

A STUDY ON GREEN MARKETING AND CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

Marketing has evolved over a period of time from a traditional concept of selling goods to customers to the modern concept of providing goods according to the needs of the customers. The current marketing management emphasis on Green concept which includes satisfying the need of customers without any environment degradation. Due to increased consumer concern, government regulations and social responsibility, Green Marketing is gaining importance day by day. Reducing energy consumption, minimizing waste, using renewable resources and recyclable biodegradable material and ensuring ethical sourcing, encouraging responsible consumption habits are some of green practices. Enterprises should be responsive to shareholders need and must focus on productive stakes in the global economy. They should focus on social responsibility which creates long term sustainability for corporate success by meeting the needs of all suppliers, investors, and employees. This conceptual paper includes how Corporate Social Responsibility and Green Marketing relate to each other in context to achieve the aim of sustainability and ethical business conduct. In addition, paper also includes the challenges in implementing various csr policies and green marketing practices. Some Corporations practicing corporate social responsibility and green marketing initiatives are also included in the paper showing numerous ways to contribute to attain environment sustainability.

KEYWORDS: Corporate Social Responsibility (CSR), Environmental Sustainability, Green Marketing, Packaging.

Introduction

Green Marketing can be defined as the process of production, promotion, packaging and reclaiming products by the organization in a way that is sensitive towards environmental or ecological concern. Thus green marketing includes various tasks such as, product modification, effective changes in process of production, sustainable packaging, and making advertisement in ecological way. Selling goods or providing services to customer with least harmful impact on environment is known as Green Marketing. Goods or services can be produced or packaged in ecological manner. Green Marketing can be practiced in various ways with a view to sustain environment. These various ways can be eliminating the concept of waste or to make the environment greener. Green Marketing includes satisfying the needs and wants of customers by producing goods or rendering services without any damage to environment. Green Marketing is followed in each and every aspect of the marketing including quality, affordability, performance or convenience of the product. With the increasing role of environmental problems, both marketers and consumers have started focusing on Green Products and Services.

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Corporate Social Responsibility

The concept of Corporate Social Responsibility also called Corporate Citizenship is a Business Model that helps a company to be socially accountable to itself, its stakeholders and the community. Corporate Social Responsibility is a self-regulating business model, which makes a company to work in a way that enhance society and environment in a positive way. Corporate Social Responsibility includes business taking responsibility of society, the environment and the economy by including ethical practices in decision making process with the objective to contribute to the world beyond financial profits. Corporate Social Responsibility includes various activities like reducing carbon footprints, boosting community development and following philanthropy. Gradually, Corporate Social Responsibility have become essential corporate strategy driven by government regulations and consumer need. CSR is a way by which organizations manage their business process to create positive impact on the society including economic and social environment and foster long term relationship with stake holders including customers, suppliers, employees, business partners, shareholders/investors and government. By incorporating Corporate Social Responsibility strategy Business organizations contribute towards sustainable development and solving worldwide challenges.

Review of Literature

Researchers like Gedkar, Ashish has revealed the importance and impact of Green Marketing on sales of various companies and concluded that green marketing is not just a mere approach but it has societal and environmental dimensions attached to it leading to a sustainable future.

Another stream of research has focused on the study of corporate social responsibility and sustainable development in India. Critics like Sharma Rakhee (2019) studied the changing role of csr from a voluntary activity to basic strategy of companies that not only fulfill legal and ethical obligations but also position organizations as leaders in world.

Gosain, Priyanka (2019) emphasized that green marketing is a csr tool as it enhances brand reputation and attracts environmentally conscious consumers and provide competitive advantage to organizations. It includes study all the green initiative taken by companies and their impact on environment.

In a research done by Kumar Rajeev (2017), various strategies to promote green marketing was studied and their impact on business performance was analyzed. The study also gained information from the consumer point of view including their perspective on implementation of these strategies.

Researcher like Chen et al. (2019) studies the role of technology and innovation in promoting CSR- Green marketing initiatives. It revealed that advancement in digital marketing and artificial intelligence enable companies to develop green marketing campaigns based on consumer feedback and make organizations accountable and transparent.

Historical Perspective on Green Marketing

Green Marketing came into existence in 1960s and 1970s, due to rising of various environmental issues such as deforestation, pollution and reduction of natural resources. The concept of Green Marketing gained prominence with awareness of dangers about pesticide use and environmental degradation. After the proceedings of the first workshop on Ecological Marketing held in Austin, Texas (US) in 1975, Green Marketing was given dominance. In this workshop the first book on Green Marketing was released entitled as "Ecological Marketing". Green Marketing focuses not only on the needs of customers but also on the sustainable development in the long run. Due to increasing need of environmental protection, green practices, ecological products and services, Green Marketing has become a well- established field for the entrepreneurs to gain profit with sustainable efforts.

