

**RESEARCH REPORT**

**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**

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## AUTHORIZATION PAGE

1. Research Title : LINKING GREEN MARKETING AND GREEN HUMAN RESOURCE PRACTICES FOR ANALYSING EFFECTIVENESS OF THE CONSUMER-PRODUCT GREEN MARKETING STRATEGY MODEL
2. Code/Area of Study : Marketing
3. Research Principal:
  - a. Full Name : Dr. M.Y. Dwi Hayu Agustini, MBA
  - b. NIDN : 0603086703
  - c. Academic Rank : Senior Lecturer
  - d. Department : Magister Management
  - e. Mobile Phone : 087731611763
  - f. E-mail address : hayu@unika.ac.id
4. Research Member (1)
  - a. Full Name : Dr. Agatha Ferijani, MS-HRM
  - b. NIDN : 0626026501
  - c. Department/University : Magister Management/Soegijapranata Catholic University
5. Length of the Research : 8 months
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Acknowledged,  
Dean of Faculty of Economics and Business

Semarang, 2021

Research Principal

Drs. Theodorus Sudimin, MS  
NIDN 0608116102

M.Y. Dwi Hayu Agustini, MBA, PhD  
NIDN 0603086703

Approved,  
Head of the Research and Community Service Institution

Dr. Berta Berti Retnawati, SE, MSi  
NIDN 00606097302

## REVIEWER APPROVAL PAGE

1. Title of Research : LINKING GREEN MARKETING AND GREEN HUMAN RESOURCE PRACTICES FOR ANALYSING EFFECTIVENESS OF THE CONSUMER-PRODUCT GREEN MARKETING STRATEGY MODEL
  
2. Research Principal:
  - a. Full Name : Dr. M.Y. Dwi Hayu Agustini, MBA
  - b. NIDN : 0603086703
  - c. Academic Rank : Senior Lecturer
  - d. Department : Magister Management
  - e. Mobile Phone : 087731611763
  - f. E-mail address : hayu@unika.ac.id
  
3. Research Member (1)
  - a. Full Name : Dr. Agatha Ferijani, MS-HRM
  - b. NIDN : 0626026501
  - c. Department/University : Magister Management/Soegijapranata Catholic University
  
  - d. Length of Research : 8 months
  
  - e. Total Research Fund : Rp3.500.000

Reviewer I

Semarang, 2021  
Reviewer II

Sentot Suciarto Athanasius, PhD  
NIDN 0602056101

Dr. Berta Berti Retnawati, MSi  
NIDN 0606097302

Approved,  
Head of Magister Management

Dr. Agatha Ferijani, MS-HRM  
NIDN 0626026501

## IDENTITY AND GENERAL DESCRIPTION

4. Title of Research : LINKING GREEN MARKETING AND GREEN HUMAN RESOURCE PRACTICES FOR ANALYSING EFFECTIVENESS OF THE CONSUMER-PRODUCT GREEN MARKETING STRATEGY MODEL

1. Research Team

No	Name	Position	Specialization	Institution	Time Allocation (Hr/Week)
1	Dr. M.Y. Dwi Hayu Agustini, MBA	Principal	Marketing	Soegijapranata Catholic University	6
2	Dr. Agatha Ferijani, MS-HRM	Member	Human Resource	Soegijapranata Catholic University	6

2. Research Objects: The object of the research is identification of explanatory ability of consumer-product marketing strategy model in describing greenness of company's marketing strategy and human resource practices
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## 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 named 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. Since human resource is an enabler factor toward green practices in the company, the study links greenness of marketing strategy to HRM practices to see if they support the strategy. The test is conducted to 22 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 analyzed using Nvivo and presented in tables or charts. Effectiveness of the model is measured based on accuracy of the model in describing marketing and HRM practices. The results show that the researched companies implement traditional marketing strategy and traditional HRM practices. The model can be applied to describe the marketing strategy which is non green (traditional) strategy. Linking it to HRM practices results in understanding on their support in moving toward green practice.

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

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# 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 [in number](#) (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 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.

Linkage green marketing to green HRM is the originality of the research. Research usually address them separately and many scholars may position each in different area of study. Linking them can give different perspective in evaluating green marketing and thus can contribute to the enhancement of knowledge in green marketing and green HRM.

### **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 to this, the research addresses medium to large companies that considerably produce green product. 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 strategies applied by the researched companies?
2. How green are the marketing strategies evaluated using consumer-product green marketing strategy model?
3. What are green human resource management practices conducted by the researched company?
4. How green human resource management practices relate to the greenness of the marketing strategy?

5. How effective is the consumer-product green marketing strategy model in explaining the green phenomenon in the researched companies?

### **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.

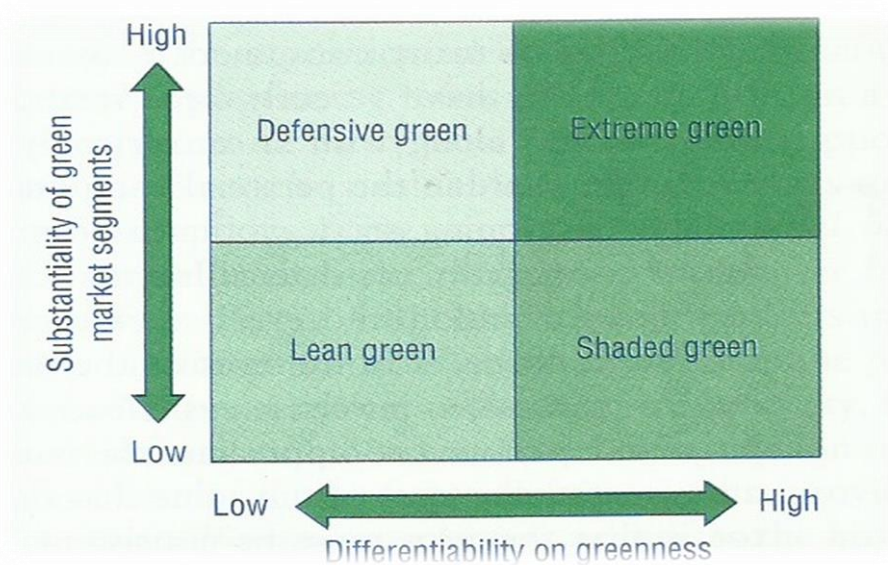


Figure 1. Green Marketing Strategy Matrix (Ginsberg & Bloom, 2004)

- 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.

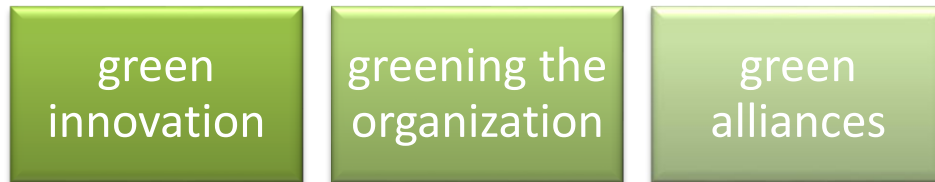


Figure 2. Types of Green Strategy (Cronin Jr. et al., 2011)

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.

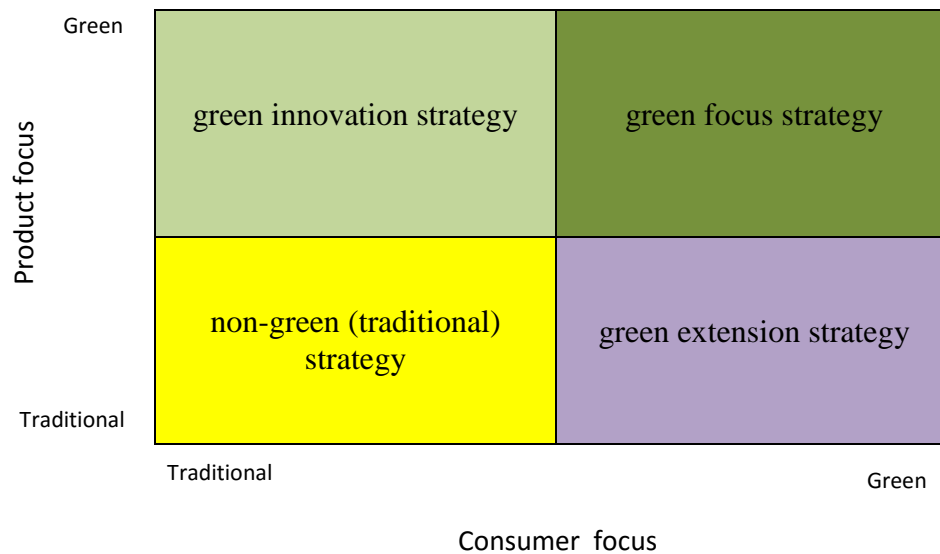


Figure 3. Consumer-Product Green Marketing Strategy Model

### **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 employees 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 recruitment 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 initiatives (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. It is effective if it can accurately describe company’s marketing and HRM practices.

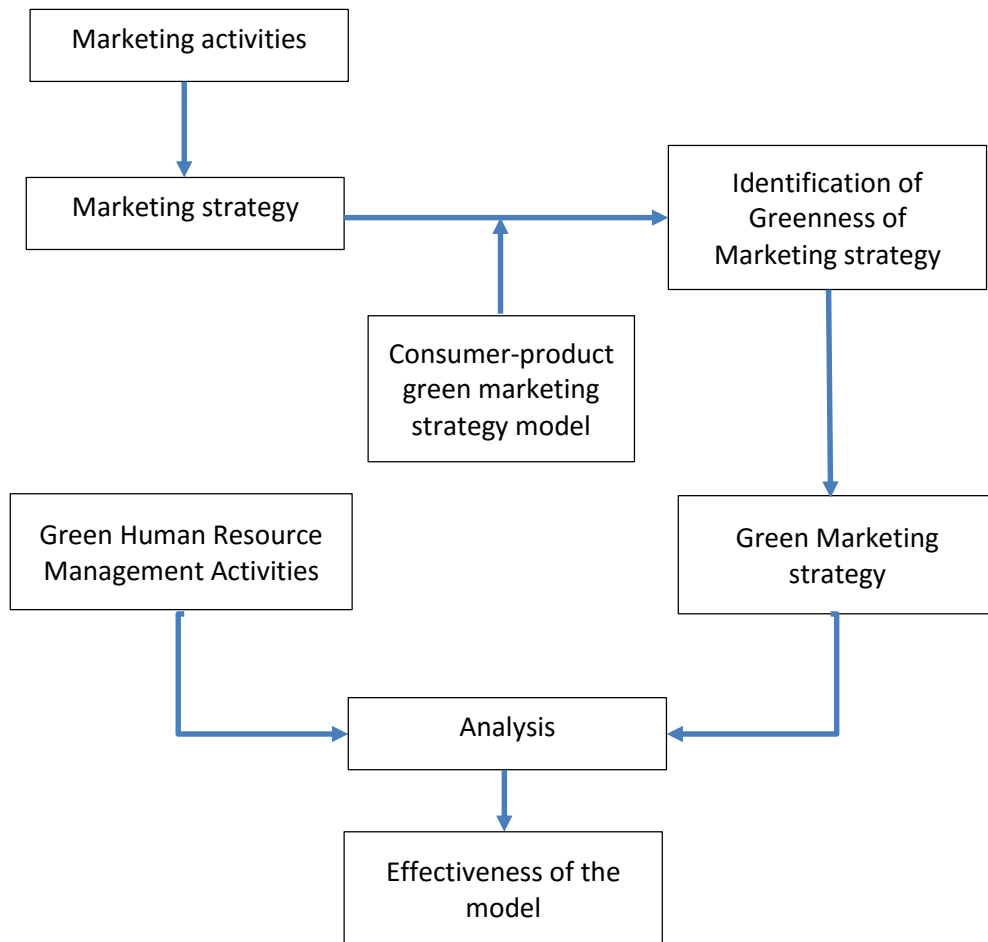


Figure 4. Research Framework

## **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), which 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. Referring to UU 20/2008 about Micro, Small, and Medium Enterprises, medium company is an enterprise with net assets of Rp500.000.000,00 - Rp10.000.000.000,00 excluded land and buildings for operations or with annual sales of Rp2.500.000.000,00 - Rp50.000.000.000,00. Large company is the one with netto assets or annual sales that is greater than those of medium company. These two criteria are used either one that is available.

