket.org, 2012). Cronin Jr. et al. (2011) stated that 'green' can take role as a marketing strategy. Here, company can expose green aspects of the product or company for their marketing strategy. One approach is to manipulate marketing mix into green product, green price, green promotion, and green distribution.

According to Rivera-Camino (2007), it is still difficult to find typologies of green strategies which focus solely on green marketing. Most typologies are developed primarily with a strategic-management focus emphasizing operations function within companies. The model that will be applied was built based on marketing mix practices of the selected companies and thus it considerably focused on solely green marketing and thus can be used to identify green practices in the area of marketing. For convenience purpose in appointing it in this research, the model is labelled as 'consumer-product green marketing strategy model.'

The test is to evaluate the model in terms of its ability in explaining greenness of marketing strategy of a company and possibility of the role of green human resource in attaining effective green marketing strategy. Strategy refers to plan of actions for attaining company's goals (David & David, 2015). A strategy is considered effective if it can help the company to achieve the expected goals or performances. In accordance with this, the research addresses medium to large companies that considerably produce green product. The green product is the most practical identification for a company that uses 'green' for their marketing strategy. More specifically, the research addresses the following problems:

1. What are marketing activities of the researched companies?
2. What are marketing strategies applied by the researched companies based on the identified marketing activities?
3. How green are the marketing strategies evaluated using consumer-product green marketing strategy model?
4. What are green human resource management practices conducted by the researched company?
5. How green human resource management practices relate to the greenness of the marketing strategy?

Research Purpose

This research aims to test the consumer-product green marketing strategy model in terms of its explanatory ability by applying it on variety companies and relates the identified strategy to the green human resource management practices.

CHAPTER 2

LITERATURE REVIEW

Green Marketing

Green marketing relates marketing activities to the environment. Kotler and Keller (2008) define green marketing as the movement directed towards organizations production of products responsible environmentally. Similarly, The American Marketing Association (AMA) also defines it as the marketing of products that are presumed to be environmentally safe. Another definition states that green marketing is marketing strategies that use environmental issues to market the products (McDaniel & Rylander, 1993).

Companies applying green marketing cannot simply highlight green aspect of its product to make it appear environmentally friendly, but also must show its real concern and commitment on all levels of the company structure. In other words, companies must indicate that they apply a holistic approach in its everyday business (Marketing-schools.org, 2016) that relates marketing activity to the environment by incorporating several activities such as product modification, changes to production process and packaging, adaptation to advertising strategies, and increases awareness on compliance marketing amongst industries (Yazdanifard & Mercy, 2011).

Such approach is to particularly reduce customers' skepticism on the company's green claims that are considerably unclear. Green-wash that reflects unclear green claim is the threat on green marketing revolution (Ottman & Mallen, 2014) and companies that noticeably practice green-wash can be labeled as green-washers. Being perceived as a green-washer can seriously damage the company's credibility and disillusioned customers shift their purchases to more trustworthy competitors.

Green Marketing Strategy

More companies expose the green aspects of the product or company as their marketing strategy. Cronin Jr., et al (2011) noted the role green as marketing strategy. One approach is to use marketing mix as the basis for creating green marketing strategy in which each element of marketing mix is manipulated into green product, green price, green promotion, and green distribution.

Joel Makower proposes a matrix of green marketing strategy comprising four potential green marketing strategies that vary based on the size of the green market and the ability to

differentiate based on the greenness of the product (Ginsberg & Bloom, 2004). Figure 1 presents the strategies.

