

# CSR AND ENVIRONMENTAL RESPONSIBILITY: CONTRIBUTION OF GREEN MANAGEMENT PRACTICES

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## ABSTRACT

*Corporate Social Responsibility is a continued effort to adhere to ethical conduct, to provide and contribute high living standards to the society by facilitating economic developments and improving the living standard of the employees together with their families, society and community at large.*

*Green Marketing on the other hand relates to production and manufacturing of products that keeps the environment safe and their packaging should also be environmentally friendly. Companies started using this policy after Non-Governmental Organizations (NGOs) and governments started insisting and pressurizing companies to sell only the goods that are in the best interests of the environment as a reaction to increasing rates of global warming and pollution.*

*These days' consumers become more aware about to make their surroundings safer and healthier to live in. So, they become more conscious about their purchasing in respect with all the products that they are using in their day-to-day life. That is why they prefer that type of products that are eco friendly and not harmful for global environment.*

**Keyword:** -Corporate Social Responsibility, Environment, Green Marketing.

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## 1.INTRODUCTION

Society looks forward towards business as an irreplaceable part of society which acts as a responsible member of the social community and contributes towards sustainability. This view entails a responsibility on corporate houses to perform its social responsibility by minimizing their negative impacts and increasing their positive impacts on environment and in turn on the society not only to build their good image but more importantly to exist in today's modern competitive era (Ishpreet Kaur Viridi, 2016). As society becomes more concerned with the natural environment, businesses have begun to switch their behaviour in an effort to deal with society's "new" concerns (Dhar Pranam & Das Soumyajit, 2012). In the present situation, consumers are becoming more conscious while making their purchase decision and this can be a wonderful opportunity for businesses to foster environmental consciousness into their mind. The concept of Green Marketing has emerged to grab the new opportunities and to ensure better standard of living with sustainable development (Choudhury Aparna,

2013). This expectation of society for going green has boosted the concept of Green Marketing as a tool for Corporate Social Responsibility. Corporate Social Responsibility (CSR) is nothing but to positively influence the society in which it exists and operates (Ishpreet Kaur Virdi, Organization 2016). Corporate Social Responsibility (CSR) is a concept with constantly increasing importance for businesses and their stakeholders

Green concern is making an intense impact on building green competitive advantage (GCA) across the globe. The current study attempts to examine the interplay among environmental corporate social responsibility (ECSR) dimensions, green corporate image (GCI), and green competitive advantage of firms.

### **Why green marketing is treated as a new CSR?**

The growing awareness among the consumers all over the world regarding protection of the environment in which they live have led the corporate think twice about producing those products which have harmful impact on the environment. Now days we can see that most of the consumers, both individual and industrial, are becoming more concerned about environment friendly products. As resources are limited & human wants are unlimited it is important to utilize resources efficiently. People do want to bequeath a clean earth to their off springs. This growing interest among the consumers regarding protection of environment has let this Green Marketing take a major role in today's market planning activities. Benefits of green marketing Companies that develop new & improved products & services with environment inputs enjoy the following benefits:

- 1) Access to new markets.
- 2) Increased profit sustainability.
- 3) Enjoy a competitive advantage.

## **2. OBJECTIVES OF THE STUDY**

1. To find out the connection between Green Marketing and Corporate Social Responsibility
2. To observe various Green Marketing practices as a social initiative in India.
3. To understand how companies nurture Green Marketing by creating an Eco-Conscious workforce.
4. To cognize how CSR is driving industries to adapt green practices.
5. To understand the impact of Green Marketing to gain competitive advantage.

## **3. REVIEW OF LITERATURE**

Academically several published papers and studies have tried to elucidate the constructive influence of CSR on definite features of the effectiveness of corporations about their financial performance. These features include the facilitation of capital markets by reducing the cost of the merchandise (Park et al., Citation2017), the enhancement in the productivity of operational activities, the drop of risk factor in the working area (Park et al., Citation2017), or the betterment in novelty and product development. Stakeholder theory also proposes this encouraging connotation (Jones et al., Citation2018). In addition to that, most experiential research works (Cho et al., Citation2019; Park et al., Citation2017; Wang et al., Citation2018) submit a positive link between CSR and financial performance, i.e., with the increase in the former, the later additions as well, and vice versa. It was noted that such corporations, which retain the position of being environmentally and socially responsible and hold a certificate of producing such ecologically friendly products, distinguish that organization to gain a unique position and reputation in the market. Several researchers note that CSR can subsidize to an approach of differentiation and increase the export performance of the company (Cho et al., Citation2019; Park et al., Citation2017; Stojanovic et al., Citation2020; Taghian et al., Citation2015). In addition to that, CSR affects the opinions of stakeholders in a positive way (Cho et al., Citation2019) and is deliberated as an indication of company's compliance with their interests and expectations, which is the premise of company's better repute among them (Cho et al., Citation2019). Lastly, CSR entails the corporation better understanding its sponsors' prospects and interests, besides revising its strategies, goals, and priorities to adjust to those prospects and interests (Maldonado-Guzman et al., Citation2016).