Based on Economic Census (*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. Since the numbers of company producing green product is unavailable, the specific sample size is defined conveniently according to limitations in time, expected difficulties in accessing companies, and costs. The study researches 20 companies that can be either medium or large company.

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 media, marketing tools, advertisements, and so on. The choice to use secondary data instead of primary one relates to the purpose for testing the model in which more samples is better. Another reason is because of the pandemic covid-19 that may not enable the researchers to collect the data directly from the companies.

Data was 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 were used in either Indonesian or English and both that can lead to the information searched. Data gathering was conducted by more than one person: 2 enumerators and the researcher. This way was triangulation-like approach that was to ensure that the data collected was sufficiently available from the internet and consistent information was achieved.

### **Data Analysis Method**

Content analysis is used to identify marketing objectives, marketing activities, marketing performance, and GHRM practices 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.

NVivo was applied in identifying meanings emerge in each company’s data. The information was classified according to codes that have been determined based on the underlying concept of green marketing. Marketing related contents are then used to classify

greenness of the company's marketing strategy according to the consumer-product green marketing strategy model. Meanwhile, GHRM related contents are classified into GRS, GTR, GCO that are used to identify greenness of the company's HRM practices, either as non-green or green.

Comparing greenness of marketing strategy and greenness of HRM practices is to analyze effectiveness of the model. According to Craig (2017), there is no accepted standard to measure effectiveness of a model since there are many ways data can be measured. Here, the model is considered as effective if it can describe company's marketing and HRM practices accurately as they are run by the company.

## **CHAPTER 4**

### **RESULTS AND DISCUSSION**

#### **The Researched Companies Selection**

The researched companies were selected from the internet based on criteria: produce green product, have company website, and located in Central Java. Searching was started using the keywords “companies’ and “Jawa Tengah” and these resulted in more than 5.000 companies. Sorting them out using keyword “green product” did not help since it resulted in almost nothing. There were no indications of green provided by companies on their products regarding to the four areas: content, structure and packaging, message, and positioning as suggested by Solaiman, Osman, and Halim (2015). Similarly, it was still difficult to identify the intended companies using other keywords, such as “marketing”, “marketing objective”, “marketing performance”, “marketing strategy”, or “green activity”. A different approach was then applied.

Considering that green marketing requires comprehensive plan and business-wide (Marketing-Schools.Org, 2016), which means that companies applying green marketing must also put concerns of green in every activity including production and distribution. In other words, products manufactured by those having green or environmental concerns on their whole operation must considerably be green. Referring to this, selection of companies for sample was by using companies granted ‘proper’ by the Ministry of Environment and Forestry.

Proper is a public disclosure program for environmental compliance in order to increase efficiency and effectiveness of efforts in leveraging environmental quality (Ministry of Environment and Forestry, 2020). Each year, the ministry selects targeted companies which have significant impact to the environment, registered in the stock market, and its product is export oriented or used widely. Companies in the list are then evaluated using particular criteria covering documents and reports related to the environmental management such as Environmental Impact Assessment (in Indonesian AMDAL) and Environmental Quality Management and Monitor (in Indonesian UKL/UPL) as well as actions in controlling water pollution, air pollution, sea pollution, dangerous and poisonous materials, and potential damages of field. The evaluation is divided into two: compliance and beyond compliance. After evaluation process, companies are then ranked according to their performance and proper award are granted to each company accordingly. The award ranked from the best to the worst are respectively gold, green, blue, red, and black.

Since there are 2012 companies assessed in 2019 (Ministry of Environmental, 2019; Ministry of Environmental, 2020), the selection of sample companies were primarily focused on those in gold and green proper. Gold and green proper companies located in Central Java are those in power industry producing oil, gas, electrical power (Pertamina, PLTP, PLTU, PTTGU) which are not suitable for the purpose of the research focusing on manufacturing companies. Even though PT Sido Muncul is in the list of green proper, it is not selected because it was the sample in the previous research. The focus was then put on those awarded blue proper. There are 81 companies located in Central Java from variety industries on the list.

Since the research needs only 20 companies, the list was then filtered out. Only those operating in manufacturing industry and are located in the city and municipality of Semarang were selected. This resulted in 22 companies and thus they are all taken as the samples. However, one was dropped since there was no information available online about the company and this ended with 21 companies as the sample (see Table 4.1). These companies vary in the industry and products they manufacture.

Table 4.1. The Researched Companies

No	Company	Sub Sector	Product	Establishment	Number of Employee
1	PT. GS Battery	Battery	Vehicle battery	1972	3.000
2	PT. Victoria Care Indonesia	Pharmacy	Cosmetic & toiletries	2007	300
3	PT. Sandang Asia Maju Abadi	Garment	Denim's wears, woven bottoms, casual tops	1998	3.200
4	PT. Industri Djamu dan Pharmasi Tjap Djago	Herb	Traditional herbal drinks (jamu)	1918	2.000
5	PT. Sango Ceramics Indonesia	Ceramics	Ceramics	1977	1.105
6	PT. Bina Guna Kimia	Chemistry	Pesticides	1994	400
7	PT. Anugrah Indofood Barokah Makmur	Food & Beverage	Ready-to-drink beverages	1982	
8	PT. Coca Cola Bottling Indonesia - Semarang Plant	Food & Beverage	Non-alcohol beverages	1962	12.000
9	PT. Indofood CBP Sukses Makmur, Tbk. - Noodle Division - Semarang	Food & Beverage	Instant noodles	1970	900
10	PT. Indofood CBP Sukses Makmur, Tbk. - Food Ingredient Division - Semarang	Food & Beverage	Processed foods & instant noodles	1982	
11	PT. Indofood CBP Sukses Makmur, Tbk. - Food Seasoning Division - Semarang	Food & Beverage	Seasonings	1982	



No	Company	Sub Sector	Product	Establishment	Number of Employee
12	PT. Indofood Fritolay Makmur – Semarang	Food & Beverage	Snacks	1982	
13	PT. Nissin Biscuit Indonesia	Food & Beverage	Biscuits & cookies	1977	700
14	PT. Sinar Sosro - Pabrik Ungaran	Food & Beverage	Beverages	1974	
15	PT. Kubota Indonesia	Machinery	Machines	1972	364
16	PT. Cargill Indonesia	Fodder	Feed products	1974	155.000
17	PT. Charoen Phokphand Indonesia, Tbk. - Semarang	Fodder	Fodder	1972	
18	PT. Bukit Perak	Soap & Cosmetics	Cosmetics & soaps	1959	51-200
19	PT. Ara Shoes Indonesia	Shoes	Shoes	1949	1.820
20	PT. Damaitek	Textile	Textile	1974	12.000
21	PT. Sriboga Flour Mill	Flour	Flour	1995	2.200

Source: processed secondary data, 2021

Referring to the year of establishment, it can be seen that the companies have already been long in their businesses. The oldest one is PT. Industri Djamu dan Pharmasi Tjap Djago that was established in 1918 and the youngest one is PT. Victoria Care Indonesia established in 2007. On average, the companies have been operating for more than 45 years. Thus, their reputation is well recognized.

Since not all companies provide data on their assets, they thus cannot be classified according to asset as planned before. The number of employees was then applied for this purpose. As seen in table 4.1, all companies are classified as big ones with more than 100 employees. In the case of PT. Bukit Perak, the number of employees is available only in a range of 51-200, which indicates the company is medium to large one. Information on the number of employees in the case of holding company such as PT. Indofood CBP Sukses Makmur, Tbk is available only in the level of corporation and not in each division. Meanwhile, in the case of PT. Cargill Indonesia, 155.000 employees are those available worldwide because the company provide information online emphasizing their reputation as a worldwide company.

### **Marketing Activities and Strategies of the Researched Companies**

The next search was to go to the website of each company to find information regarding to their marketing activities and strategies. Each provided different information in their website. Some provided only limited information and the others posted that of relatively detail. In case more information is needed, other sources such as news, articles, research reports

available online were used for this purpose. Information presented and discussed below are those compiled from the sources. We ended up some information on a company are missing and thus analysis is based only on the available information.

Marketing activities refer to the things an organization undertakes to boost the sales of services/products and to improve its brand. Activities undertaken by each of the researched companies are examined using 4Ps of marketing mix as the framework. As it is known that marketing mix is an integrated activity in achieving marketing goals and is based on marketing strategies according to the target consumer, the discussion on each P is assessed in relation to the marketing strategies and considerable contribution to the sales and brand recognition.

### ***Target Market***

From the available data presented in table 4.2, each company has seemingly clear target segment according to their products. In the case the company manufactures more than one products or brands, it targets different segment for each product or brand. For example, PT Nissin Biscuit Indonesia create three brands in which each addresses different class of consumer covering middle-low, middle, and middle-up. Similarly, it applies to PT Industri Djamu dan Pharmasi Tjap Djago that targets particularly *jamu* lovers segmented based on age (children and adult) and gender (man and woman). Products for specific segment are produced and offered accordingly. For instance, Buyung Upik and Sayuri are produced specifically for children, Purwoceng is for men, and Esha is for couple. Another example is PT. Cargill Indonesia in which its business covers relatively wide areas covering producing, importing, trading, and providing services in agriculture related activity. Each has different target segment.

PT. Indofood CBP Sukses Makmur, Tbk shows unique case. Four divisions of the company - Noodle Division, Food Ingredient Division, Food Seasoning Division, and Fritolay Division – are the researched companies. Each runs different business and addresses different consumers. However, strategic decisions and management are centralized in PT. Indofood CBP Sukses Makmur, Tbk which is one of strategic business groups of PT. Indofood as a holding company and thus some data are available only on corporate level. Whenever possible, data is presented for each division. Otherwise, company or corporate level data are provided.

