



Munich Personal RePEc Archive

Impediments Of Green Marketing In Pakistan

Siddique, Muhammad and Hayat, Khizer and Akbar, Irfan
and Cheema, Khaliq Ur Rehman

College of Management Administrative Sciences, GC University
Faisalabad, Pakistan.

February 2013

Online at <https://mpra.ub.uni-muenchen.de/53196/>

MPRA Paper No. 53196, posted 28 Jan 2014 15:05 UTC

IMPEDEMENTS OF GREEN MARKETING IN PAKISTAN

Muhammad Siddique

Muhammad Siddique is a student of MBA (MS) in discipline of Marketing at college of Management & Administrative Sciences, GC University Faisalabad, Pakistan.

Muhammad_saddique68@yahoo.com

Irfan Akbar

Irfan Akbar is a student of MBA (MS) in discipline of Marketing at college of Management & Administrative Sciences, GC University Faisalabad, Pakistan.

Irfanakbar15@gmail.com

Khizer Hayat

Khizer Hayat is a student of MBA (MS) in discipline of Marketing at college of Management & Administrative Sciences, GC University Faisalabad, Pakistan.

Khizerhayat786@hotmail.com

Khaliq Ur Rehman Cheema

Khaliq Ur Rehman Cheema is a student of (MS) in discipline of Human Resource Management at college of Management & Administrative Sciences, GC University Faisalabad, Pakistan.

Khaliqcheema@gmail.com

Corresponding author, Email: khaliqcheema@gmail.com, +92-306-8484392

Abstract:

This study investigates different factors and the impact of these factors on adoption of green marketing in Pakistan. Motivational factors which are legislation, competitiveness, and ethical reasoning. Company features in which company size, internationalization, position in value chain, managerial attitude, and strategic attitude fall. Some external factors like geographical location and industrial factors also have effects on green marketing adoption. The last factor in our study is stakeholder's pressure. It also identifies that why companies do not adopt green marketing and what are the benefits companies are gaining by implementing green marketing in their organization. Our research is qualitative so we have conducted detailed interviews from the three organizations of Faisalabad and after that we are able to find out the reasons that why companies hesitate to adopt green marketing. Major reason of adoption of green marketing that the study has explored is the pressure of big stores and big brands on the subcontractors that they have to provide them the green products. The reason of non-adoption of green marketing is unawareness among people about green marketing and Government also not taking any kind of steps to motivate or to force the organization toward adoption of green marketing in Pakistan.

Introduction:

The trend of business is rapidly changing and awareness of environmental protection is developing in modern times. Green marketing is also one of the major trends that is evolving in modern businesses. Green marketing is defined by the American Marketing Association (AMA) as marketing those products that are environment friendly. According to Pride and Farren (1993) green marketing alternatively known as environmental marketing and sustainable marketing, refer to an organization's efforts at designing, pricing, promoting, and distributing products that will not harm the environment. Green marketing is not only helpful to save the environment but also proves a source of long-term sustainability. According to Saluja & Saluja (2011) green marketing is a sustainable competitive advantage for the firms against their rivals.

The green marketing practices are shaped by the involvement of the marketers as well as the (Mishra & Sharma, 2010) that argues both green marketer and green consumer are responsible to eliminate harmful practices to develop successful green marketing strategy. Green consumer is one who avoids all objects and products that are harmful for the society and its environment (Elkington, 1994). Behaviors of firms are different regarding green marketing initiative. Firms that voluntarily adopt the green marketing initiative are called dark green firms and while other firms are motivated by legislation, competitiveness and ethical reasons. Some firms are reluctant to adopt green marketing due to lack of knowledge, motivation, and consider it as a non-tariff cost. Another barrier to adopting the green marketing is that in developing countries, people like the firms producing green products but are not willing to pay extra cost against these efforts of green marketing (Hsieh, 2011).