CSR is a crucial success factor for business excellence and sustainable development (Shahzad et al., Citation2019). It also involves better accountability concerning the firm's interactions with its investors and the application of discussion and membership procedures that sanction their estimations to be taken (Stojanovic et al., Citation2020) into consideration in the company's decisions under the circumstances that involve them. All these features upturn the level of contentment of sponsors and shareholders further than perceived commercial remunerations. Various research studies have opined that green investment yields better business performance and an overall increase in stock price and share value. Chariri et al. (Citation2018) denoted these green investments relate positively to business performance. Several studies have been conducted to support the idea that corporations have yielded better outcomes (Falcone, Citation2018; Su, Citation2019; Xie et al., Citation2019).

The premise behind the relationship between green investment and business performance lies in two major areas: the production of environmentally responsible products and the preservation of green marketing principles. Therefore, green marketing and green investment are the critical success factors for business excellence in the current circular economy setting (Jinru et al., Citation2021). A group of industrial ecology scholars also opines that compliance with environmental laws and investment in green economy projects brings profits to the organization and the environment (Falcone, Citation2018; Su, Citation2019).

### 3.1 Green investment and CSR

Green investment and CSR are relatively inter-connected by their very objective and soul. Green investment hints at building an environmentally responsible economy, while environmental protection in its same premise is a social issue (Razzaq et al., Citation2021a; Shahzad et al., Citation2020). Since the inception of the industrial revolution, industries and private investors have brought much ease to the general public's lives. Their innovative use of modern and evolving technology has always provided the best available facilities to the general public (Han et al., Citation2020). However, this has come at a severe cost. In their pursuit of bringing ease to society, industries and several manufacturing corporations have caused the environment to deteriorate. The tolling hazard of an environmental catastrophe has brought the world to the verge where the policymakers at all levels had to put their head together to devise a policy that is more responsible towards society on the part of corporations (Han et al., Citation2020). Martin and Moser (Citation2016) note green investments to have positively contributed in this regard. It is the social responsibility of large multinational corporations to work on CSR principles to eliminate the dangerous implications of climate change. Green investment is directly linked with CSR as they both represent the same objective. According to Bhardwaj (Citation2016), green investment and CSR can be integrated on the principle of unanimity of their goals.

## 4. METHODOLOGY

Respondents were engaged from the public who practiced a green lifestyle with green products purchasing experience such as buying organic vegetables at least once a week in the Delhi, NCR by utilizing a convenience sampling method. The questionnaires were distributed to 250 respondents in January 2023 over a period of two weeks. There is 83% response rate with 200 questionnaires were found to be usable and valid for the data analysis. The questionnaires were designed into three sections. Section A presented socio-demographic questions. Section B of the questionnaire raised questions on the consumers' experience of green marketing. Section C confined questions on consumers' perception of green marketing. Five items emphasized green marketing awareness and were adapted from Kim (2002), four items of corporate social responsibility, and three items of purchase intention were jointly borrowed from Ko et al. (2008) and Winter (1986). These items were measured on a five-point Likert scale, stretching from 1 (strongly disagree) to 5 (strongly agree). Data was analyzed using the partial least squares (PLS) method, which is a variance-based technique for the analysis of structural equation models via SmartPLS computer program version 2.0.

## 5. DATA ANALYSIS

Detailed socio-demographic characteristics of the respondents are offered in Table 1. A total of 200 respondents were included in the sample. Respondents comprised 53 percent females and 47 percent males. Greater than threequarters of the respondents were 21 years old and above. The respondents' highest level of education completed varied, with 7 percent having a high school certificate, 33 percent a college degree, 10 percent a diploma, 32 percent a university graduate degree, and 18 a university postgraduate degree. The responses

revealed a high level of polarization regarding occupation distribution (i.e., the majority of responses were received from students, followed by professionals). Almost 36% of the respondents were earning more than Rs. 2,501 per month. The highest frequency of retail store visits per month was 3 times (29 percent), while only 18 percent the visited more than 5 times. Almost 85 percent of the respondents consumed green items less than 10 times per month, 10 percent 11-15 times a month and 5 percent 16 times and above. Only 6 percent spent RM501 and above.

### 5.1 Partial least squares

PLS was performed through two stages of data analysis, the measurement and structural models. Assessments of the internal consistency, convergent validity, and discriminant validity of the construct measures was examined at the measurement model stage. Results are presented in Table 2.