Table 4.2. Target Market of the Researched Companies

No	Company	Target Segment in Domestic Market	Target Country
1	PT. GS Battery	vehicle users and manufacturers	more than 50 countries in Asia, Africa, Middle East, Australia, Europe and South America
2	PT. Victoria Care Indonesia	woman, teen, professional hair style, hair salon	Japan, China, Korea, Malaysia, Brunei Darussalam, Hong Kong
3	PT. Sandang Asia Maju Abadi	all gender and age	export to 5 continents (60% AS, 30% Europe, 10% Asia)
4	PT. Industri Djamu dan Pharmasi Tjap Djago	<i>jamu</i> lover (men, women, children) - 80% of total sales	Japan, Malaysia, Canada, Australia, Vietnam, Singapore - 20% of total sales
5	PT. Sango Ceramics Indonesia	20% customers and organizations (public and private, hotels)	80% to US; Singapore, Malaysia, Taiwan, Australia, Germany, Italy, French, Netherland, Canada
6	PT. Bina Guna Kimia	people or organization in agriculture sector	Thailand, Philippines, Bangladesh, Vietnam, Malaysia, European countries, Australia
7	PT. Anugrah Indofood Barokah Makmur		
8	PT. Coca Cola Bottling Indonesia - Semarang Plant	small and big retailer in urban and rural; 12 years old and above; local & international retailer chain; small & medium business	Singapore, Australia, New Zealand, Cambodia, Vietnam, dan Thailand.
9	PT. Indofood CBP Sukses Makmur, Tbk. - Noodle Division - Semarang	street-side stalls in the capital cities, local corner shops in the remote areas of west Papua	USA, Australia, England, Middle East, etc (50 countries)
10	PT. Indofood CBP Sukses Makmur, Tbk. - Food Ingredient Division - Semarang		Netherland, China, Korea Selatan, Filipina, Vietnam, Singapore, Malaysia, Timor Leste, Australia, New Zealand, Papua Nugini, Hong Kong, Jordanian, Arab Saudi, USA, etc. (60 countries)
11	PT. Indofood CBP Sukses Makmur, Tbk. - Food Seasoning Division - Semarang		Netherland, China, Korea Selatan, Filipina, Vietnam, Singapore, Malaysia, Timor Leste, Australia, New Zealand, Papua Nugini, Hong Kong, Jordanian, Arab Saudi, USA, etc. (60 countries)
12	PT. Indofood Fritolay Makmur – Semarang		

No	Company	Target Segment in Domestic Market	Target Country
13	PT. Nissin Biscuit Indonesia	<ul style="list-style-type: none"> <li>• Khong Guan: children, teen, adult; middle-low</li> <li>• Nissin: snack lover and people need snack to serve in their events or for their family; middle</li> <li>• Monde: middle-up</li> </ul>	buyer's brand in Singapore, Brunei, Thailand, Korea, Africa countries - 10% Nissin: Australia, Vietnam, Brunei, AS, European countries
14	PT. Sinar Sosro - Pabrik Ungaran	Tebs: modern, dynamic, socialized, trendy, expressive, and easy going youth	Asia, America, Europe, Africa, Australia, and Pacific
15	PT. Kubota Indonesia	each type of product addresses different areas (provinces)	
16	PT. Cargill Indonesia	tofu & tempe producers; palm oil holders; feed mills, local traders who carry out 'home mixing' for the feed industry; farmers; food and beverage manufacturers, foodservice companies and retailers, makers of food and animal nutrition products, crop and livestock producers, industrial users of energy, salt, starch and steel products	US, Europe (coconut oil); Vietnam, Korea, India and other Asian countries (copra meal)
17	PT. Charoen Phokphand Indonesia, Tbk. - Semarang		export
18	PT. Bukit Perak	20% of sales	Africa, Middle East, Latin America, Asia countries, Canada, etc (>50 countries)
19	PT. Ara Shoes Indonesia		
20	PT. Damaitek		4 continents of Asia, Europe, Africa, dan America)
21	PT. Sriboga Flour Mill		Asia

Source: processed secondary data, 2021

Geographically, all the companies target national and international markets. Their products are marketed nationally from western to eastern parts of Indonesia. Meanwhile, internationally the companies have addressed countries in all continents of Asia, Australia, Europe, America, and Africa. However, the sales proportion of national and international market is varied. For example, PT. Sango Ceramics Indonesia focuses more on international market and 80% of its sales are from international market or only 20% comes from domestic

market. Similarly, 20% of PT Bukit Perak’s sales comes from domestic market and the rest are from sales in more than 50 countries around the world. On the opposite side, PT. Industri Djamu dan Pharmasi Tjap Djago and PT. Nissin Biscuit Indonesia focus more on domestic market rather than on international market which covers respectively 80% and 90% domestic sales. Table 4.2 presents information on target segment and country of each company. Nevertheless, such information is unavailable in the case of some companies such as PT. Charoen Phokphand Indonesia, Tbk., PT. Ara Shoes Indonesia, and PT. Kubota Indonesia.

### ***Products and Branding***

Product and brand manufactured by the researched companies are presented in table 4.3. It shows that each company produces variety types of product in the product category. To mention it, PT GS Battery focusing on vehicle battery manufactures several types of battery classified into automotive battery and motorcycle battery. In each classification, variety types are offered. GS Premium, GS Hybrid, and GS MF Battery (a maintenance free battery) are automotive battery, while GS Premium, GS VRLA are those in motorcycle battery. PT. Victoria Care Indonesia manufacturing product in the category of cosmetics and toiletries also offers variety of cosmetics and toiletries such as hair color, spa products, perfume, face masker, whitening, cotton pad, goat milk, and professional hair products.

Table 4.3. Products and Branding of the Researched Companies

No	Company	Product Description	Brand
1	PT. GS Battery	automotive & motorcycle battery	GS Astra “a low maintenance battery”
2	PT. Victoria Care Indonesia	cosmetics, toiletries	Miranda, Herborist, Victoria, Nuface, CBD, Iria, Sixsense “beauty by nature”
3	PT. Sandang Asia Maju Abadi	A one-stop shop specializes in men's and women's Denim wears, woven bottoms - casual tops	
4	PT. Industri Djamu dan Pharmasi Tjap Djago	138 types of jamu	Sarirapat, Esha, Esel, Camaline, Anik, Buyung Upik, Basmangin, Basmurat, Sayuri, Purwoceng, Narwastu. “the first company producing jamu in powder” “hygiene, qualified, use natural material and no chemical”

No	Company	Product Description	Brand
5	PT. Sango Ceramics Indonesia	Fine China, Porcelain, Bone China Tableware Collection (plate, cup, glass, tea pot, mug, saucer, coffee, decorative)	Sango
6	PT. Bina Guna Kimia	pesticide formulation related product and service, herbicide	<ul style="list-style-type: none"> <li>• granule: Furadan;</li> <li>• liquid: Boom Flower, Dominex, Hexsa, Flasher, Cronus, Ovitop, Boral;</li> <li>• concentrate: Blastgone, Marshal, Dimilin, Ti Gold</li> </ul>
7	PT. Anugrah Indofood Barokah Makmur	ready-to-drink tea, packaged water and fruit flavored drinks	Ichi Ocha, Club, Frutamin
8	PT. Coca Cola Bottling Indonesia - Semarang Plant	non-alcoholic ready-to-drink beverage	Coca-Cola, Sprite, Fanta, Frestea, Minute Maid (Pulpy, Nutriboost, Homestyle, Refresh, Nutriforce), Aquarius, Ades, Scweppes, A&W
9	PT. Indofood CBP Sukses Makmur, Tbk. - Noodle Division - Semarang	instant noodles with sauce and instant seasonings with high quality, excellence of taste and high level of acceptance with consumers	Indomie, Supermi, Sarimi, Pop Mie, Sakura, Mie Telur Cap 3 Ayam
10	PT. Indofood CBP Sukses Makmur, Tbk. - Food Ingredient Division - Semarang	instant noodle and processed food	
11	PT. Indofood CBP Sukses Makmur, Tbk. - Food Seasoning Division - Semarang	Powdered and liquid seasoning, condiments and syrups, with distinctive Indonesian taste.	Sambal Indofood, Bumbu Special Indofood, Bumbu Racik, Indofood Freis, Kecap Indofood
12	PT. Indofood Fritolay Makmur – Semarang	a wide range of chips and non-chips snacks including biscuit made of high quality potatoes, cassavas, and wheat flour	Chitato, Qtela, Lays, Doritos, Chiki, Cheetos, Jetz, Trenz, Wonderland, Dueto
13	PT. Nissin Biscuit Indonesia	400 product variants: biscuits, crackers, cookies, wafers, snacks	<ul style="list-style-type: none"> <li>• Khong Guan: <i>'Tak Asing Lagi dan Tak Ada Duanya'</i>;</li> <li>• Nissin: <i>"Satu Rasa Berjuta Cerita"</i></li> <li>• Monde</li> <li>• toll manufacturing (exported using brand of buyer's company)</li> </ul>

No	Company	Product Description	Brand
14	PT. Sinar Sosro - Pabrik Ungaran	ready-to-drink tea in a package	<ul style="list-style-type: none"> <li>• Tehbotol Sosro: natural and original material, returnable glass bottle, halal, "<i>apapun makanannya minumannya Tehbotol Sosro</i>"</li> <li>• Fruit Tea Sosro: many sensations</li> <li>• S-Tee: perfect taste perfect price</li> <li>• Tebs: dare to sparkle</li> <li>• Country Choice: so juicy so natural</li> <li>• Prim-A: Semangat Pim-A</li> </ul>
15	PT. Kubota Indonesia	diesel machines	Kubota: The pioneer of diesel machine in Indonesia with high quality
16	PT. Cargill Indonesia	<ul style="list-style-type: none"> <li>• food: meat and poultry products, and health-promoting ingredients and ingredient systems,</li> <li>• agriculture: buy, process and distribute grain, oilseeds and other commodities; crop and livestock</li> <li>• financial: risk management and financial solutions</li> <li>• industrial: salt, starch and steel products; sustainable products made from agricultural feedstock</li> <li>• animal nutrition products: feed ingredients, feed formulations</li> <li>• consulting services: management solutions, risk management services, compound feed, premixes, feed additives and customized solutions</li> </ul>	Truvia™: natural sweetener, a great-tasting, zero-calorie sweetener made from rebiana, the best-tasting part of the stevia leaf.
17	PT. Charoen Phokphand Indonesia, Tbk. - Semarang	livestock feed (concentrate, mash, pellet, crumble), day old chicks (broiler, laying pullet, hen and rooster), processed food	Hi-Pro, Hi-Pro-Vite, Bintang, Bonavite, Royal Feed, Turbo Feed, Tiji.

No	Company	Product Description	Brand
18	PT. Bukit Perak	soap, soap noodle, personal and home care products, and pharm grade glycerin; laundry soap noodle, noddle toilet soap, detergent powder, multipurpose soap, laundry soap, medicam series, whitening series, family series, pedicure series.	Global Brand: Actimed, Bea, Bee Brand Soap, Castella, Partner household, Partner Multi Purpose Soap, Royer, Ryer, SeiF, Numero Uno, Vida, Wabel, Zito
19	PT. Ara Shoes Indonesia	long and short boots, sandal slip and selop, sport shoes, sneakers, high hells, flat, hand bags	
20	PT. Damaitex	textile - finishing	
21	PT. Sriboga Flour Mill	flour in variety specification for particular purposes	<ul style="list-style-type: none"> <li>• flour: Tali Emas, Tali Emas "NEW", Tali Emas "Special", Hime, Double Zero;</li> <li>• noodle: Naga Hijau, Naga Emas, Naga Biru;</li> <li>• multipurpose: Ninja, Beruang Biru, Stupa Hijau;</li> <li>• cookies: Pita Merah,</li> <li>• cake: Yokozuna;</li> <li>• customized and specialized: Lunpia, Sriboga TEP</li> </ul>

Source: processed secondary data, 2021

The researched companies also create different brand for specific target segments and needs. In the case of PT. Victoria Care Indonesia, hair color is sold under the brand of Miranda, spa product is under Herborist, perfume for women and teens is respectively offered under brand of Victoria and Sixsense. To address the need of professionals in hair treatment, the company launches CBD, a brand for professional hair treatment product intended for hair styles and hair salons. PT Bina Guna Kimia producing pesticide and herbicide creates variety brands according to the form of product as needed by consumers. Brand for product in granule is Furadan; Boom Flower, Dominex, Hexsa, Flasher, Cronus, Ovitop, Boral are brands of liquid product; and Blastgone, Marshal, Dimilin, Ti Gold are brand available for product in powder. PT. Sandang Asia Maju Abadi even claims that the company provides one-stop shop in men's and women's apparel and this is stated in the company's mission statement: "*Supply our*



customers a “Full Package” program for the apparel production at the highest level of quality, service and value” (<http://sandangasia.com>, 2021).