This study will evaluate the factors that influence the firm's decision to adopt green marketing. The purpose of study is also to evaluate the motivational factors that cause to adopt green marketing and the barriers that restricted firms from the adoption of green marketing in Pakistan. Findings of this study will provide the better understanding of firms behavior toward the green marketing and how their behavior can be enhance with motivational factors and by elimination of de motivational factors. A research also open the ways for further study on green marketing in Pakistan that will create awareness among the firms about the benefits of green marketing that will caused sustainable friendly environment in Pakistan.

Literature Review:

Business sustainability is a concept that has received substantial attention academicians, practitioners and environmental concerns have brought about exchange in consumer demand and behaviors (Mendel and Polanski, 1995). As time passed environmental sustainability and green marketing have become more popular term (Awan, 2011) (Grant, 2007) has argued that sustainability internal reforms in the organizations and serves as bridge between business and green marketing insuring that to make better life of everyone. Now and for generation to come – the objective of green marketing is to minimize the environmental harm as well as economic benefits (Usama Awan, 2011). The term green marketing is widely popular these days but lacks single accepted definition (Polanski, 1995). In general, green marketing is concerned with all the activities of an organization that may have influence on the environment, both in short and long term. (Peattie, 1995) argues that the green marketing is a holistic process that is responsible for anticipation, identification, and to satisfy the requirements of the customer and society in a sustainable way. Over the past decades enterprises was just focusing to maximize their corporate profit and do not have any concerns with environmental Issues (Charter and Polanski, 1999). (Polanski, 1994) argues that both manufacturing and service sectors are shifting their production, services and advertisement plan so that they can address the needs of customers towards environment friendly products and services (Codington, 1993).

In the literature some factors identifies that considered as the determinants of environmental proactively and describe some variables that developed from the studies. Environmental proactively is the implementation of initiatives and practices that aims to improve environmental performance (Gonzalez-Benito, 2006). The factors classified into three categories by Gonzalez Benito company factors; external factors and stakeholder pressure. Company factors, it can be categorized in five further factors. These are size of the organization, level of internationalization, what position the organization has in value chain, attitude of managerial level employees, and attitude toward strategy and motivation. Some external factors are also there due to which the environment of every organization is affected. Industry factor and

geographical location fall in it. The third category is stakeholder pressure, which is main factor that affects the all above discussed.

Firm size is one structural variable that mostly seek as an influencing factor while implementing the environmental practices (Gonzalez-Benito and Gonzalez Beito, 2006). It has founded in the previous studies that firm size has positive effects on environmental performance (Melnik et. Al 2003; King & Lenox, 200; Arora & Cason, 1996).

The arguments that are supporting this relationship includes; (1) large firms are fully loaded with resources to invest in. (2) Large firms mostly focuses on more social and economic pressures and these are the main target of the public and private organization's policy and procedures. (3) Large firm's efforts toward environment create greater consumer awareness. The above arguments support that small and medium enterprises have not sufficient to implement the environmental practices while Multinational Enterprises have competitive edge due to the reasonable and sufficient resources.

(Christmann and Taylor , 2000; Ayuso,2000) argues that enterprises that are likely to implement the environmental strategy being an internationalized firm, because of economies of scale, green differentiation and the transfer of knowledge about environmental strategy among affiliated multinational ownership has positive influence on environmental compliances. Non-export oriented firms less follow the global standards related to environment (ibid, 2001). According to (Rugman and Verbeke, 1998) export oriented firms more keen to follow, the global standard related to environment and green forces. Literature tells us that the position of firms in value chain is an important factor that influencing the environmental behavior (Wilson, 2000). It all depends on the position of the firm and the consumer pressure because where consumer pressure is high; firms have to take the raw material and other resources of SCM from the green suppliers. Top-level management's interest and support is considered as an essential factor for the green initiatives (hunt and Austin, 1990; Berry and Rondinelli 1998).

