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Research paper



Towards developing a framework of enviropreneurial marketing strategy: a conceptual paper

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Abstract

The purpose of this paper is to provide new theoretical viewpoint on marketing in regard to business and environmental sustainability, particularly for dealing with the environmental issues from the perspective of SME entrepreneurs in Malaysia. We conceptualise the term of enviropreneurial marketing strategy through the application of traditional 4Ps (product, price, promotion and place) to achieve superior SMEs' performance. A conceptual framework is developed and justified in order to make a novel contribution to marketing theory and practice. Directions for future research conclude the discussion.

Keywords: *Enviropreneurial Marketing; 4Ps, SMES' Performance.*

1. Introduction

Nowadays, the world is facing critical condition due to robust harmful activities conducted by human that destroy the environment. The issues of global warming, ozone depletion, air and water pollution, natural disasters such as flood and earthquake and visible climate change are the things that often happen around the world. The awareness on environmental issues arised in 1970s when the American Marketing Association (AMA) conducted a workshop on ecological marketing in 1975 (Banerjee, 1987). Since then, many organizations that are aware about this issue begin to develop Corporate Environmental Responsibility (CER) programs and started to offer green products to their targeted customers.

The revolution has changed the concept of marketing where ecological and sustainability in marketing activities becomes a major concern for the marketers. The concept of contemporary marketing has expanded vigorously and directs it focus on the issue of natural environment and merges the marketing activities into environmental sustainability practices (Anwar & Jan, 2016). Currently, the firms are facing new challenges to become competitive where the balance between the market demand and society demand must be deliberated simultaneously (Fraj et al., 2011). The merging concept of marketing and environment not only being practiced by the large firms, however, extensive exposure from the academicians and practitioners and also positive government support on this issue has trigger the awareness among entrepreneurs.

Therefore, the term of enviropreneurial marketing (EM) had been introduced by Varadajan (1992) that described the entrepreneurial approached that come across on both ecological and marketing perspectives.

Even though the awareness on the environmental issues are rising globally, however, according to the study done by Musa and Chinniah (2016) stated that, the implementation of EM were still minimum and the managers of the Malaysian firms were still reluctant to implement the green practices in their business. Furthermore, many companies in Malaysia not positively respond to this enforcement and having inconsistent efforts toward implementation of environmental marketing in their business operations (Hasan & Ali, 2015).

There is a dearth of research that analyse the impact of environmental from firms' perspective (Fraj et al., 2011; Mcdonagh & Prothero, 2014). The adaptation of green values in business operations not only fulfilling the obligation for corporate social responsibility, however, successful plan will enhance the firms' performance and create competitive advantage to ensure the sustainability of the firms in the long run (Fraj et al., 2011; Hasan and Ali, 2015; Leonidou, Katsikeas and Morgan, 2013). Moreover, the marketers should engage in EM due to it can brings to the new market opportunity, become a social concern, doing the right thing and comply with the law (Baker & Sinkula, 2005; Polonsky & Song-turner, 2016). Thus, the present study attempts to develop a framework pertaining to enviropreneurial marketing strategy in regard to enhance Malaysian SMEs' performance.

The next section will review the literature on underlying theories that develop the framework of this study. This is followed by a description and justification of the EM construct, the significant role of resources commitment in the relationship between EM strategy and SME performances, a discussion, including this paper's limitations and suggestions for future research, and concluding comments.

2. Literature review

Theory of Natural Resource-Based View Natural Resource-Based View (NRBV) theory has been introduced by Hart (1995) where it was an expansion from existing theory (Resource-Base View) and the element of natural environment was added in this theory. A summary of NRBV theory is shown in Table 1 below:

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Table 1: The Conceptual Framework of Natural Resource-Based View

Strategic Capability	Environmental driving force	Key Resource	Competitive advantage
Pollution Prevention	Minimize emissions, effluents and waste	Continuo-us improvement	Lower costs
Product Stewards-hip	Minimize life-cycle cost of products	Stakeholder integration	Pre-empt competitors
Sustain-able Development	Minimize environmental burden of firm growth and development	Shared vision	Future position

Source: Hart (1995)

Table 1 describes the conceptual framework of NRBV that consists of three stages of strategic capability, which are pollution prevention, product stewardship and sustainable development. Pollution prevention emerged when there was a lot of pressure from companies to reduce emissions, effluents and waste from their productions (Hart, 1995). Here, the companies realized that the natural deterioration is happen due to inefficient use of resources. The pollution can be reduced by continuous improvement that control the emissions and effluents process or prevent it through proper housekeeping, look for substitute materials, recycling and innovate the process (Cairncross, 1991; Frosch & Gallopoulos, 1989; Willig, 1994). Through this process, it will result in achieving lower cost competitive advantage and thus give positive impact towards firms' performance (Hart & Ahuja, 1994).