Besides creating brands according to the segments and their need, the companies also proactively and continuously develop their product in order to provide good quality of the product for their consumers. Table 4.4 provides information about these. Product development conducted by the companies highly varies. Most companies producing food and beverage developed their existing products by producing new flavors, new tastes, new forms, new package, and new size. Below are the example of each type of the development:

- New flavor development conducted by PT. Industri Djamu dan Pharmasi Tjap Djago with Buyung Upik was by adding strawberry and durian from the original flavor of orange.
- PT. Indofood CBP Sukses Makmur, Tbk-Noodle Division developed new tastes continuously. The most current new tastes for example are Indomie Sambel Matah, Indomie Mieghetti, Mie Sedap Padang Salero, Mie Sedap Korean Spicy Soup, Mie Sedap Kari Ayam Special, etc.
- New form development conducted by PT. Bina Guna Kimia was by adding granule and liquid as the new form. Originally, it produces concentrate only.
- PT. Coca Cola Bottling Indonesia is an example of company that creates new package for its product. Its history shows the changes from glass bottle (RGB) into plastic bottle (PET) and then create other new packages, such as can, cup, and tetrapax.

The company also modifies its product size. For instance, Coca-Cola and Sprite are sold in 250ml, 390ml, and 1000ml for PET; 250 ml and 330ml for can; and 200ml dan 295 ml for RGB. For its other products, the company also offers variety size.

Product development by non-food and beverage companies are in the form of higher/better technology contained in the product. One example conducted by PT. GS Battery is its product GS MF Battery that is built with Water trap Filter Design technology intended to minimize the water evaporation (water loss). This technology frees the customer from the hassle of checking the acid level or even adding the battery’s water, which have been classic problem in using a battery.

The other companies innovated their process of production to increase quality of the product. The example of this is that conducted by PT. Sango Ceramics Indonesia. It has continuously developed and expanded its company’s manufacturing capabilities, which led to the production of other home products that would complement their ceramics pieces. These

products are made from locally sourced teak wood, acacia wood, rattan, water hyacinth, sisal, and burlap (<http://sango.com>, 2021).

Some food and beverage companies add halal certification on their product to give assurance to customers that the product is safe to be consumed.

Table 4.4. Product Development of the Researched Companies

No	Company	Product Development
1	PT. GS Battery	<ul style="list-style-type: none"> <li>• technology that lead to minimize water evaporation, free maintenance (GS Calcium).</li> <li>• GS ASTRA Solution Center</li> </ul>
2	PT. Victoria Care Indonesia	New products of private treatment under the concept of “clean and hygiene life style”
3	PT. Sandang Asia Maju Abadi	
4	PT. Industri Djamu dan Pharmasi Tjap Djago	<ul style="list-style-type: none"> <li>• new variant: Buyung Upik for cold</li> <li>• new flavor: Buyung Upik orange, strawberry, durian</li> <li>• new product: Narwastu Aroma Therapy, Sayuri,</li> <li>• new form: extract capsul, pil, tablet, liquid, paste, effervescent</li> <li>• 100% natural ingredients and modern technology</li> </ul>
5	PT. Sango Ceramics Indonesia	develop and expand manufacturing capabilities
6	PT. Bina Guna Kimia	<ul style="list-style-type: none"> <li>• new form: granule and liquid</li> <li>• customer service to handle customers' complains, questions, and orders and communicate with head office</li> </ul>
7	PT. Anugrah Indofood Barokah Makmur	
8	PT. Coca Cola Bottling Indonesia - Semarang Plant	<ul style="list-style-type: none"> <li>• front pack labeling informing calorie per serve</li> <li>• blow-fill technology for packaging that is recyclable</li> <li>• change secondary package from box to recyclable tray shrink</li> <li>• halal</li> <li>• National Contact Center operating 6 days a week 15 hours per day and be awarded the best Contact Center Indonesia 2016</li> </ul>
9	PT. Indofood CBP Sukses Makmur, Tbk. - Noodle Division - Semarang	<ul style="list-style-type: none"> <li>• new flavor: variety flavors</li> <li>• new type: soup and fried</li> <li>• practical (easy to cook);</li> <li>• good price and good taste;</li> <li>• halal</li> </ul>
10	PT. Indofood CBP Sukses Makmur, Tbk. - Food Ingredient Division - Semarang	halal certification
11	PT. Indofood CBP Sukses Makmur, Tbk. - Food Seasoning Division - Semarang	halal certification
12	PT. Indofood Fritolay Makmur – Semarang	<ul style="list-style-type: none"> <li>• new taste and new formats</li> <li>• halal</li> <li>• crunchiness in each bite</li> </ul>

No	Company	Product Development
13	PT. Nissin Biscuit Indonesia	<ul style="list-style-type: none"> <li>• new variant and package: plastic, metalized plastic, paper cup, can, packaging for primary and box for secondary package</li> <li>• taste</li> <li>• process and machine</li> </ul>
14	PT. Sinar Sosro - Pabrik Ungaran	<ul style="list-style-type: none"> <li>• package (glass bottle, tetra pack, plastic bottle, pouch, can)</li> <li>• flavor (original, less sugar, no sugar; apple, blackcurrant, lemon, etc.),</li> </ul> <p>Tehbotol Sosro &amp; Fruit tea: top brand, Best brand, customer satisfaction award, Country choice: best packaging; brand of choice by community</p>
15	PT. Kubota Indonesia	<ul style="list-style-type: none"> <li>• new address for sending guarantee card to ease consumers to process it and free</li> <li>• free call center</li> <li>• tips for maintaining machine</li> <li>• after sales service</li> </ul>
16	PT. Cargill Indonesia	<ul style="list-style-type: none"> <li>• premiums certified sustainable palm oil</li> <li>• more than 100 patents of product innovations</li> <li>• numerous products and ingredients: healthy oils, sweeteners with zero calories or without GMOs, turkeys free from growth-promoting antibiotics and more.</li> <li>• service: unrivaled biological modeling tools to tailor solutions that will help your animals or your customer's animals perform better</li> <li>• develop the Cargill Nutrition System (CNS): real-time nutrient analysis of feed ingredients, information from global ingredient sourcing database</li> <li>• develop the next generation of digital solutions to help getting the complete picture of customer's operation, adjust to changing real-world factors, and help to improve profitability</li> <li>• initiate a livestock farmer-training program</li> </ul>
17	PT. Charoen Phokphand Indonesia, Tbk. - Semarang	
18	PT. Bukit Perak	<ul style="list-style-type: none"> <li>• do innovations (not explicitly)</li> <li>• halal certification</li> </ul>
19	PT. Ara Shoes Indonesia	
20	PT. Damaitex	
21	PT. Sriboga Flour Mill	<ul style="list-style-type: none"> <li>• product specification according to specific purpose</li> <li>• a pioneer in producing wheat flour with high nutritional value</li> </ul>

Source: processed secondary data, 2021

As part of their service to the customers, some of the researched companies provide customer service intended to help customers regarding to complains, questions, and orders. Moreover, PT Bina Guna Kimia even uses its customer service to communicate between the plant in Semarang with the head office in Jakarta regarding to decisions or customer's order.

The Best Contact Center awarded to PT. Coca-Cola Bottling Indonesia in 2016 indicates that the company pays much attention on its customer center as part of the customer service provided by the company.

### **Pricing**

There is no sufficient information about companies' pricing that is available online. Table 4.5 presents only those with pricing information. Even though price of the product is available for some companies, it however does not reflect the pricing strategy applied by the company. In their websites, PT. Sango Ceramics Indonesia, PT. Kubota Indonesia, PT. Nissin Biscuit Indonesia, and PT. Sriboga Flour Mill stated that they offer affordable or economic price even though they did not state how the considerably affordable price is set. Moreover, PT. Kubota Indonesia specified the purpose of imposing affordable price which is to encourage consumers to use the original spare parts produced by the company in their Kubota machine.

PT. Cargill Indonesia identified clearly the method in setting price, which is market-based pricing. However, no further information is provided regarding to the method. Meanwhile, PT. Bina Guna Kimia specified centralized pricing for their products in which the price is set by the head office in Jakarta. Nevertheless, consumers still can negotiate the price by contacting the marketing department if the customer wants to do it. PT. Industri Djamu dan Pharmasi Tjap Djago mentioned that they impose bundle price for their product besides price per unit. For example, price of Esha is set in either a pack of 5 sachets or individual sachet. Similarly, price of Purwoceng Xtra is charged per pack of 2 pills.

Table 4.5. Pricing in the Researched Companies

No	Company	Description
1	PT. Industri Djamu dan Pharmasi Tjap Djago	bundle price (per pack of 5 or price of 2), individual price
2	PT. Sango Ceramics Indonesia	affordable price starting thousand rupiah
3	PT. Bina Guna Kimia	centralized in the head office, negotiation with the marketing department is possible
4	PT. Nissin Biscuit Indonesia	economic price, different price between outlet and market price, and between retailer and consumer
5	PT. Kubota Indonesia	affordable to encourage consumers to use the original spareparts
6	PT. Cargill Indonesia	market-based pricing
7	PT. Sriboga Flour Mill	affordable price

Source: processed secondary data, 2021

### **Promotion**

In promoting their products, the researched companies use more than one type of promotion. We classify types of promotion they use into three: above the line, below the line, and online promotion. Even though online promotion can be classified in the other two, it is classified separately to give emphasis on its role in the promotion activities conducted by the research companies. Table 4.6 presents the information about promotion activities of the researched companies.

Table 4.6. Promotion Activities of the Researched Companies

No	Company	Above the line	Below the Line	Online Promotion
1	PT. GS Battery		<ul style="list-style-type: none"> <li>• poster posted in authorized retailers</li> <li>• reward program using QR code</li> <li>• voucher phone credit</li> <li>• retailer point reward</li> <li>• GS ASTRA Display Contest,</li> <li>• sponsorship; Gresini Racing, Energica Ego Corsa machines, Moto2 Season with Sam Lowes as rider</li> <li>• optimize PR role (win Indonesia Top Digital Public Relation Award 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• use media social Facebook, Instagram, Twitter to engage with consumers, educate consumers and creative,</li> <li>• website and QR code</li> </ul>
2	PT. Victoria Care Indonesia		<ul style="list-style-type: none"> <li>• plant tour</li> <li>• ‘Oemah Herborist’</li> </ul>	
3	PT. Sandang Asia Maju Abadi			
4	PT. Industri Djamu dan Pharmasi Tjap Djago	present brand & product function in the ad in printed media	<ul style="list-style-type: none"> <li>• word of mouth; jamu &amp; culinary festival</li> <li>• event "Queen of Jamu Gendong" Selection</li> </ul>	inform brand & product function in Tokopedia, Shopee, BliBli, Bukalapak
5	PT. Sango Ceramics Indonesia			inform product and special event through Facebook
6	PT. Bina Guna Kimia			

No	Company	Above the line	Below the Line	Online Promotion
7	PT. Anugrah Indofood Barokah Makmur			
8	PT. Coca Cola Bottling Indonesia - Semarang Plant		<ul style="list-style-type: none"> <li>• plant tour</li> <li>• promote active-healthy living to consumers,</li> <li>• provide information on ingredients and nutrition on the package of each product</li> </ul>	provide knowledge-based information about the product through a website of Beverage Institute of health and Wellness Indonesia
9	PT. Indofood CBP Sukses Makmur, Tbk. - Noodle Division - Semarang			
10	PT. Indofood CBP Sukses Makmur, Tbk. - Food Ingredient Division - Semarang			
11	PT. Indofood CBP Sukses Makmur, Tbk. - Food Seasoning Division - Semarang			
12	PT. Indofood Fritolay Makmur – Semarang			
13	PT. Nissin Biscuit Indonesia	expose technology, ingredient, taste of the product on TV and other mass media	<ul style="list-style-type: none"> <li>• bazar,</li> <li>• consumer promotion (gift coupon)</li> <li>• events (having fun with Nissin Wafer, Dane K-Pop Nissin Wafer, Share love with Nissin wafers, Journey 365)</li> <li>• company visit; company outlet</li> <li>• give away Khong Guan can for street-food seller</li> </ul>	<ul style="list-style-type: none"> <li>• Youtube: Crispy Crackers - Share it, Cheerleaders 15s, video web series Jawara Family</li> <li>• Emarketplace: Tokopedia, Bukalapak, Ralali.com, Shopee</li> </ul>
14	PT. Sinar Sosro - Pabrik Ungaran	<ul style="list-style-type: none"> <li>• mass media (Print, radio and TV) with endorsement,</li> <li>• outdoor: baliho</li> </ul>	<ul style="list-style-type: none"> <li>• event</li> <li>• mass promotion</li> <li>• plant tour</li> </ul>	YouTube 16 version such as Tehbotol Sosro "Sebotol kebaikan" and "Makan"