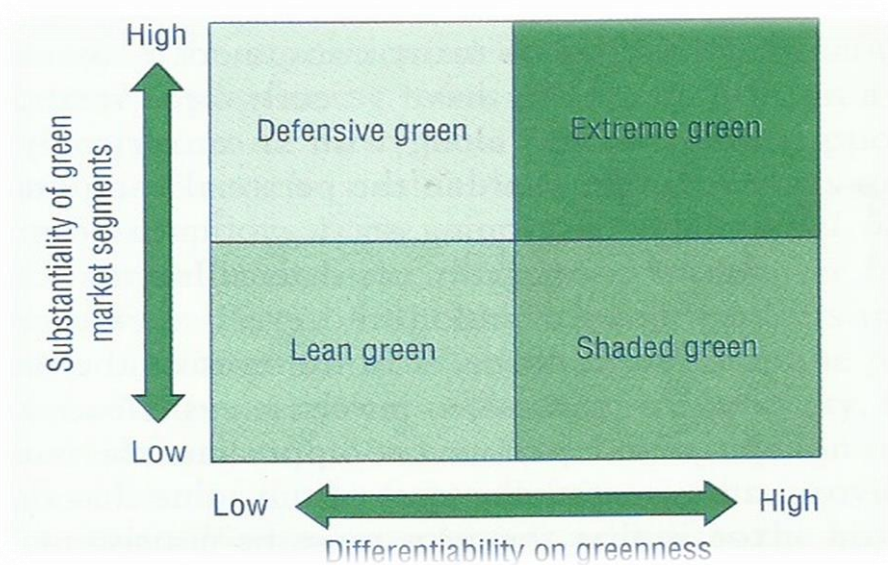


Figure 1. Green Marketing Strategy Matrix (Ginsberg & Bloom, 2004)

- The lean green strategy refers to a situation in which the size of the green market is modest and the firm has limited ability to differentiate based on the greenness of the product offerings. Firms in this category are likely to engage in corporate social responsibility, but they do not publicize this action (Ginsberg & Bloom, 2004). It is likely that firms that face this competitive environment will not be able to engage in a pricing strategy that asks consumers to pay more for products that are sustainable.
- The defensive green strategy reflects a situation under which the market for green products is large, but the ability to differentiate based on the ecological merits of the product is low. Thus, this market is highly sensitive to the environment, but it is very difficult to establish one product offering as ecologically superior to other products.
- The shaded green strategy refers to a market in which the demand for ecologically sensitive products is low, but there is a substantial opportunity to differentiate based on ecological viability of a product.
- Extreme green refers to a competitive context in which the demand for green products is large and the ability to differentiate based on product greenness is substantial. The brands in this category often are initiated with a strong desire to promote and foster sustainability (Ginsberg & Bloom, 2004). Firms that face this competitive landscape

offer products with premium prices but the value over the course of the product life is emphasized in marketing campaigns.

Cronin Jr. et al. (2011) state three types of green strategy: (1) green innovation, (2) greening the organization, and (3) green alliances as presented in figure 2.

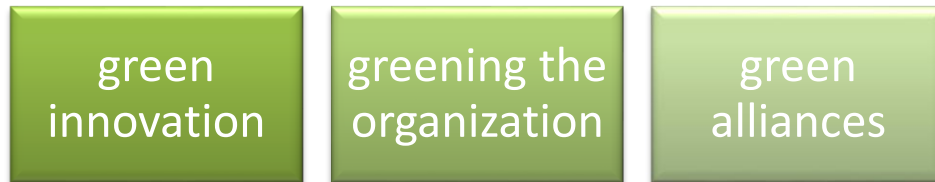


Figure 2. Types of Green Strategy (Cronin Jr. et al., 2011)

Green innovation relates to the development of new green products. Greening the organization strategy is associated with focusing on environmental aspects in the organization, such as greening the production process in the company or delivery of services. These two strategies can be a signal that the company is a green company. In the third type, a company can also give the same signal by utilizing partnership or alliances with others for enhancing green orientation of the company.

Consumer-Product Green Marketing Model

The model is generated from marketing practices of the selected companies in Indonesia and Philippines that were chosen among others as those produce green products (Agustini, et al., 2019). The phenomenon lead to two things that can be used to set the strategy: product and consumer. The other elements of marketing mix other than product are adapted accordingly. In term of product, the green product were treated and promoted as either green product by emphasizing green attributes or traditional product that promotes functional attributes only. In terms of consumer, the company sold the product to green consumers who have concerns on the environment or to traditional consumers who have concerns on day-to-day issues. The model actually indicates greenness level of the marketing strategy.

The subset produces four alternatives of strategy as presented in figure 3 follows.