Product stewardship put a focus on innovating the manufacturing and operation works to avoid any pollution activities (Hart, 1995). The firms will invite the external perceptions, which is the stakeholder to save the environment in the process of development and designing the product (Allenby, 1991; Fiksel, 1993). The firms using Life Cycle Analysis (LCA) to analyze the damage created by the products from beginning of the process until the products ready to the market (Keoleian & Menerey, 1993).

Sustainable development aims to dissolve the negative relationship between business and environmental in developed countries and the relationship between environment and economic in developing markets (Hart, 1995). Two indications will appear once the firms opt for the strategy of sustainable development, which are gain substantial investment and long-term commitment to market development (Hart, 1995). As the basis for market entry and development, the developing market required minimum impact of technology and products to create long-term vision in influencing its environmental strategy (Schmidheiny, 1992).

These three strategic capabilities were interconnected to gather sustainable competitive advantage. It contains two dimensions which are path dependence and embedded (Hart, 1995). In path dependence, the firms required to conduct pollution prevention strategy before implement the next strategy that is product-stewardship. However, embedded dimension suggested that both strategies of pollution prevention and product-stewardship must be conducted simultaneously in order to protect the environment (Makower, 1993). Relatedly, all these three strategies were applicable when the shared vision was link to the sustainable development and only usable as commitment to a common direction (Senge, 1990). Therefore, the firms that carry sustainability shared vision will quickly gather the resources and build capability in pollution prevention and product-stewardship.

3. Resource-advantage (R-A) theory

The Resource-Advantage Theory emerged to focus on the importance of the market segments and the resources (Hunt, 1997). Market segments can be described as a group of customers recognized by marketers that having homogeneous taste and preferences in similar market but posed heterogeneous characteristics through other markets (Kotler & Amstrong, 2016; Hart, 1995). Then, the resources can be classified as the firms' tangible and intangible things that can be transformed into valuable products or services served to several markets.

This theory highlights three criteria, which are the resources, market position and financial performance. Here, the comparative advantage or disadvantage becomes the main components in resources and market position to achieve superior, parity or inferior financial performance. To achieve superior financial performance, the firms need to combined the heterogeneous and imperfectly mobile resources that are costly and limited information gathered (Bicen & Gudigantala, 2014). Moreover, R-A theory suggested that the customers might have little information regarding the products or services they intended to buy and required more time, efforts and money to recognize their chosen items or services (Hart, 1997).

Consequently, in business environment, R-A theory suggested that financial performance extensively become the main objective of the firms where the information about the customers, competitors, suppliers and manufacturing method are minimum and costly to be paid by the firms (Hart, 1997). The term "superior" in financial performance not only indicates the amount of profit, return on investment, earning per share or capital appreciation, however, it measures more than that such as the performance against its competitors and stock market average and etc. Thus, R-A theory is very powerful in conveying performance in terms of financial and nonfinancial measurements.

4. Enviropreneurial marketing strategy in Malaysia

Enviropreneurial marketing (EM) can be defined as conducting entrepreneurial activities by applying environmental procedures with the aimed to gain competitive advantage and achieved economic and social performance objectives (Menon & Menon, 1997). Varadarajan (1992) defined enviropreneurial marketing as enabling the firms to gained competitive advantage by developing marketing activities and strategies that environmental friendly and then beneficial to the organization, society and customers. Thus, by reviewing the definition of EM, it can be concluded that EM is a part of Corporate Social Responsibility (CSR) and emphasis it activities on environmental implementation (Menon & Menon, 1997).

In Malaysia, the acceptance of environmental marketing has been growth dramatically in recent years. However, the implementation of sustainable marketing is still minimum especially among SMEs not only in Malaysia, however, throughout the world. Based on the study conducted by Musa and Chinniah (2016) reported that, most SMEs reluctant to apply EM strategy in their business operations due to they are not technology-oriented, lacked of skilled workers, limited economy of scale, minimum research and development (R&D) on new products and having problem in changing the traditional work process. In contrast, it is proved that, by applying EM strategy, it will give positive feedback on the firm's performance to be more competitive in the marketplace and increased the profitability and productivity of SMEs in the long run (Musa & Chinniah, 2016).

In addition, the firms can enhanced its environmental and business performances by applying ISO 14001 EMS (Hasan & Ali, 2015). The firms will gain many benefits from the Malaysian certification ISO 14001 EMS such as presenting high corporate image, minimizing waste and cost of production, enhance customer satisfaction and productivity, better goodwill, increase market share, and also profitability (Hasan & Ali, 2015). Thus, it can be concluded that, well management of EM strategy will result in superior SMEs' performance and gain business sustainability in high competition environment.