No	Company	Above the line	Below the Line	Online Promotion
15	PT. Kubota Indonesia	product specification; product maintenance, product knowledge	<ul style="list-style-type: none"> <li>• Maintenance Kit Kubota 200 hours</li> <li>• consumer group (<i>Paguyuban Tukang Bajak Nasional</i>)</li> <li>• news on activities: independence day, company anniversary</li> <li>• customer service</li> </ul>	Facebook: product picture, usage, <i>Paguyuban Tukang Bajak Nasional</i>
16	PT. Cargill Indonesia			
17	PT. Charoen Phokphand Indonesia, Tbk. - Semarang	Present technology, ingredient, dan taste		
18	PT. Bukit Perak	<ul style="list-style-type: none"> <li>• offer solution; function (antiseptic)</li> <li>• type of product (bleach, scrub)</li> </ul>	buy 2 get 1 free; special promo buy 6 get 1 free	
19	PT. Ara Shoes Indonesia			sell online
20	PT. Damaitex			
21	PT. Sriboga Flour Mill		baking workshops	

Source: processed secondary data, 2021

Above the line promotion is paid advertising in a media. Almost all the researched companies do advertising in several mass media covering television, radio, and printed media such as magazine. Since it is probably too exhaustive to mention all advertisement conducted by the companies, the description is emphasized on conclusive message provided in the advertisement.

In general, the companies provide information about their product and its attributes such as function, tag line, and logo in their advertisements. The TV advertisement of Chitato produced by PT. Indofood Fritolay Makmur for example describes the product in the package and emphasizes its crunchiness resulted from qualified potato. The ad shows how potatoes are planted and processed well to produce good material for the product and ends with the tagline “Life is never flat” indicating funness.

PT. Industri Djamu dan Pharmasi Tjap Djago advertises the products on printed media. The ad of Bebe Rosie presents picture of the product, brand and logo (word bebe rosie with a small bird), type and form ‘telon cream’. In other ads, the company presents pile of products containing several brands in one category. For example, several products under the brand Esha,

Anik, Narwastu, and some others are placed together with the category ‘special jamu’ written under them. It possibly assumes that audience can recognize the product and its function from the package.

However, the companies use more below the line for their promotion. Types of the below the line activity widely vary. To mention some, below are several types:

- Poster presenting the product picture and its specifications was used by PT.GS Battery. The poster is posted in the company’s authorized retailer stores around Indonesia
- Plant tour is applied by PT. Victoria Secret, PT. Coca-Cola Bottling Indonesia, PT. Nissin Biscuit Indonesia, and PT. Sinar Sosro. PT. Vistoria Secret and PT. Nissin Biscuit Indonesia manage their plant tour in combination with shopping experience in their the company outlet named respectively Oemah Herborist and Nission Emporium and knowledge on production process in the form of ‘Secret Graden’ destination of Herborist and factory museum of Nissin. Oemah Herborist was awarded as Top Official Store Award 2021 for its achievement in generating more than 1 million units of sales and 4.9 rating of comments.
- Working workshops for people and small businesses conducted oftenly by PT Sriboga Flour Mill
- Word of mouth in which PT. Industri Djamu dan Pharmasi Tjap Djago relies highly on it for promotion.
- Sales promotion was used by PT. Bukit Perak that offers ‘buy 2 get 1 free’ and its special promo ‘buy 6 get 1 free’.
- PT. Nissin Bisbuit Indonesia has unique sales promotion by giving away its Khong Guan cans to street-food porridge, ketoprak, fried rice sellers used to keep crackers. This has made Khong Guan is recognized by more people.
- PT.Kubota Indonesia creates group of its Kubota users under the name of ‘*Paguyuban Tukang Bajak Nasional*’ and gives trainings for the members on maintaining the machine regularly.

Online promotion is popular among the researched companies. All of them have company website that provides information about the company, products and activities. The company website can be their online promotion. Other than the website, some companies do online advertising on YouTube or social media such as Facebook, Instagram, and Twitter. Their advertisements in YouTube contain similar information and message to those in mass media. What make them different is the media used and way the information and message are



delivered. Social media is used to particularly engage more with customers. PT. Sango Ceramics Indonesia uses Facebook as the media for their public relation by posting special events besides product information. PT Coca Cola Bottling Indonesia provides knowledge-based information about the product through a website of Beverage Institute of Health and Wellness Indonesia in its effort in educating consumers on healthy way of life.

Some companies also promote and sell their products online through e-marketplace. Tokopedia, Shopee, Blibli, and Bukalapak are among those selected by the companies. A company may use more than one e-marketplace. For instance, PT. Industri Djamu dan Pharmasi Tjap Djago and PT Nissin Biscuit Indonesia promote and sell their products through Tokopedia, Bukalapak, and Shopee. The latter also uses Ralali.com in addition to the three e-marketplaces. The companies post product picture and price of each product in their e-marketplace store.

### ***Distribution***

Distribution activities of the researched companies are conducted using two different channels: direct and indirect (see table 4.7). Direct distribution is a marketing channel that has no intermediary levels (Kotler & Armstrong, 2014). In other words, the company makes their products available for use or consumption by the consumer themselves.

This way applies on PT. Sango Indonesia, PT Bina Guna Kimia, and PT. Kubota that rely on order-based manufacturing. Besides delivering directly the ordered product to the customer, PT. Sango Indonesia also opens company outlet termed as in-house sales to sell the product directly to the market. PT. Cargill offers flexibility for customer to choose delivery options available ranging from shipment to Indonesian ports to packed product delivery to customer's plant or warehouse. Even the company facilitates shipments out of the Sumatran ports of Belawan, Dumai, Panjang and Padang, including handling of all shipment documentation and quality control work.

Meanwhile, those apply indirect distribution use several layers in their channel of distribution ranging from short to long channel. The traditional forms of channel such as distributor, agent, and retailer are still the choice of the companies. In relation to the product characteristics, PT. Kubota Indonesia uses only authorized dealer for their indirect channel since the sales people need specific skill and knowledge needed to sell the product. The company provides the skill and knowledge to the sales people in the dealers through trainings.

In combination with these channels, PT. Industri Djamu dan Pharmasi Tjap Djago uses traditional jamu seller (*'jamu gendong'*) as the layer selling *jamu* directly to customers. PT.

Bina Guna Kimia also uses traditional central market to distribute the product directly to farmers. Distribution of all products manufactured by three divisions of PT. Indofood CBP and PT. Indofood Fritolay is managed by a subsidiary specializing in distribution. This distribution company distributes the products to the lower layers such as distributors, wholesalers, and retailers. Besides traditional channel of distribution, PT. Nissin Biscuit Indonesia also uses company outlet in distributing the products directly to consumer.

Similarly, PT. Coca Cola Bottling Indonesia offers opportunity for people who wants to its partner in distributing the product. Anyone interested in becoming an individual distributor can register to the company and the company will select according to the requirements. Once selected, the company will train them so that they are ready to do the business. They are positioned as the company’s partner in distributing the product in particular areas.

Partnership such as that applied by PT. Coca Cola Bottling Indonesia is also the way of PT. GS Battery. Besides its direct channel in the form of official outlet, the company also creates synergistic cooperation with PT Astra Otoparts, car manufacturers (such as Toyota, Daihatsu, Mitsubishi, Suzuki, Nissan, Nissan Diesel, Hyundai, and Isuzu), and motorcycle manufacturers (such as Honda, Yamaha, Suzuki, and TVS). PT Astra Otoparts agrees to sell the battery along with their products and the car and motorcycle manufacturers agree to install GS battery in their cars and motorcycles. Such cooperation enables the company to sell the product in bundling with the partners’ products.

Table 4.7. Channel of Distribution of the Researched Companies

No	Company	Direct Distribution	Indirect Distribution
1	PT. GS Battery		<ul style="list-style-type: none"> <li>• official outlet (GS Astra Smart)</li> <li>• retailer</li> <li>• synergistic cooperation with PT Astra Otoparts, car manufacturers and motorcycle manufacturers</li> </ul>
2	PT. Victoria Care Indonesia		<ul style="list-style-type: none"> <li>• distributor</li> <li>• retailer</li> </ul>
3	PT. Sandang Asia Maju Abadi		
4	PT. Industri Djamu dan Pharmasi Tjap Djago		<ul style="list-style-type: none"> <li>• <i>jamu</i> shop</li> <li>• special agent</li> <li>• <i>jamu gendong</i></li> </ul>

No	Company	Direct Distribution	Indirect Distribution
5	PT. Sango Ceramics Indonesia	<ul style="list-style-type: none"> <li>based on order through marketing branch office around Indonesia or faximile</li> <li>in-house sales</li> <li>marketing division</li> </ul>	
6	PT. Bina Guna Kimia	distribute to the customer according to their order	<ul style="list-style-type: none"> <li>traditional central market</li> <li>agriculture company</li> <li>farmers</li> </ul>
7	PT. Anugrah Indofood Barokah Makmur		
8	PT. Coca Cola Bottling Indonesia - Semarang Plant	direct channel to traditional and modern markets	<ul style="list-style-type: none"> <li>individual distributor acting as partner</li> <li>wholesaler</li> <li>retailer (hypermart, supermarket, minimart, small and middle business owner)</li> </ul>
9	PT. Indofood CBP Sukses Makmur, Tbk. - Noodle Division - Semarang		<ul style="list-style-type: none"> <li>a subsidiary specializing in distribution</li> <li>distributor</li> <li>wholesaler</li> <li>retailer</li> </ul>
10	PT. Indofood CBP Sukses Makmur, Tbk. - Food Ingredient Division - Semarang		
11	PT. Indofood CBP Sukses Makmur, Tbk. - Food Seasoning Division - Semarang		
12	PT. Indofood Fritolay Makmur – Semarang		
13	PT. Nissin Biscuit Indonesia	<ul style="list-style-type: none"> <li>direct channel around the country</li> <li>company outlet</li> </ul>	<ul style="list-style-type: none"> <li>distributor</li> <li>agent</li> <li>wholesaler</li> <li>retailer: street-side kiosk, minimart, grocery store, supermarket</li> </ul>
14	PT. Sinar Sosro - Pabrik Ungaran	sales branch around Indonesia	
15	PT. Kubota Indonesia	send from the company	authorized dealer
16	PT. Cargill Indonesia	flexibility for customers to choose from a range of delivery options	wholesalers
17	PT. Charoen Phokphand Indonesia, Tbk. - Semarang		
18	PT. Bukit Perak		

No	Company	Direct Distribution	Indirect Distribution
19	PT. Ara Shoes Indonesia	<ul style="list-style-type: none"> <li>• sell online</li> <li>• send via sea (80%) and air (20%)</li> </ul>	retail stores
20	PT. Damaitex		
21	PT. Sriboga Flour Mill		<ul style="list-style-type: none"> <li>• distributors</li> <li>• wholesaler</li> <li>• SMEs and related industries</li> </ul>

Source: processed secondary data, 2021

## Corporate Social Responsibility

Corporate Social Responsibility (CSR) is quite prominent in the case of some researched companies. The companies which their CSR programs are not identified do not mean that they do not do CSR. It is just because we possibly could not find the information about them online or they may not publish their CSR programs online. What we discuss here are based only on the programs we found during the data collection and that are presented in table 4.8.