Arguments that are supporting this statement are;

1. Availability of resources that needed for the implementation of green marketing is can become more flexible if the person who is responsible for that project is endorsing the plan.
2. Different kind of coordination and collaboration is required for implementing the environmental strategies that can become easier if that type of decision has already been made by the top management.

(Bensal and Roth, 2000) analyzed the three types of motivations for firms towards going green
1.Competitiveness means a firm has a competitive advantage over that firm which not adopt green marketing.

2 Legitimization, which involve environmental practices to adopt the company social and economic pressure (stake holder pressure and ethical responsibilities) The firms which have ISO 14001 certified related to environment have good image in the society as well as in the mind of green consumers. It is an interesting thing that achieving cost reduction was the least important factor in context of environmental commitment.

(Gonzalez- Benito 2006) established operations categories for the environmental proactively which includes.1planning and organization practices, 2operational practices and 3 communication practices. They mentioned that operational practices, which include changes in production and operation system, play a vital sole in environmental issues, which lead to high impact on natural environment. Planning organizational practices and communication practices have high impact on socio-economic environment due to the significant impact on public opinion. It appears firms seeking environmental initiatives because of external pressure, such as

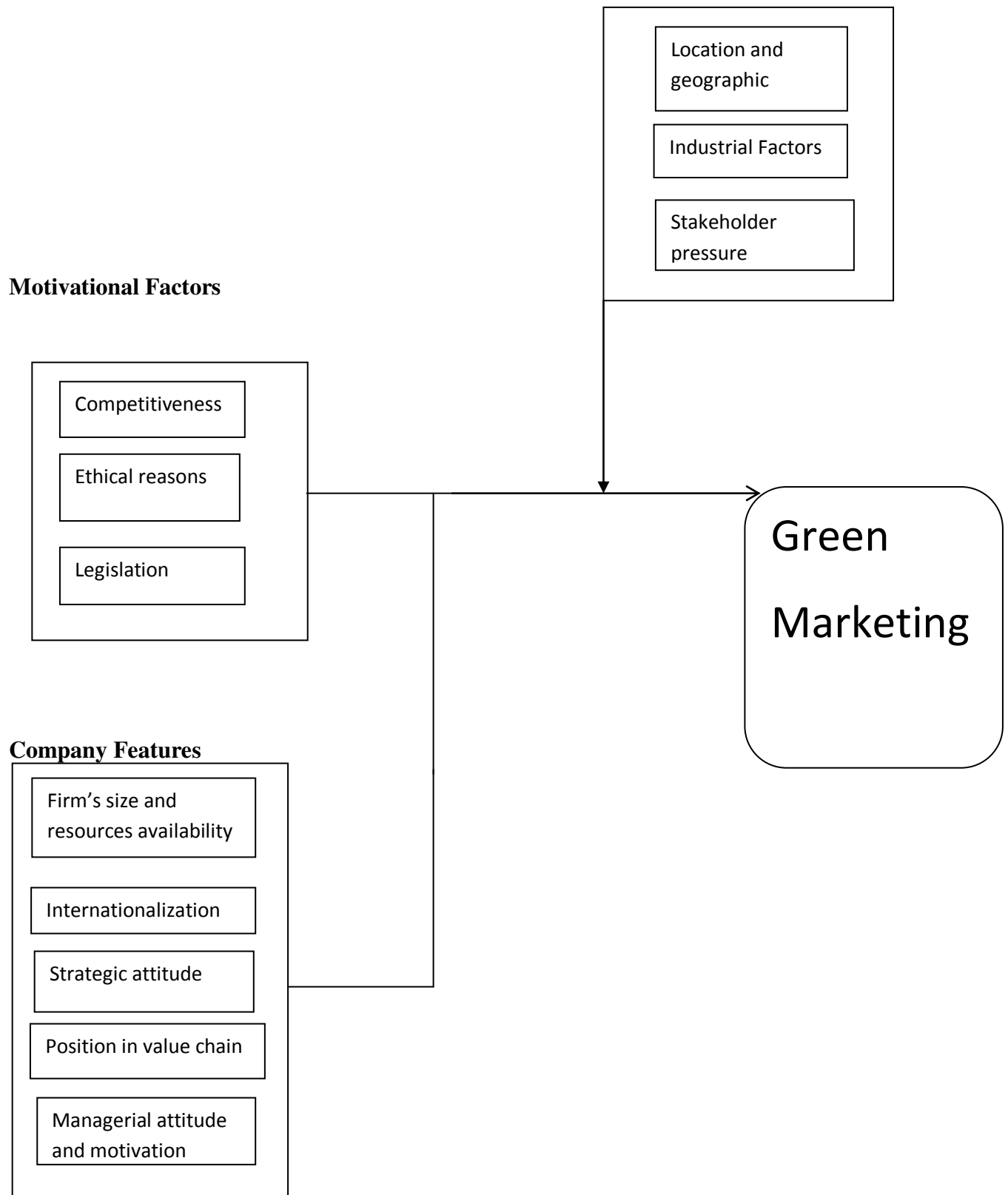
customer requests, pressure from other stake holders or more generally to enhance their reputation, do not appear to go much beyond the minimum requirement of certification (Fryxell et al, 2004) Strategic attitude is another important factor which is nearly related to previous factors effecting firms green strategies. According to Azzone et al (1997) define this attitude as they in which the company reacts to or support market stimuli. Bansal and Roth (2000) identified that competitiveness is an important motivation for firms to 'go green'. According to porter and vendor linde (1995); Banergee (2011) suggests that each industry has different polluting and is subject to different controls resulting from institutions, social groups, and consumers; consequently, they will exhibit different motivation and actions in relation to environmental marketing. Some firms in high polluting industries such as steel, cement, oil, power generation, chemicals and transport are heavy pollutes and required more resources to remove/ erase environmental pollutions.