Relationship between EM strategy towards SME firms' performance

Based on previous justification, this study proposes a conceptual framework (Figure 1) explaining the relationship between the constructs of EM strategy and firms performance. This paper highlights the significant functions of 4Ps in delivering EM strategy in achieving superior firms' performance.

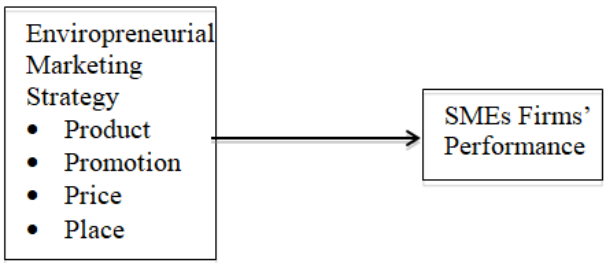

Fig. 1: Conceptual Framework.

Polonsky and Song-turner (2016) examined the traditional 4Ps (product, price, place/distribution and promotion). The product is considered as a value offered by the firms to their targeted consumers. Thus, the destruction effects from product's creation were something that must be concerned by the firms (Polonsky, et al. 2003). To critically manage the destruction effects, firms should re-examine their product features and redesign their products to have green characteristics such as natural, organic, eco-savings and eco-friendliness, and also look for the companies' environmental R&D efforts.

Price is a value offered to the consumers that influence the market demand and a key-positioning driver against competitors. Fishman (1998) identified the price of products reduced when firms applied sustainability process due to the lower costs in production process. However, contradict results found by Polonsky and Song-turner (2016) stated that most companies set higher price to project image of high quality and performance of green product offerings.

In terms of promotion strategy, Belz and Peattie (2009) recommended twofold focuses for sustainability marketing communications: "to communicate with the consumer about the sustainability solutions the company provides through its products, and to communicate with the consumer and other stakeholders about the company as a whole".

Then, the last EM strategy, which is place, also plays an important function to deliver the product or service available for use or consumption without destructing the environment. Thus, it is needed to remain physical distribution activities involving optimal resource planning for inbound, outbound, and reverse logistics (Neto et al., 2008).

Previous discussions explain the scenario of enviropreneurial marketing in Malaysia. Hence, it shows that to successful implement this strategy, a well management of resources needed by the firms to ensure the execution process will be transformed into positive return (profit) in the future. The performance of the firms in gaining competitive advantage is closely related on how they manage the resources effectively (Richey et al., 2014). Therefore, the present study confirm both theories of Natural Resource-Based View (NRBV) and Resource-Advantage Theory (R-A) that indicate the firm's competitive advantage can be sustained when the firm continuously meet or exceed the expectations and demands of customers (Hunt & Morgan, 1996). Hence, the proposed model is a necessary condition for marketers to optimally drive sustainability marketing and accelerate more sustainable consumption that is a marketplace norm rather than a niche.

5. Conclusion

The environmental issues direct the marketers to restructure their marketing strategy in more suitable manner. Business sustainability is not only focuses on satisfying the market demand and respond to the competitions, however, delivering social value by securing the environment is the current necessary businesses' objectives. Given the importance of sustainability in today's competitive marketplace, this study develop conceptual framework of enviropreneurial marketing strategy and incorporate with the SMEs' performance.

The literature is beneficial to gain additional insight and add knowledge for this conceptual paper. The previous justifications were explained on the theories of Natural Resource-Based View (NRBV) and Resource-Advantage (R-A) theory. NRBV theory was focused on the needs of managing the resources effectively for the purpose to achieved competitive advantage by concerning on the importance of natural environment and social obligations (Hart, 1995). Then, R-A theory was critically explains on the way of managing resources effectively in segmenting the right market to gain competitive advantage (Hunt, 1977). Fierce competitions face by all firms create a need of managing the resources, the market and firms' financial performance in a proper way to enhance the sustainability of the businesses in the future. Thus, it is crucial for the firms to understand the competition's environment, the market demand and also maintaining superior financial performance to gain business sustainability in future.

Based on the literature, it was found that careful execution plan of EM strategy will give positive remark on the firms' performance in terms of enhancing customer satisfaction and increase the profitability of business in the long run. The sustainability of the business remains stronger when adapting environmental approach in marketing activities (Hasan & Ali, 2015; Polonsky & Song-turner, 2016).

From an inductive perspective, taken together, the proposed conceptual framework provides a theoretical rationale that goes beyond competitiveness and profitability and will result in increased sustainability, or value for society at large. Thus, this paper suggests to incorporate the other elements of environmental capabilities in marketing perspective by emphasizing the role EM strategy in SMEs' performance. The present study provides the platform for other researchers to provide more in-depth understanding of EM strategy. Therefore, it is suggested for future research to expand the concept of 4Ps in different contexts. The expansion of 4Ps is necessary to resolve future marketing constraints in achieving sustainability in business and meet future market demand (Pomering, 2017).

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