Among others, PT Cargill has the most extensive CSR activities that are proactively and strategically planned. Along with its long existence in Indonesia, the company has been involving in many CSRs intended to its employees and their family, farmers engage directly with the business (called as smallholders), communities around Indonesia, and the environment. They are a long list to mention. Here are some of the activities to illustrate what the company has done:

- provide support and training to oil palm smallholders to get RSPO-certified. RSPO stands for Roundtable on Sustainable Palm Oil (RSPO). It is an organization which promotes the production and use of sustainable palm oil throughout the supply chain. The company develops a formal program to share RSPO-certified so that the smallholders can get higher benefit from the sale of RSPO-certified product.
- support local communities by providing essential facilities and services such as housing, health clinics, schools, and roads
- give donations in cash and kind
- support local orphanages and elderly homes in Makasar
- provide regular medical assistance to villages
- provide free medical care for community through company clinics at its oil palm plantations

- provide access to quality education for young Indonesians through Yayasan Harapan Masa Depan Cera. The foundation funds the building of schools, the expansion of classrooms and teaching facilities, and oversees the running of 43 nationally-accredited schools and teaching facilities.
- build roads and bridges for local community in the vicinity of its oil palm plantation
- provide houses for employees and their family
- etc.

Table 4.8. CSR Activities of the Researched Companies

No	Company	CSR Activities
1	PT. GS Battery	
2	PT. Victoria Care Indonesia	<ul style="list-style-type: none"> <li>• clean, provide disinfectant, wash hand facilities for mosques, churches, viharas</li> <li>• blood donation</li> </ul>
3	PT. Sandang Asia Maju Abadi	
4	PT. Industri Djamu dan Pharmasi Tjap Djago	free bus for jamu sellers to <i>mudik</i>
5	PT. Sango Ceramics Indonesia	<ul style="list-style-type: none"> <li>• give away masks and personal protective equipment for hospitals and front-line workers</li> <li>• give away rice for community</li> </ul>
6	PT. Bina Guna Kimia	
7	PT. Anugrah Indofood Barokah Makmur	
8	PT. Coca Cola Bottling Indonesia - Semarang Plant	<ul style="list-style-type: none"> <li>• medical service for community</li> <li>• implement harmonious of CSR programs and sustainability</li> <li>• use eco-uniform to employees (50% PET &amp; 50% organic paper box)</li> <li>• water for life in Bali</li> <li>• water stewardship (water management and efficiency)</li> <li>• Water Usage Ratio in production</li> <li>• Coca-Cola Forest</li> <li>• energy conversion from solar to natural gas and compressed natural gas that is environmentally friendly</li> <li>• use safe energy cooler for sellers</li> <li>• manage solid wastes</li> <li>• Coca-Cola Foundation Indonesia focusing in water replenishment sanitation dan clean water program (Big drop and Small Drop)</li> <li>• Coca-Cola Bins</li> <li>• Kuta Beach Sea Turtle Conservation</li> <li>• etc.</li> </ul>

No	Company	CSR Activities
9	PT. Indofood CBP Sukses Makmur, Tbk. - Noodle Division - Semarang	
10	PT. Indofood CBP Sukses Makmur, Tbk. - Food Ingredient Division - Semarang	
11	PT. Indofood CBP Sukses Makmur, Tbk. - Food Seasoning Division - Semarang	
12	PT. Indofood Fritolay Makmur – Semarang	
13	PT. Nissin Biscuit Indonesia	<ul style="list-style-type: none"> <li>• road paving the area</li> <li>• proposal-based donation: cash, material, animal in Eid Al Adha</li> <li>• recruit people in the neighbourhood to work temporarily during the peak season</li> </ul>
14	PT. Sinar Sosro - Pabrik Ungaran	
15	PT. Kubota Indonesia	<ul style="list-style-type: none"> <li>• training on maintenance and repairment Kubota diesel for users and SMK students and teacher</li> <li>• free service Kubota product</li> <li>• plant mangrove in northern beach of Java to return ecosystem function and sea abrasion prevention</li> </ul>
16	PT. Cargill Indonesia	<ul style="list-style-type: none"> <li>• provide support and training to oil palm smallholders to get palm oil premiums from the sale of RSPO-certified product</li> <li>• provide essential facilities and services (housing, health clinics, schools, and road) for local communities</li> <li>• develop a formal program to share RSPO certified to community projects</li> <li>• give donations in cash and kind</li> <li>• support local orphanages and elderly homes</li> <li>• provide free medical care through company clinics</li> <li>• provide access to quality education for young Indonesians through Yayasan Harapan Masa depan Cerah</li> <li>• build roads and bridges</li> <li>• provide regular medical assistance to villages</li> <li>• provide houses for employees and their families</li> </ul>
17	PT. Charoen Phokphand Indonesia, Tbk. - Semarang	give eggs to the community
18	PT. Bukit Perak	donate bins to a school
19	PT. Ara Shoes Indonesia	
20	PT. Damaitex	
21	PT. Sriboga Flour Mill	social programs for UMKM (Sriboga UKM Center in Semarang, packaging workshop) and community

Source: processed secondary data, 2021

PT. Coca Cola Bottling Indonesia is also relatively prominent in their CSR programs and implements them in the harmony with sustainability programs. Since its product is made mainly from water, the company pays much attention on water conservation. It implements water stewardship that focuses on water management and efficiency. The company has initiated water management programs covering Big Drop and Small Drop Project, Water For Life, and Coca-Cola Forest. The first is water replenishment sanitation dan clean water program conducted under Coca-Cola Foundation Indonesia. The Big Drop is 5-year plan to replenish water that is produced by Coca-Cola System in Indonesia back to the environment in order to reach water neutralization. The Small Drop is a project for responding to complex malnutrition problems experienced by urban slumps and helping people who need clean water and sanitation facility. Coca-Cola Forest is a program to plant trees for supporting water conservation since the forest is supposed to be a water catch area. The program is also intended to supporting development of community in and surround the plant in particularly Lampung. In controlling water efficiency, the company applies Water Usage Ratio (WUR) in production. WUR is to measure the quantity of water used to produce 1 liter beverage. The ratio has been reducing from year to year and in 2014 it reached 2.95 liter of water for a liter product. The company also conducts water for life in Bali by cleaning up beaches in Bali and providing Coca-Cola bins along the beaches, and manages Kuta Beach Sea Turtle Conservation.

To briefly mention other CSR programs conducted by PT. Coca Cola Bottling Indonesia, here are some that relate directly to its business and marketing activities:

- provide eco-uniform to employees which comprises 50% PET and 50% organic paper box
- use safe energy cooler for sellers
- apply "blow-fill" technology to redesign and reduce the weight of plastic bottle package
- manage solid and liquid wastes to be 100% safe to be disposed
- do energy conversion from solar to natural gas and compress natural gas that is environmentally friendly
- etc.

CSR programs conducted by other companies are smaller in their coverage (local community only) and incidental which happens for only at a particular event. They may or may not relate directly to the business activity or product. As presented in table 4.9, they are as follows:

- provide disinfectant, wash hand facilities for mosques, churches, viharas and masks and personal protective equipment for hospitals and front-line workers during the pandemic;

- blood donation
- give away rice for community
- provide free bus for *jamu gendong* sellers to ‘*mudik*’
- fund road paving the neighborhood area
- give donation based on proposal in either cash or kind including animal in Eid Al Adha
- recruit people in the neighborhood to work temporarily during the peak season
- donate the product to the community
- give away bins for school
- provide product-related trainings to users, consumers, students, teachers, and community
- provide free service for the company’s product used
- plant mangrove in northern beach of Java to recover ecosystem function and prevent sea abrasion
- etc.

### **Green Related Activities**

Since the researched companies are awarded proper blue, they conduct and manage the business according to the standards that minimizing environment damages or supporting greenness of the environment. Even though information on how the companies manage their business according to the proper standards or what activities show their greenness is available only for some companies, they can give illustrations on the phenomena. Information about this is presented in table 4.9.

Based on their compliance on the environmental standards on their business, they can likely be green company. In its website, PT. GS Battery claimed that the company wins the title of “The Green Company” resulted from their intention to overcoming the environmental impact, increasing efficiency and quality control in order to maintain international standards, which led them to receive the ISO 14001 Certification and Occupational Health and Safety Management (OHSAS 18001) Certification.

Concern on being green is showed by PT. Sriboga Flour Mill. The company put their commitment on the tagline “Sriboga Go Green”. One implementation of the concerns is the effort in creating environmentally friendly packaging for their flour since the product produce very few or almost no dangerous wastes.



Table 4.9. Green Related Activities of the Researched Companies

No	Company	Green Activity
1	PT. GS Battery	<ul style="list-style-type: none"> <li>• control environmental pollution, for example an Acid Mist Scrubber to remove acid steam, a Dust Collector to filter dust, and Waste Water Treatment to process the waste water</li> <li>• win the title of “The Green Company”: ISO 14001 Certification and Occupational Health and Safety Management (OHSAS 18001) Certification</li> </ul>
2	PT. Victoria Care Indonesia	
3	PT. Sandang Asia Maju Abadi	<ul style="list-style-type: none"> <li>• apply waste treatment</li> <li>• receive WRAP (Worldwide Responsible Apparel Production)</li> </ul>
4	PT. Industri Djamu dan Pharmasi Tjap Djago	<i>CPOBT (Cara Pembuatan Obat Tradisional yang Baik)</i>
5	PT. Sango Ceramics Indonesia	
6	PT. Bina Guna Kimia	<ul style="list-style-type: none"> <li>• commit to “Responsible Care”</li> <li>• manage wastes B3 and non B3</li> </ul>
7	PT. Anugrah Indofood Barokah Makmur	
8	PT. Coca Cola Bottling Indonesia - Semarang Plant	<ul style="list-style-type: none"> <li>• sustainability programs: return the water consumed to community and nature in the amount as it is used in producing the products</li> <li>• "blow-fill" technology to redesign and reduce the weight of plastic bottle package</li> <li>• manage liquid wastes to be 100% safe to be disposed</li> <li>• implement harmonious of CSR programs and sustainability</li> </ul>
9	PT. Indofood CBP Sukses Makmur, Tbk. - Noodle Division - Semarang	manage wastes for safe disposal
10	PT. Indofood CBP Sukses Makmur, Tbk. - Food Ingredient Division - Semarang	
11	PT. Indofood CBP Sukses Makmur, Tbk. - Food Seasoning Division - Semarang	
12	PT. Indofood Fritolay Makmur – Semarang	
13	PT. Nissin Biscuit Indonesia	<ul style="list-style-type: none"> <li>• <i>CPMB (Cara Produksi Makanan yang Baik)</i></li> <li>• GMP (Good Manufacturing Practice)</li> <li>• SSOP (Sanitation Standard Operating Produce)</li> <li>• HACCP (Hazard Analytical Critical Control Point)</li> <li>• Quality standard ISO 2200:2005</li> <li>• Halal certification</li> </ul>
14	PT. Sinar Sosro - Pabrik Ungaran	the good beverage company
15	PT. Kubota Indonesia	<ul style="list-style-type: none"> <li>• apply Quality and Environment Policy according to ISO 9001:2008 and 14001:2004</li> <li>• "For Earth, For Life"</li> </ul>