Vastag et al (1996) pointed that environmental strategies of a company not only respond to the endogenous environmental risk but also to the exogenous environmental risks, which depends on the reactions from the socio economic environment. According to these authors, the higher exogenous environmental risks of companies and their great commitment to environmental preservation is very important. A number of researchers support that location of production facilities are very important to other variables.

Perspective from the literature in relation to stakeholder pressure indicates that companies tend to act on the basis of pressure applied by their various stakeholders (Freeman, 1984). Clarkson (1995) distinguishes between primary stakeholders, without whose participation and support the organization cannot generally survive (e.g. customers, suppliers, regulations), and secondary stakeholders, who interact with the company in less direct way-such as media, non-governmental organizations, social groups and other stakeholders who can be termed 'indirect'. Direct stakeholders might have more impact, power, and involvement with companies and on that basis may have stronger say on issues associated with green marketing but even this is not so clear in Pakistan. On the other hand, second level stakeholders might have a less direct and immediate impact on companies but may in some cases, such as the media and government policy, set the framework under which companies might respond to green marketing pressures The link between direct and indirect stakeholders might also be somewhat elusive, as well. For example if the environment changed in Pakistan (that is via government policy, media influence and other indirect influences), direct stakeholders might also change their view about how companies should react (in a positive, negative or perhaps just neutral manner) and this would affect company performance in terms of their green marketing initiatives. Indeed, there is a very significant role of direct and indirect stakeholders in terms of company performance in a green marketing.

A model of firm's motivation to go green and marketing practices in Pakistan

External Factors



Discussions:

Although empirical studies needed to further identify and investigate the feature of green firms in Pakistan .this literature review, which helps us to make out line regarding the green firms in Pakistan. They are large producer or manufacturers having enough exports of finished product on international level and there management authorities have knowledge of the importance of environmental management and they are keenly interested to take the social responsibility. These firms are actively working in industrial sector and high influence of risks. Those firms which are green involve in production activities any area are restricted or bound by the environmental regulation and the public have enough knowledge about environmental issues, normally in large cities and natural reserve region like Faisalabad.