Evolution of Corporate Social Responsibility in India

The Concept of Corporate Social Responsibility in India belongs to Mauryan history, while conducting business ethical practices and code of conduct were followed. Philosophers like Chanakya have practiced Corporate Social Responsibility in the form of charity and donations to the unprivileged class of society. India has deep rooted culture of sharing and caring as Indian scriptures have mentioned the importance of sharing the wealth with the poor section through the acts of philanthropy, charity and donation in order to achieve the aim of social welfare and the development of community. The evolution of Corporate Social Responsibility in India basically belongs to four phases.

- **I Phase:** In phase of corporate social responsibility Hindu merchants donated alms, made shelters and temples for the unprivileged section. Corporate Social Responsibility in India has been initiated by the acts of philanthropy and donations which originated from traditions, religion and family values along with modernization. Till 1850, temples or religious places were setup by prosperous businessmen to serve the society. In 1900, the trend of setting charitable foundations, education and health institutions and community development trust was promoted by industrialist families like Tatas, Birlas, Bajajs, and Modis etc.
- **II Phase:** During the independence struggle many industrialists showed their dedication towards society by sharing their wealth with unprivileged section of society.
- **III Phase:** From 1960-1980, CSR was practiced by the emergence of public sector undertakings to ensure proper distribution of wealth by implementing the policy of industrial licensing. High taxes and rigid regulations on private sector caused misconduct resulting in endorsement of legislation regarding labor and environmental issues.
- **IV Phase:** From 1980 onwards, corporate social responsibility was integrated as a sustainable business strategy by Indian corporate entities with the introduction of LPG policy. In 1991 there was boom in economic growth of country which led to more contribution towards social responsibility by private companies.

Today in India, CSR has become a central part of corporate strategy driven by both legal obligations and societal wellbeing. Section 135 of Companies Act 2013, along with the companies (corporate social responsibility policy) Rules 2014 states about Corporate Social Responsibility. The legislation mandates that every company having net worth of rupees 500 or more, or having turnover of rupees 100 crore or more, or having net profit of 5 crore or more would have to spend every year atleast 2% of their average net profit of preceding three years on corporate social responsibility works. Such companies would have to establish a corporate social responsibility committee of the board members, which is responsible for formulating and recommending a corporate social responsibility policy, the amount to be spent on corporate social responsibility activities and ensuring proper implementation and monitoring of CSR policies. Schedule VII of companies act 2013 states activities that are permissible under corporate social responsibility policies and includes areas such as eradicating poverty, promoting gender equality, ensuring environmental sustainability and developing slum area activities. Companies must disclose corporate social responsibility initiatives and expenditures in their annual report to foster a culture of social responsibility and promoting sustainable development.

Objective of the Study

- To analyze the relationship between green marketing and Corporate Social Responsibility.
- To what extent, corporations are able to include green marketing initiatives and CSR practices.
- To study the challenges in implementing CSR and green marketing practices.

Research Methodology

This study includes a descriptive research methodology providing a comprehensive data about history of green marketing and CSR and current challenges in their implementation. Various examples, cases and events are included to make the research more insightful. The key purpose is to describe actual situation or problem as it exists without using any unrealistic information.

Relation between Green Marketing and Corporate Social Responsibility

Corporate Social Responsibility and Green Marketing are sustainable and ecological business practices. While Corporate Social Responsibility includes the way to make a positive impact on society by addressing environmental issues that boosts sustainability and promotes relationship with stakeholders. On the other side, Green Marketing primarily concentrates on promoting products and services providing customers with sustainable and ecological advantages. There are various events in the world eventually resulting in development of Corporate Social Responsibility activities and Green Marketing initiatives. The key milestones that have influenced the integration of Green Marketing and Corporate Social Responsibility practices are as follows:

- Establishment of Environmental Protection Agency (1970)
- Publication of Brundtland Report (1987)
- Establishment of ISO14001 Environmental Management Standard (1991)

- Rio Earth Summit (1992)
- The Kyoto Protocol (1997)
- UN Sustainable Development Goal (2010)
- Introduction of European Union's Directive (2012)
- Paris Agreement on Climate Change (2015)
- Introduction of ESG (2019)
- Covid -19 pandemic and its impact on sustainability (2020)

Corporate social responsibility and Green Marketing both have the objective of environmental sustainability and reducing carbon footprints. Organizations performing corporate social responsibility often use green marketing activities to promote eco-friendly practices to public, expressing themselves as socially responsible entities. By including corporate social responsibility into Green Marketing companies can show their commitment towards environment sustainability through various initiatives like minimizing waste, offering sustainable packaging and organic products. Inclusion of CSR practices and Green Marketing initiatives create a mutual benefit for both the company and society. A company adopting ecological production methods can incorporate these practices into their green marketing to promote the benefit of green products. It will result in boosting company image as well as building customer trust and loyalty. In this era of modernization and public awareness, customers are looking for brands that focus on quality as well as on the values of environment protection and social responsibility. The other benefit of incorporating Corporate Social Responsibility and Green Marketing is increased financial success of company. Consumers are willing to support those brands which contribute to sustainability as they are more aware about importance of environment responsibility. Corporate Social Responsibility activities aligned with Green Marketing practices automatically help business to comply with environmental standards. Thus by prioritizing green initiatives in Corporate Social Responsibility practices companies can gain a competing advantage in global market and at the same time they can contribute to make a cleaner and sustainable environment.