No	Company	Green Activity
16	PT. Cargill Indonesia	<ul style="list-style-type: none"> <li>• active member of the Roundtable on Sustainable Palm Oil (RSPO),</li> <li>• recognized for achievements in environmental management by the Indonesian Ministry of Environment and Forestry and Ministry of Industry.</li> <li>• receive Green awards in Indonesia's Program for Pollution Control, Evaluation and Rating (PROPER) 2016 in the Agroindustry category</li> <li>• Green Industry Awards 2016 on Dec 2020</li> <li>• Proper blue rating indicating have good environmental performance to adopt cleaner practices</li> <li>• "No Deforestation, No Peat and No Exploitation" (NDPE) practices,</li> <li>• Etc.</li> </ul>
17	PT. Charoen Phokphand Indonesia, Tbk. - Semarang	
18	PT. Bukit Perak	
19	PT. Ara Shoes Indonesia	
20	PT. Damaitex	
21	PT. Sriboga Flour Mill	Sriboga Go Green: environmentally friendly packaging

Source: processed secondary data, 2021

In general, the companies conduct waste treatment and management according to the wastes resulted from the production process since they may produce either less or highly dangerous wastes. Food and beverage companies such as PT. Industri Djamu dan Pharmasi Tjap Djago, PT. Coca Cola Bottling Indonesi, PT. Indofood CBP Sukses Makmur, PT. Nissin Biscuit Indonesia, PT. Sinar Sosro, and PT. Sriboga Flour Mill produce less dangerous wastes. Meanwhile, those producing using chemical substances in their production such as PT. Bina Guna Kimia, PT. GS Battery, PT. Sandang Asia Maju Abadi, and PT. Kubota Indonesia produce relatively high dangerous wastes. Being good in applying the waste management, PT. Sandang Asia Maju Abadi received appreciation of WRAP (Worldwide Responsible Apparel Production).

High concern on the environment is also expressed by PT. Coca Cola Bottling Indonesia. It strongly ensures that 100% liquid wastes resulted from its production are strictly processed before they can be disposed back to the environment in the condition that is environmentally safe.

Regardless the dangerous level of the wastes, the companies definitely have implemented wastes treatment and management as well as pollution control since these are one

of the requirements in proper assessment (Ministry of Environment and Forestry, 2020). Proper Blue awarded to them is the indication that they have done them well. Not all the companies express such achievement in their website. Their seriousness in managing wastes and control environmental pollution has resulted in other awards granted to them: title of “The Green Company” for PT. GS Battery WRAP certification for PT. Sandang Asia Maju Abadi. Similarly, as described before, PT. Cargill Indonesia gained certification in palm oil industry by receiving Roundtable on Sustainable Palm Oil (RSPO) that ensures sustainability in production and promotes the production and use of sustainable palm oil throughout the supply chain. The company has made significant progress in implementing the RSPO Principles and Criteria across its businesses.

Besides implement particular waste treatment and pollution control, some companies have also applied standards for good manufacturing process such as ISO 9001, ISO 2200:2005, *CPOBT (Cara Pembuatan Obat Tradisional yang Baik)*, *CPMB (Cara Produksi Makanan yang Baik)*, GMP (Good Manufacturing Practice), SSOP (Sanitation Standard Operating Produce), HACCP (Hazard Analytical Critical Control Point) and standards that put concerns on the environment and sustainability such as ISO 14000 or Responsible Care that applied particularly for chemical industry. PT. Bina Guna Kimia that produce dangerous wastes commits to Responsible Care. It is an initiative developed and adopted by chemical companies to improve continuously safety, health and environmental performance of their operation and product in a manner responsive to concern of the public (<http://www.responsiblecare-indonesia.or.id>, 2021). Moreover, food and beverage companies are also certified as halal.

## **Human Resource Management**

HRM of the researched companies is identified from recruitment and selection, training, and compensation. The discussion on this is also based on the information available during the data collection process. Once again, companies with no information about their HRM activities do not indicate they do not do the activities, but rather no information available online about the activities. Table 4.10 presents the information for each researched company.

Table 4.10. Human Resource Management Activities of the Researched Companies

No	Company	Recruitment	Training	Compensation
1	PT. GS Battery		regular training for dealer technicians	
2	PT. Victoria Care Indonesia			
3	PT. Sandang Asia Maju Abadi	recruit disables, most are women		
4	PT. Industri Djamu dan Pharmasi Tjap Djago			
5	PT. Sango Ceramics Indonesia	<ul style="list-style-type: none"> <li>• via Jobstreet and LinkedIn using English</li> <li>• involve villagers in manufacturing process</li> </ul>		<ul style="list-style-type: none"> <li>• wellness facility (koperasi)</li> <li>• pregnancy benefit</li> <li>• holiday benefit</li> <li>• pension</li> </ul>
6	PT. Bina Guna Kimia		training K3, P3K, fire extinguish	<ul style="list-style-type: none"> <li>• wage</li> <li>• health: meal and milk, hearing conservation program</li> </ul>
7	PT. Anugrah Indofood Barokah Makmur			
8	PT. Coca Cola Bottling Indonesia - Semarang Plant	<ul style="list-style-type: none"> <li>• Graduate Trainee Program;</li> <li>• education,</li> <li>• GPA,</li> <li>• work experience,</li> <li>• good personality,</li> <li>• English communication skill</li> <li>• involvement in social activities,</li> <li>• placement willingness</li> </ul>	<ul style="list-style-type: none"> <li>• Graduate Trainee</li> <li>• Core Competencies Training;</li> <li>• Leadership Competencies Training;</li> <li>• Technical Competencies Training;</li> <li>• Safety, Health, and Welfare Training</li> </ul>	medical service for employees and their family

No	Company	Recruitment	Training	Compensation
9	PT. Indofood CBP Sukses Makmur, Tbk. - Noodle Division - Semarang	<ul style="list-style-type: none"> <li>written test, interview, health test</li> <li>online and offline</li> <li>gender, education, work experience, age, residence,</li> <li>English communication skill)</li> <li>ability to work under pressure</li> <li>technical skill</li> </ul>	Training aimed to increase productivity and efficiency each division	
10	PT. Indofood CBP Sukses Makmur, Tbk. - Food Ingredient Division - Semarang			
11	PT. Indofood CBP Sukses Makmur, Tbk. - Food Seasoning Division - Semarang			
12	PT. Indofood Fritolay Makmur – Semarang			
13	PT. Nissin Biscuit Indonesia	<ul style="list-style-type: none"> <li>official website lokersemar.id</li> <li>skill-based, education level determines position</li> <li>temporary worker: reference from <i>RT</i> and <i>Kelurahan</i></li> </ul>		<ul style="list-style-type: none"> <li>work safety insurance</li> <li>extra money for over job</li> </ul>
14	PT. Sinar Sosro - Pabrik Ungaran	education, age, work experience, placement willingness		
15	PT. Kubota Indonesia	<ul style="list-style-type: none"> <li>age, education,</li> <li>English communication skill,</li> <li>work experience,</li> <li>computer skill,</li> <li>relevant knowledge,</li> <li>technical skill,</li> <li>communication skill</li> </ul>		apply and abide K3

No	Company	Recruitment	Training	Compensation
16	PT. Cargill Indonesia	<ul style="list-style-type: none"> <li>• company website, LinkedIn;</li> <li>• uphold an ethical and transparent</li> <li>• prohibit the use of human trafficking, illegal, abusive, forced or child labor</li> </ul>		<ul style="list-style-type: none"> <li>• wage (legal minimum wage)</li> <li>• complimentary healthcare and support services for employees and their families;</li> <li>• built houses for employees to live for free,</li> <li>• built churches and mosques</li> </ul>
17	PT. Charoen Phokphand Indonesia, Tbk. - Semarang	<ul style="list-style-type: none"> <li>• age, education, GPA,</li> <li>• English communication skill,</li> <li>• soft skills (leadership skill, interpersonal skill, honest, detail-oriented, able to work in routine),</li> <li>• placement commitment,</li> <li>• technical related skill</li> </ul>	<ul style="list-style-type: none"> <li>• Balanced Scorecard</li> <li>• Feed Logistic Management</li> <li>• Poultry Diagnostic Laboratories</li> </ul>	
18	PT. Bukit Perak	work experience		
19	PT. Ara Shoes Indonesia	<ul style="list-style-type: none"> <li>• CV, Psych test, skill related test, competition;</li> <li>• Age, Education, Communication skill, English skill, work experience</li> </ul>	Job training	<ul style="list-style-type: none"> <li>• Salary, wage (contractual system for home worker),</li> <li>• bonus (merit system: loyalty, discipline, productivity);</li> <li>• leave the job, sick</li> </ul>
20	PT. Damaitex	<ul style="list-style-type: none"> <li>• gender, education, age, domicile</li> <li>• communication ability</li> <li>• personal characteristics (persistent, responsible, etc.)</li> </ul>	create reliable and professional staff	

No	Company	Recruitment	Training	Compensation
21	PT. Sriboga Flour Mill	according to man power planning	<ul style="list-style-type: none"> <li>• recruitment training,</li> <li>• training specialist based on jobdesc review and need assessment</li> </ul>	<ul style="list-style-type: none"> <li>• leave</li> <li>• food</li> <li>• health</li> <li>• holiday</li> <li>• end year benefits</li> </ul>

Source: processed secondary data, 2021

### ***Recruitment and Selection***

In recruiting, the companies use traditional way and/or online in announcing the positions available. The traditional ways cover letter, advertisement in printed media or outdoor. Online media used to post the available position include company website, Facebook, LinkedIn, and job-related sites such as Jobstreet, and lokersemar.id. They may post the announcement in either Indonesian or English.

The requirements cover common ones such as age, gender, education level, relevant work experience, relevant hard skills, relevant and soft skills. PT. Nissin Biscuit Indonesia disregard education in the requirement and emphasizes on skill-based recruitment. For the company, education level applies only in determining particular position. It also recruit temporary workers during the peak season. The workers are people in the neighborhood and it requires only reference letter from the head of neighborhood to ensure that the person is really the resident of the neighborhood.

From the information available, soft skills are seemingly more dominant requirement than hard skills. Soft skills required generally cover personal characteristics such as leadership skill, interpersonal skill, communication skill, ability to work in routine and in pressure, honest, responsible, and detail-oriented. English communication skill either passively or actively is a requirement in almost every position. Hard skills refer to computer skill in general and technical skill related to the position applied such as ability to handle Kubota machine or mechanical skill more particularly for position as mechanics in PT. Kubota Indonesia.

Only limited information available about selection. It was found in PT Indofood CBP Sukses Makmur's website stating that they do written test, interview, and health test for selection process. Also, PT. Ara Shoes Indonesia applies psych test, skill related test, and competition besides desk evaluation based on CV. However, the requirements can implicitly pictures the selection process. For example, if there must be written or practical test to expose soft skills and hard skills of the candidate as required.

PT. Cargill has particular standard for their recruitment and selection process. It upholds an ethical and transparent recruitment process whether carried out directly or indirectly through sub-contractors. The company also prohibit the use of human trafficking, illegal, abusive, forced or child labor.

Companies having production facilities or offices in several locations in Indonesia put the requirements of placement. The candidate must show their willingness to be placed in any other facilities outside that in Semarang.

### ***Training***

Similar to the recruitment that emphasizes on job-related skills, trainings provided by the companies for their employees also relate directly to job. The trainings are intended particularly to increase employees' skill, competence, and productivity. They are conducted either regularly or irregularly/incidentally. Content of the training is decided according to the results of job description review or need assessment conducted by the company.