We have visited three firms and conducted the detail interviews with their top-level managers who were very experienced and have a good knowledge about the factors of our study concern. The firms which was visited for that purposes which are ISO 14001 certified and the manager gave responses and against different factor which effect the green marketing. About the motivational factors like legislation and ethical reasons regarding legislation there are clear rules and regulation about the environmental issues but there is not lack of implementation of these rules and govt. not force even motivate the organization to implement these rules and regulation in Pakistan environment .the regulatory system for environmental protection is not working effectively in Pakistan. Sustainable Competitive advantage for those firms that implements the green marketing because customers are willing to pay more against green products. Major concern of the firms is profit maximization instead of concentration on ethical issues. Firm size also affects the green marketing because large firm have enough resources to purchase the pollution control instruments. Small firms cannot afford the cost of latest technology. Mostly firms involve in contract manufacturing. Firms working with international renowned stores like Wall Mart and Jc Penny, these buyers force the manufacturer for the consideration of environmental issues and the production of green products. When supplies taken from the suppliers for the export then company force the supplier for green raw material but for the local production it is less concerned stake holder pressure only consider when company adopt green marketing fully otherwise it is not considered. The key point is that is the energy crisis of Pakistan, there is high thereat for the environment due to the cutting of trees because they burn woods to generate energy.

In firm B Company, have their own environmental engineers, which help to make adopt the green marketing. Rules and regulation about environmentally issues almost implemented in organization. Firm certified in ISO 14001 and ISO 9001 and achieved four years awards due to good performance on international level. This organization is leading exporter in Asia that is a sustainable competitive advantage against revival, Organization exports in European companies major customer are Wal-Mart and J.C Penny, which enforced to implement the green strategies/practices and demand the green product. Management has positive behavior regarding the green practices and they are encouraging to implement these in to organization. Their production plant is away from the population area, which is good initiative itself related green marketing.

These responses gathered from organizations C and this organization is follow the rules and regulation related to green marketing and ISO 9001. This organization is small than two other firms, which visited for the data collection, related to our research. Competitiveness is not there in the context of Pakistan because there is less awareness and knowledge about the green practices and green marketing. It serves the customer locally and internationally. Managerial

attitude regarding green marketing is not favorable in this organization and instruments are not using to handle the wastage properly. Its geographical operation is away from the population and have high pollution potential so it said this organization not implemented green marketing fully environmental issues and about green marketing there should be training for employees and as well as higher authorities, so results will be positive and favorable for the customer and society.

Conclusion and recommendations:

Companies of Pakistan not follow the rules and regulation properly when it involve in production and the main reason is that customers in Pakistan are less aware from the green product and green marketing. But when these firms operate on international level or involve in contract manufacturing with well renewed stores companies focus on providing green products because they force these organization for doing so. Companies, which have implemented these in their organization, are getting benefits when they go on international level because customer pays them against green products. Some reasons of not adopting of green marketing by firms in Pakistan are that rules and regulation are clear and well defined for all regarding environment and other social issues but government not force the organization to adopt implement in their organization so these plans and policies are just stories and only the part of papers and books. Many of the firms just concentrate on their profit maximization and they do not care about the environmental issues and society. In the end we can say if government take measure and motivated the organization to follow policies and rules about environmental issue and safety of society, then situation will be changed .Govt. has to eliminate the energy crisis because companies are destroying trees and greenery for the sake of energy generation and the smoke also polluting the environment badly. Awareness about the green products and environmental issues must be created among the people so companies will adopt green marketing fully when customers will demand the green products and they will also aware about the destruction of the environment.