1. Non-green (traditional) marketing strategy refers to strategy offering traditional product to traditional consumer. It does not consider green attributes of the product or company in marketing activities and thus is targeted to consumers who seek only day-to-day benefit of

the product. Here the green product is promoted as a traditional product which disregards the green attributes.

2. Green innovation strategy is the strategy to offer green product to traditional consumer. Pricing, promotion, and distribution must not necessarily be green. Environmental costs may not be included in pricing. Promotion exposes functional attributes of the product only and does not emphasize green attributes of the product or the company. Product is distributed using regular channels.
3. Green extension strategy is a strategy to market traditional product to green consumer. This is possibly appropriate in the case the existing traditional products do not satisfy green consumers' needs due to lack in product quality, benefits, or availability.
4. Green focus strategy refers to a strategy in marketing green product to green consumer. It accordingly adapts the other elements of marketing mix to emphasize green aspects of the product and the company. Environmental benefits are the focus in marketing programs while still consider profit attainment.

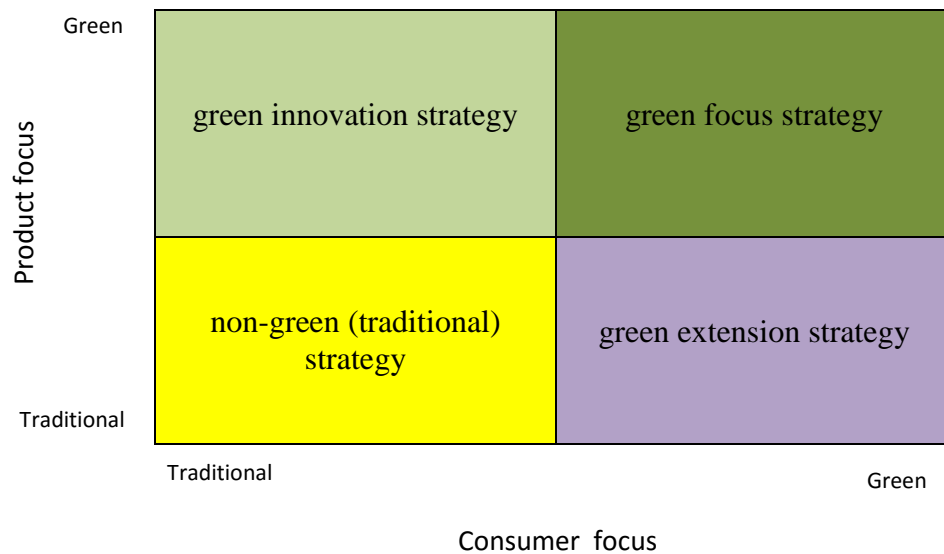


Figure 3. Consumer-Product Green Marketing Strategy Model

Green Human Resource Management (GHRM).

GHRM is a workforce management system applied to reduce negative impacts to the environment or to increase environmental positive impact to employees performance continuously (Arulrajah, Opatha, & Nawaratne, 2015). Moreover, they defines GHRM as implementation of policies and HRM practices in using sustainable resources in the company

and in promoting environmental sustainability. In more practical perspective, Opatha and Arulrajah (2014) define GHRM as process to make employess to be more “green” by implementing HRM policies and practices that are green. Thus, it can be stated that GHRM is for the interest of individuals, community, and the environment.

GHRM is developed from human resource management (HRM) that refers to policies and practices needed by an individual who conducts recruitment, selection, training, rewarding, and assessment people (Dessler, 2013). HRM functions as the sustainable driver by implicating GHRM policies and practices with the goals of increasing environmental performance (Cherian & Jacob, 2012; Mandip, 2012). Company commitment in implementing GHRM will help reducing activities degrading the environment and developing better environment for current and future generations (Jackson et al, 2011).