Table 1. Socio-demographic profile of respondents

Variable	Frequency	Percentage	Variable	Frequency	Percentage
<i>Gender</i>			<i>Frequency of retail stores visit per month</i>		
Male	94	47.0	1 times	33	16.5
Female	106	53.0	2 times	45	22.5
<i>Age (years old)</i>			3 times	57	28.5
16-20	23	11.5	4 times	29	14.5
21-25	93	46.5	> 5 times	36	18.0
26-30	50	25.0	<i>Monthly expenditure in retail stores</i>		
31-35	19	9.5	< RM100	51	25.5
> 36	15	7.5	RM101-RM250	90	45.0
<i>Occupation</i>			RM251-RM500	48	24.0
Students	115	57.5	RM501-RM750	9	4.5
Professional	56	28.0	> RM751	2	1.0
Retired	4	2.0	<i>Experiences in green consumption per month</i>		
Lecturer	25	12.5	1-5 times	84	42.0
<i>Education level</i>			6-10 times	85	42.5
SPM	14	7.0	11-15 times	20	10.0
STPM/Matriculation	67	33.5	16-20 times	10	5.0
Diploma	20	10.0	> 21 times	1	0.5
Degree	64	32.0	<i>Monthly income</i>		
Master	35	17.5	< RM2000	113	56.5
<i>Monthly income</i>			RM2001-RM2500	16	8.0
< RM2000	113	56.5	RM2501-RM3000	32	16.0
RM2001-RM2500	16	8.0	RM3001-RM3500	7	3.5
RM2501-RM3000	32	16.0	> RM3501	32	16.0
RM3001-RM3500	7	3.5			
> RM3501	32	16.0			

Table 2. Reliability and validity analysis

Factors	Items	Standardized Loadings	Cronbach's alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Green Marketing Awareness	AWA1	0.797	0.843	0.889	0.614
	AWA2	0.765			
	AWA3	0.783			
	AWA4	0.776			
	AWA5	0.799			
Corporate Social Responsibility	RES1	0.785	0.788	0.862	0.610
	RES2	0.759			
	RES3	0.807			
	RES4	0.773			
Purchase Intentions	INT1	0.772	0.782	0.873	0.698
	INT2	0.883			
	INT3	0.847			

### 5.2 Reliability and validity analysis

Reliability of the measurement items was inspected using Cronbach's alpha and composite reliability whereby results for all constructs exceeded the threshold value of 0.70 (see Table 2), indicating strong reliability among the measures. Besides, the convergent validity is achieved when the AVE values are above 0.50 set by Fornell and Larcker (1981). All shared variances between factors were below the square root of the individual factors AVE, endorsing adequate discriminant validity.

### 5.3 Structural model

Based on the path coefficients of the PLS approach, with all direct relationships were supported, it points towards a comprehensive model specification. The explanatory power (R<sup>2</sup>) of the predictor construct (i.e.

purchase intention) is 33 percent (see Table 3). Consumer awareness of green marketing had a significant and positive relationship with purchase intention ( $\beta_1=0.203$ ) and corporate social responsibility ( $\beta_2=0.573$ ). Likewise, corporate social responsibility had a significant and positive association on purchase intention ( $\beta_3=0.153$ ). Next, corporate social responsibility partially mediates the relationship between consumer awareness of green marketing and retail purchase intentions of the product, as estimated. The variance accounted for (VAF) value was calculated in order to estimate the ratio of the indirect effect to the total effect. In this research model, the VAF value indicates that 50.5% of the total effect (i.e. consumer awareness of green marketing on retail purchase intentions of the product) is explained by the indirect effect (i.e. corporate social responsibility).

Table-3. Statistical results of the structural model

Hypothesized Paths	$\beta$	t-value	R <sup>2</sup>	Results
<i>Direct Effects</i>				
Green Marketing Awareness → Purchase Intention	0.203	2.991*	0.328	H1 Supported
Green Marketing Awareness → Corporate Social Responsibility	0.573	8.229*		H2 Supported
Corporate Social Responsibility → Purchase Intention	0.153	2.414*		H3 Supported
<i>Mediation Effects</i>				
Green Marketing Awareness → Corporate Social Responsibility → Purchase Intention		2.328*		H4 Partially Supported

Note: \* Statistically significant at  $p < 0.05$  (for t-value > 1.960)

## 5. DISCUSSION AND CONCLUSION

PLS results discovered that corporate social responsibility partially mediated the effect of green marketing awareness on consumer purchase intentions of the retail product. Research by Dinnie et al. (2006), Hartmann and Ibañez (2006), Norazah (2013a, 2013b) have highlighted that consumers develop positive green marketing awareness based on the growing environmental knowledge. They were aware of the green marketing program of the retail store when they noticed that the store allocated specified space to sell eco-friendly products. Marketing managers should optimize the budget allocation for resources in corporate social responsibility activities, consumerism, and community relations programs and engage in voluntary programs for positive return on investment through increased business profitability and long run business sustainability (Shim, 2009). The company could receive greater prominence and experience high media publicity from consumer viewpoints with high attention given for being socially responsive. They need to show that their business operations are in line with the rules and regulations of government environmental standards and other related bodies (Smith & Perks, 2012). Opportunities exist to further advance this research by examining the effect of moderating variables, like demographics and culture.

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