PT. Coca Cola Bottling Indonesia has special programs conducted yearly covering Graduate Trainee intended for personal development through 70% work experience and 20% exposure; Core Competencies Training; Leadership Competencies Training; Technical Competencies Training; and Safety, Health, and Welfare Training. Graduate Trainee is also used for recruiting new employees in which the candidate is selected from the participants. PT. Bina Guna Kimia emphasizes on work safety and security training since it is highly important for the company to ensure the daily production process involving hazardous materials can be conducted safely and securely.

### ***Compensation***

Compensation provided by the researched companies covers direct and indirect ones. The direct compensation includes salary/wage and bonus. The indirect compensation covers benefits provided to the employees which vary from one company to another since they may relate closely to the job. Benefits commonly given by the companies cover pregnancy, holiday, pension, absence, sick, and welfare (in the form of *koperasi*). As additional benefit, some companies give relevant benefits according to the job condition and characteristics. For example, PT. Bina Guna Kimia provides meal and milk to the workers each day for supporting their health that may be affected by the chemical substances in their routine. It also offers hearing conservation program for workers who possibly are affected by the noise of the



machine. PT. Ara Shoes Indonesia applies merit system covering loyalty, discipline, and productivity as the basis for determining benefits for an employee.

### **Marketing Strategies Greenness**

This section is to assess greenness of the marketing strategies applied by the researched companies. Assessment is based on consumer-product green marketing strategy model which cover two aspects: consumer focus and product focus.

#### ***Consumer Focus***

According to the model, consumer focus examines whether the company addresses green consumer who have concerns on the environment or traditional consumers who have concerns on day-to-day issues. As we discussed before, the companies target consumers that are segmented based on demographic, geographic, and psychographic as follows:

- Demographic segmentation is based on age (children, teen, and adults), gender (men and women).
- Geographic segmentation covers national (around Indonesia) and international (countries in all continents).
- Psychographic segmentation based on life style according to economic status (middle-low, middle, and middle-up), vehicle users (motorcycle and car).

None of the companies address green consumer who has concerns on the environment and seek product that is environmentally friendly. Also, none of them mention things related to green in relation to their consumer. Thus, it is obvious that the researched companies address traditional consumer who seek basic function of the product and concern only day-to-day issues.

#### ***Product Focus***

A green product is designed not only to lessen the consumption of natural resources required to minimizing the adversely environmental impacts during the whole life-cycles of the product (Solaiman, Osman, & Halim, 2015) but also increase survival of scarce resources and to minimize pollution (Sudhalakshmi & Chinnadorai, 2014). These two criteria have been addressed by the companies in relation to their proper assessment as well as their CSR programs. As the proper company, they have implemented standards for good and

environmentally friendly practices and thus products they manufacture can possibly be considered as green product.

Referring to the model, product focus examines whether the green product is treated and promoted as either green product by emphasizing green attributes or traditional product that promotes functional attributes only. Based on the marketing practices conducted by the researched companies, we can see that they do not show this green value into their marketing activities and offer it to customers. Actually several companies mentioned in their website about green related attributes of the product. For example, PT. Industri Djamu dan Pharmasi Tjap Djago stated that their products are manufactured using 100% natural materials and no chemical additives. These however are intended to support quality of the product and are not regarded as green attribute of the product that can be value offered to the consumers. They rather promote the product as traditional one that focuses on quality and attributes of the product and disregard green attributes they may have.

***Greenness of the Marketing Strategy***

Applying condition of consumer focus and product focus of the researched company to the consumer-product green marketing strategy model, it can be stated marketing activities and strategy of the researched companies target traditional consumer for selling their considerably green product. Thus, the marketing strategy can be non-green (traditional) strategy. This strategy 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.

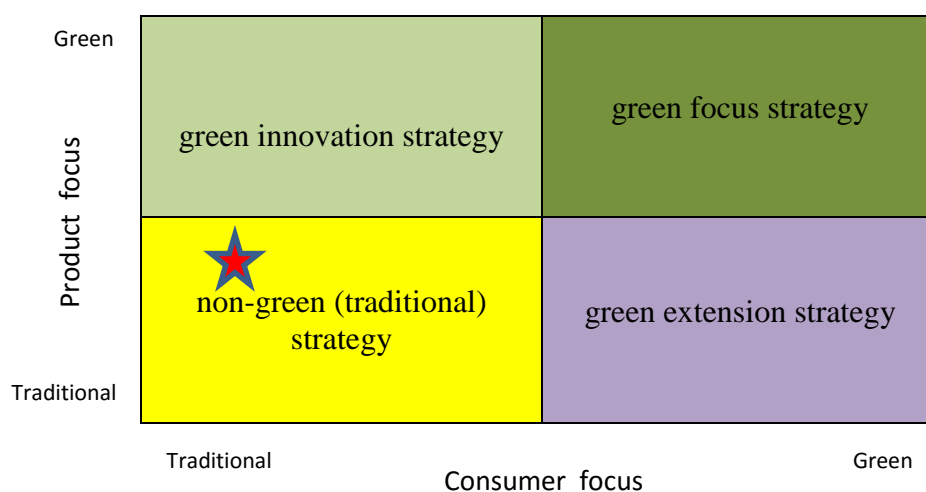


Figure 5. Greenness of the Researched Companies' Marketing Strategy

Their marketing activities and strategy have the potential to be in green innovation strategy (left upper cell in the model). Green innovation strategy is the strategy to offer green product to traditional consumer. To be here, the company just need to expose or emphasis green attributes of the product resulted from the green manufacturing process and still address the same consumers. According to the model, this strategy requires that pricing, promotion, and distribution must not necessarily be green. Environmental costs may not be included in pricing. Promotion can expose only functional attributes and may not need to emphasize green attributes of the product or the company. Green related practices in manufacturing process, CSR programs, and other green related activities can be promoted more aggressively as part of the company's public relation. Product is distributed using regular channels. These 3Ps have been the practices of the researched companies.

In general, it can be stated that the model can predict relatively well the marketing strategy applied by the researched company. It can also be able to accommodate CSR programs and other green related activities through their contribution to the product attributes considered as green. Accommodating CSR programs and other green related activities in examining greenness of a product helps in reducing complexity in identifying green product that very often is relatively difficult to do.

### **Human Resource Management (HRM)**

Along with companies' focus on traditional marketing which disregard green attribute they possibly have, they also disregard greenness in their human resource management. In other words, they do traditional HRM. Referring to Govindarajulu and Daily (2004), green HRM (GHRM) can be attained using green recruitment and selection (GRS), green training (GTR), and green compensation (GCO). As we know from the discussion before, there is no environmental interest in the recruitment and selection process. There is no green requirements – requirements that relate to concern on the environment - in recruiting employees for available position, only common and job-related requirements.

Similarly, training is also still managed by focusing on developing job skills and competences. Other than those, trainings are related to K3 (*Kesehatan dan Keamanan Kerja*). There was only very limited trainings that support environmental sustainability initiatives (Brío, Junquera, & Ordiz, 2008; Daily, Bishop, & Steiner, 2007; Jabbour, 2013) especially those relate to good manufacturing standards.

Compensation has not yet related to green practices. There is no compensation or rewards to employees for their commitment to the environmental sustainability practices (Jabbour & Jabbour, 2016; Jabbour & Santos, 2008). The compensation is still given in its traditional types.

It thus can be stated that the researched companies have not yet apply GHRM that is to reduce negative impacts to the environment or to increase environmental positive impact to employees performance continuously (Arulrajah, Opatha, & Nawaratne, 2015). Such practices are possibly due to marketing activities and strategy that do not focus on green. HRM as the supporting function is thus led to the same direction. Since activities are led to produce best quality product regardless the green aspect, the HRM activities are thus also directed to support this by ensuring that the employees have skill and competence to contribute in producing best quality of product.

## **CHAPTER 5**

### **CONCLUSION**

#### **Conclusion**

Marketing activities and strategy of the researched companies cover traditional activities in relation to 4Ps of marketing mix. They manufacture and sell considerably traditional product even though the manufacturing process fit the proper standards and other good manufacturing standards. The standards applied can actually put the product in the category of green product since the standards promote less consumption of resources, result in safe and healthy product for consumption or usage, and encourage waste treatment for being safe to be disposed back to the environment. Production activities are strongly intended to producing good quality of product.

Pricing is seemingly based on traditional method intended to create an affordable price for target consumers. Promotion programs conducted using several ways (below the line, above the line, and online promotion) are focused on product and its attributes other than green attributes. Distribution of the product is either directly or indirectly using traditional channels of distribution that do not yet put concern on green activities such as green transportation.

The companies targeted traditional consumers who do not have concern on green aspect. They are people who buy the product based on their daily needs and do not concern on the impact of the product to the environment. Thus, it can be concluded that marketing strategies applied by the researched companies addressed traditional (non-green) markets.

To put the activities of the researched companies into the consumer-product green marketing strategy model results in the strategy non-green or traditional strategy. They promote possibly green product as traditional product to traditional consumers.

In relation to human resource management practices conducted by the researched company, it can be concluded that the practices are not yet considered as green. There is no green requirements for recruitment and selection. Trainings are provided solely for improving job skill and competence. No compensation related to green performance of the employees. It thus can be stated that human resource management practices are not yet green. This possibly relate to marketing activities and strategy that are not green also.

The consumer-product green marketing strategy model is able to explain green phenomenon in the researched companies. Applying the model to the marketing activities and strategy results in non-green (traditional) strategy. This gives good explanation on what have been done by the researched companies in their marketing activities and strategy. Linking this

non green marketing strategy to HRM practices results in a logical relationship regarding to HRM function as supporting areas in the management in achieving business goal in general and marketing goals in particular. In other words, HRM practices moves to the same direction as marketing practices.

### **Implications**

The results show that the model has good explanatory ability. It is able to explain greenness of marketing strategy of the researched companies. However, limitations exist and follow up can be conducted to improve its explanatory ability. One way to do so is by accommodating CSR and other green related activities conducted by the company and relates them in the element product focus in the model. This way can help in identifying a product as green one or not. In other words, definition of green product can be expanded by considering them.

This research focuses on proper blue company in which their good manufacturing process and environment oriented practices are already known. Testing the model on more variety companies may also be the way to increase the explanatory ability of the model through particularly its ability to accommodate complexity of the process in producing green product.

The results indicate that the researched companies have potentially be in green innovation strategy. This means that the companies must try to bring green attribute into their product so that the product is considered as green. Proper rating can be one green attribute that can be offered. However, this may not be easy since on one side the company must be able to consistently offer the green attributes and on the other side proper assessment can come up with different result. There is possibility for a green proper company can be red or even black proper in the next assessment and this change can result in opinion that the company is inconsistent in their offering. Even though such possibility can happen, adding green attribute on the product can bring benefits to the company. Green attribute can attract more consumers or engage existing customers to be more loyal to the company's product.

As an alternative to minimize the risk resulted from inconsistency green attribute in the product, company can promote green indirectly while still put emphasis on product function and attributes on their marketing activities. One way to do so is to use below the line or online promotion to expose green related activities of the company. Plant tour is another alternative for company to promote their good manufacturing process promoting green. Knowing this through direct experience can create trust of consumer on the product.

The research relied on secondary data. Limited data available on the sources becomes the limitation of the research. Missing information makes generalization may not be applied. Thus, combining secondary data with primary data can objectively increase possibility to have complete information. However, difficulties in gaining primary data from companies may exist in relation to data availability in the company, willingness to participate in the research, and cost that possibly high.

Regardles limitations it has, the model still can be used to identify greenness of marketing strategy of a company. Linking the model with human resource practices result in understanding that attaining effective green marketing strategy can be conducted by directing HRM practices toward green. Company can put green requirement during recruitment and selection proces, provide trainings that can increase green knowledge and green skill to employee, and finally give green compensation for employees who give green performance.

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