Promoting effective GHRM can be attained using green recruitment and selection (GRS), green training (GTR), and green compensation (GCO) (Govindarajulu & Daily, 2004). GRS must focus on selection and recruitmen of employees that support and put interest to the environment (Renwick, Redman, & Maguire, 2013). GTR is one of the GHRM main methods for developing the supports to environmental sustainability innitiatives (Brío, Junquera, & Ordiz, 2008; Daily, Bishop, & Steiner, 2007; Jabbour, 2013). This is the focus of the early studies in the 1990s that theorized HRM and environmental sustainability (Madsen & Ulhoi, 2001). GCO is efforts for greening the organization. It can be conducted by giving rewards to employees for their commitment to the environmental sustainability practices (Jabbour & Jabbour, 2016; Jabbour & Santos, 2008).

Research Framework

The research is conducted based on the following framework to answer the defined research problems. It starts with the consumer-product green marketing strategy model that is applied on several companies producing green product in order to test their greenness of marketing strategy. Along with this, identification on GHRM practices is conducted. Green practices from the perspective of marketing is then combined with the perspective of HRM to evaluate if GHRM has role on attaining green marketing effectively. The ultimate goal is to examine effectiveness in terms of the explanatory ability of the consumer-product green marketing strategy model.

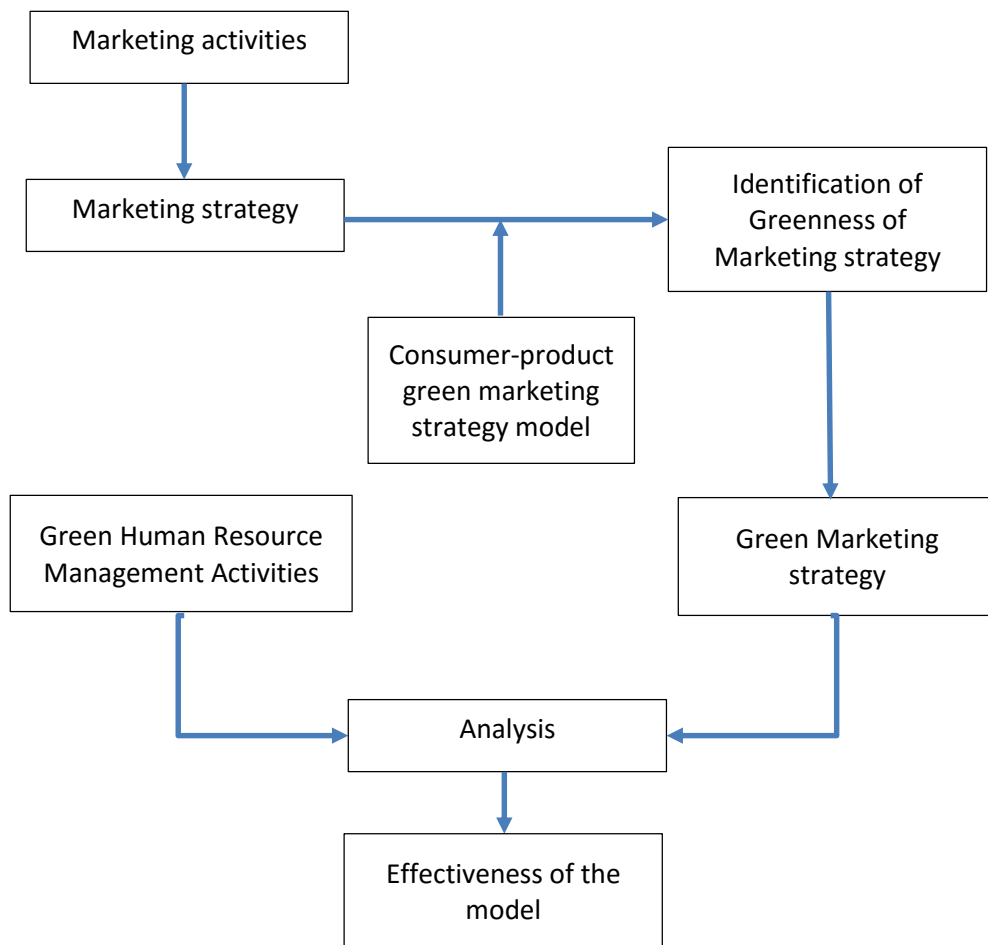


Figure 4. Research Framework

CHAPTER 3

RESEARCH METHODS

Research Approach

According to the research purpose outlined before, the research is classified as basic research since it focuses on refuting or supporting theory (Neuman, 2004), that is the consumer-product green marketing model. It is an explanatory research since the purpose of the study is to test explanatory ability of the model.