A Review on businesses practicing Corporate Social Responsibility and Green Initiatives

APPLE: The Company has been constantly making efforts towards lowering its e-waste through designing some of its products by using recycled components. Apple has been successfully producing sustainable product designs. It has launched a program that inspires consumers to recycle their old apple devices.

- **BMW:** BMW focuses on electric mobility through its new launch "BMW I" sub brand. The company leads in the sustainable performance of electric vehicles.
- **Microsoft:** Microsoft Company has embraced ethical disposal of e-waste and the business also stresses on eco-friendly packaging of its products. Moreover Microsoft also encourages users to recycle electronic trash so that environment sustainability can be maintained.
- **TESLA:** A Leader in electric vehicles, the company is engrained in its goal to develop environmentally friendly vehicles and to switch to renewable energy resources.
- **NESTLE:** NESTLE is committed to ethical sourcing of raw materials of goods such as Coffee and Cocoa. The "nestle cocoa plan" promotes sustainable cultivation and safeguards natural resources.
- **Kellogg's:** The Company has launched the campaign "better days" to follow ethical production practices and sustainable sourcing. Kellogg's uses environment friendly packaging and enhances recycling and reducing waste.
- **Porter and Gamble:** The Company has been aiming to achieve zero manufacturing waste to landfills and complete recyclable or reusable packaging by launching a program named as "Ambition 2030". The business collaborates with its suppliers to provide eco-friendly packaging to promote sustainability.
- **McDonald's:** The Company replaced its calm shell packaging with waxed paper in order to reduce ozone depletion and polystyrene production. This practice of company was immensely appreciated by consumers.

Challenges in Implementation of Green Marketing and CSR

Companies face many challenges in implementing green strategies. These challenges can be broadly specified into three types, i.e. economic, cultural and regulatory challenges.

- **Economic Challenges**
 - **High Cost:** Due to use of sustainable raw material and cleaner technology the cost occurred in producing eco-friendly products becomes very high.
 - **Limited Reach to Green Technologies:** Companies struggle to access green technologies particularly small and medium enterprises in India.
- **Cultural and Social Challenges**
 - **Lack of Awareness:** In rural areas, consumer is less aware about increasing environmental degradation.
 - **Resistance to Change:** Consumer is reluctant to accept new, eco-friendly product alternative due to traditional consumption pattern and preference for conventional products.
- **Regulatory Challenges**
 - **Lack of Clear and Uniform Regulations:** Due to unclear regulatory environment and frequent changes, there is lot of uncertainty in regulatory environment of green products and practices.
 - **Inadequate Compliance:** Where environment regulation exists, their compliance is lacking, resulting in discouraging companies from investing in compliances.
 - **Absence of Incentive:** Due to Absence of tax breaks and subsidies for companies following Green practices, companies find it difficult to justify the additional cost with Green Marketing.

Despite the growing awareness of CSR, implementing CSR is still difficult for companies and they face various challenges. The major challenge is lack of clear guidelines and standardization in CSR policy. Companies Act 2013 only state that certain companies must allocate fund to CSR but not about the process of spending these funds and measuring impact of csr initiatives. These results in inconsistent practices and stakeholders find it difficult to assess the effectiveness of csr.

Additionally, some companies, small business especially in public sector have limited understanding of csr practices.

They consider it as a mere obligation rather than a strategic tool for long term success. Poorly planned csr practices fails to align with company's core objective and to deliver meaningful social impact.

Another challenge in implementing csr practices is resource constraints both in terms of finance and human resources. Furthermore, sometime companies divert the fund meant to csr into other areas, resulting in undermined social impact.

There is gap between actual needs of the communities and the implemented csr projects as companies focus on short term benefits rather than focusing on root problems of society and creates only superficial effort.

Moreover, there is issue of transparency and accountability in csr practice implementation. The regulatory and governance framework surrounding csr still faces challenges due to improper auditing and monitoring system. This leads to not fully complying with csr practices, reducing overall social impact.

Thus, there are many challenges in adopting and implementing csr practices that need to be solved in order to take full advantage of CSR mechanism.

Conclusion

In conclusion, Green Marketing and Corporate Social Responsibility are inherently connected as both focus on sustainability and environment protection. Companies can enhance their goodwill, improve relationship with consumers and contribute to a more sustainable environment by aligning CSR practices with Green Marketing activities. CSR helps a company to address social and economic challenges through its sustainable practices and it provides ethical foundation for Green Marketing. All the companies have been successfully practicing CSR-Green Marketing initiatives making immense contribution towards impactful society. Green Marketing represents the ecological benefit of products or services as consumers are more aware about increased environmental degradation. There are still some

challenges remaining in practicing CSR and Green Marketing which will be addressed with passage of time. Future of CSR and Green Marketing looks promising due to increment in environmental awareness and inclination towards green products. Overall CSR and Green Marketing are poised to evolve from a compliance driven activities to core business practices that drives long term value creation and a more promising future.

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