Limitations and future research:

This study provides important insight on green marketing and adoption of green marketing by firms in Pakistan but it is not without limitations. First, though we focus on some factors, which effect green marketing, but there can be more factors, which have strong influence on green marketing and environmental issues. We just visited three organizations of Faisalabad and this study results can changed if we consider more organization which has ISO 14001 certification which is related to environmental issues and green marketing. The model, which we used, can be expanding to get the more clear results /outcomes. The responses of the managers can be manipulating one so result will be differ of our study. In future, there could be more effective and good result oriented study conducted on this topic and we can conduct this study in the form of quantitative research that gives more clear and convenient outcomes.

References:

- Awan, U. (2011). *“Green Marketing: Marketing Strategies for the Swedish Energy Companies”*. International Journal of Industrial Marketing , 1 (2), 1-19.
- Ayuso, S. (2006) *“Adoption of voluntary environmental tools for sustainable tourism: Analyzing the experience of Spanish hotels, Corporate Social Responsibility and Environmental Management”*, 13(4), 207-720.

- Azzone, G. & Noci, G. (1998) "Identifying effective PMSs for the deployment of 'green' manufacturing strategies" *International Journal of Operations and Production Management* 18(4) p.308-335.
- Banerjee, S.B. (2001) "Managerial perceptions of corporate environmentalism: interpretations from industry and strategic implications for organizations" *Journal of Management Studies* 38 (4) p. 489-513.
- Bansal, P. & Roth, K. (2000) "Why companies go green: a model of ecological responsiveness" *Academy of Management Journal* 43 (4), p.717-736.
- Christmann, P. & Taylor, G. (2001) "Globalization and the environment: Determinants of firm self-regulation in China" *Journal of International Business Studies*, vol.32 (3), p.439-458
- Clarkson, (1995) "A stake holder framework for analyzing and evaluating corporate social performance" *Academy of Management Review* 29(I) p.92-117.
- Codrigton W. 1993. "Environmental Marketing: Positive Strategies for Reaching the Green Consumer" McGraw-Hill: New York.
- Elkington, J. (1994), "Toward the sustainable corporation: win-win-win business strategies for sustainable development" *California Management Review*, 36(2), 90-100.
- Grant, J. (2007) "The Green Marketing Manifesto" John Wiley & Sons Ltd, England.
- Gonzalez-Benito, J. and Gonzalez-Benito, O. (2006) "A review of determinant factors of environmental productivity, Business Strategy and the environment" 15, p.87-102.
- Hunter, C.B. & Auster, E.R. (1990) "Proactive environmental management: avoiding the toxic trap" *Slogan Management Review* 31(2) p.7-18.
- Melnyk, S.A.; Sroufe, R.P. & Calantone R. (2003) "Assessing the impact of environmental management systems on corporate and environmental performance" *Journal of Operations Management* V. 21(3) p.329-351.
- Mendelssohn, Nicola and Michael Jay Polanski (1995). "Using Strategic Alliances to Develop Credible Green Marketing" (With N. Mendelssohn) *Journal of Consumer Marketing*. Vol. 12 No 2 pp 4-18.
- Mishra, P., & Sharma, P. (2010). "green marketing in india: emerging opportunities and challenges" *Journal of Engineering, Science and Management Education* , 3, 9-14.
- Polanski, Michael Jay. 1994b. "A Stakeholder Theory Approach to Designing Environmental marketing Strategy" Unpublished Working Paper..
- Porter, M & van der Linde, C. (1995) "Green and Competitive: Ending the stalemate" *Harvard Business Review*, 73(5):120-151
- Pujari, D. & Wright, G. (1996) "Developing environmentally conscious product strategies: a qualitative study of selected companies in Germany and Britain" *Marketing Intelligence & planning*, Vol.14 (1), p.19-28.
- Saluja, D., & Saluja, M. S. (2011) "A Sustainable Growth of Market: Green Marketing" *Journal of Business & Information Management* , 4, 1-17.
- Rugman A.M., Verbeke A. (1998) "Corporate Strategies and Environmental Regulations: An organizing Framework" *Strategic Management Journal*, Vol.19, 363-375.