Subjects of the Research

The research addresses medium and large manufacturing companies located in Central Java that considerably produce green product. Based on Sensus Ekonomi 2016, the numbers are 5,225 companies that comprise of 15.5% of the total medium and large companies (Badan Pusat Statistik Republik Indonesia, 2020). However, there is no data on the numbers of company producing green product and thus selection of the companies is conducted based on the researchers' justification.

Sample and Sampling Technique

Data availability on green information of the companies limits the research in terms of the numbers of companies that can be covered in the research. In other words, it is only possible to take samples. The specific sample size is undefined since the numbers of company producing green product is unavailable.

Purposive sampling is considered appropriate for this condition in which members of population is difficult-to-reach due to lack of information. It uses judgment of an expert or a specific purpose in mind in selecting cases (Neuman, 2004). The judgment used for selecting samples are:

- The company produces green product. Since definition of green product is relatively broad, determination a product as green one is relatively complicated. Here, the determination is based on four areas: content, structure and packaging, message, and positioning as suggested by Solaiman, Osman, and Halim (2015).
- The company has company website from which information about its product, marketing activities and strategy can be attained.

Data Collection Method

Data on marketing objectives, marketing strategies, and marketing performance of the researched companies are gathered from secondary sources such as company website, newspapers, magazines, internet medias, marketing tools, advertisements, and so on. The choice to use secondary data instead of primary one because of the pandemic covid-19 that may not enable the researchers to collect the data directly from the companies.

Data is gathered from the internet using keywords “Jawa Tengah”, “medium scale” “large scale”, “green product”, “marketing”, “marketing objective”, “marketing performance”, “marketing strategy”, “green activity”. The keywords are used in either Indonesian or English and both that can lead to the information searched.

Data Analysis Method

Content analysis is used to identify marketing objectives, marketing activities, and marketing performance of the companies. It is a technique for gathering and analyzing the content of text. Neuman (2014, p219) noted the content refers to words, meanings pictures, symbols, ideas, themes, or any message that can be communicated. Meanwhile the text is anything written, visual, or spoken that serves as a medium for communication. The analysis is thus to communicate the contents found from the secondary sources. Charts and tables are used for communicating the contents as necessary.

REFERENCE

- Agustini, M. Y., Athanasius, S. S., Retnawati, B. B., Romero-Baloran, A. M., Bagano, A. J., & Tan, A. L. (2019). *Comparative Study on Green Marketing Strategies of Selected Manufacturing Companies in Indonesia and Philippines*. Semarang: Universitas Katolik Soegijapranata.
- Arulrajah, A., Opatha, H., & Nawaratne, N. (2015). Green Human Resource Management Practices: A Review. *Sri Lankan Journal of Human Resources Management*, 15, 1-16.
- Badan Pusat Statistik Republik Indonesia. (2020, October Friday). *Sensus Ekonomi 2016*. Retrieved from Badan Pusat Statistik: <https://se2016.bps.go.id/umkumb/index.php/site/tabel?tid=47&wid=3300000000>
- Brío, J., Junquera, B., & Ordiz, M. (2008). Human Resources in Advanced Environmental Approaches: A Case Analysis. *International Journal of Production Research*, 46, 6029-6053.
- Bukit, B. (2017). *Pengembangan Sumber Daya Manusia*. Yogyakarta: ZAHR.
- Cekanavicius, L., Bazyte, R., & Dicmonaite, A. (2014). Green Business: Challenges and Practices. *Ekonomika*, Vol.93(1), p.74-88.
- Cherian, J., & Jacob, J. (2012). A Study of Green HR Practices and Its Effective Implementation in the Organization: A Review. *International Journal of Business and Management*, 7, 25–33.
- Daily, B., Bishop, J., & Steiner, R. (2007). The Mediating Role of EMS Teamwork as It Pertains to HR Factors and Perceived Environmental Performance. *Journal of Applied Business Research*, 23, 95-109.
- David, F. R., & David, F. R. (2015). *Strategic Management, Concepts and Cases*. Essex: Pearson Education Limited.
- Dessler. (2013). *Manajemen Sumber Daya Manusia Human Resources, Jilid 2*. Jakarta: Prenhalindo.
- Ginsberg, J. M., & Bloom, P. N. (2004, Fall). Choosing the Right Green Marketing Strategy. *MIT Sloan Management Review*, pp. 79-84.
- Govindarajulu, N., & Daily, B. F. (2004). Motivating Employees for Environmental Improvement. *Industrial Management & Data Systems*, 104(4), 364-372.
- Jabbour, C. (2013). Environmental Training in Organizations: From a Literature Review to a Framework for Future Research. *Resources Conservation & Recycling*, 74, 144-155.

- Jabbour, C., & Jabbour, A. (2016). Green Human Resource Management and Green Supply Chain Management: Linking Two Emerging Agendas. *Journal of Cleaner Production*, 112, 1824-1833.
- Jabbour, C., & Santos, F. (2008). Relationships Between Human Resource Dimensions and Environmental Management in Companies: Proposal of a Model. *Journal of Cleaner Production*, 16, 51-58.
- Jackson, S., Renwick, D., Jabbour, C., & Muller-Camen, M. (2011). State-of-the-art and Future Directions for Green Human Resource Management Zeitschrift für Personal für Schung. *German Journal of Research in Human Resource Management*, 25, 99–116.
- Jone, J. (2014, October 24). *Triple Pundit: People, Planet, Profit*. Retrieved November 10, 2016, from Incorporating "Green" into Your Business Practices: <http://www.triplepundit.com/2014/10/goals-objectives-incorporating-green-business-practices/>
- Lardbucket.org. (2012). *Green Marketing Strategy and the Four P's of Marketing*. Retrieved Desember 7, 2016, from Lardbucket.org: <http://2012books.lardbucket.org/books/sustainable-business-cases/s10-01-green-marketing-strategy-and-t.html>
- Madsen, H., & Ulhoi, J. (2001). Greening of Human Resources: Environmental Awareness and Training Interests within the Workforce. *Industrial Management & Data System*, 101, 57-63.
- Mandip, G. (2012). Green HRM: People Management Commitment to Environmental Sustainability . *Research Journal of Recent Sciences*, 1, 244–252.
- Marketing-schools.org. (2016, November 10). *Green Marketing*. Retrieved November 10, 2016, from Marketing-Schools. org: <http://www.marketing-schools.org/types-of-marketing/green-marketing.html>
- Marketing-Schools.Org. (2016, November 10). *Green Marketing*. Retrieved November 2016, 2016, from Marketing-Schools.Org: <http://www.marketing-schools.org/types-of-marketing/green-marketing.html>
- McDaniel, S. W., & Rylander, D. H. (1993). Strategic Green Marketing. *Journal of Consumer Marketing*, Vol. 10 Iss: 3, pp.4 - 10.
- Neuman, W. (2004). *Basic of Social Research: Qualitative and Quantitative Approaches*. Boston: Pearson Education, Inc.
- Opatha, H., & Arulrajah, A. (2014). Green Human Resource Management: Simplified General Reflections. *International Business Research*, 7, 101–112.
- Ottman, J., & Mallen, D. G. (2014, January 14). *Five Green Marketing Strategies to Earn Consumers Trust*. Retrieved November 10, 2016, from GreenBiz:

<https://www.greenbiz.com/blog/2014/01/14/five-strategies-avoid-taint-greenwash-your-business>

Renwick, D., Redman, T., & Maguire, S. (2013). Green Human Resource Management: A Review and Research Agenda. *International Journal of Management Reviews*, 15,1-14.

Yazdanifard, R., & Mercy, I. E. (2011). The Impact of Green Marketing on Customer Satisfaction and Environmental Safety. Vol.5, p.637.