



ISSN 2520-6303



Scientific Platform

Tshuma, S. (2022). Embrace green marketing or lose competitive advantage: An insight on the performance of small and medium-sized enterprises in the foundry sector in Zimbabwe. *Economics, Management and Sustainability*, 7(2),63-69. doi:10.14254/jems.2022.7-2.5.

## Embrace green marketing or lose competitive advantage: An insight on the performance of small and medium-sized enterprises in the foundry sector in Zimbabwe

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### Article history:

Received: October 10, 2022

1st Revision: November 5, 2022

Accepted: November 18, 2022

### JEL classification:

M31

Q56

O44

### DOI:

[10.14254/jems.2022.7-2.5](https://doi.org/10.14254/jems.2022.7-2.5)

**Abstract:** The rise of the green revolution has shaken many firms to decide on their dominance or face the wrath of natural extinction by failure to adapt to changes in the macro environment. Green marketing has recently gained acceptance in the commercial world to the level that firms that still embrace the old conventional marketing paradigm are rethinking their marketing strategies. Green marketing seeks to ensure that businesses do not harm the environment they operate in or harm the planet earth's living species. There has been a dynamic shift in the marketing mix elements as organisations thrive to satisfy the needs of a chameleon consumer. The research was informed by Ottman's paradigm shift from conventional marketing to green marketing. The study sought to determine the impact of green marketing strategies on firm performance and the challenges faced by small to medium enterprises in their quest to adopt green marketing strategies. A quantitative research design was adopted with a sample size of 20 steel and aluminum foundry firms. The primary research findings were that firms are aware of green marketing strategies and their impact on firm performance, although they face challenges in implementing them. The paper's results will help various small to medium enterprises in the foundry industry to rethink, redesign and re-engage to achieve innovation and industrialisation in a green economy.

**Keywords:** green marketing, conventional marketing, sustainable marketing, green economic growth, small and medium-sized enterprises (SMEs)



## 1. Introduction

World Commission on Environmental Development (1978) declared that sustainable economic development is rooted in attaining or meeting the current needs without compromising the ability or capability of the future generation to survive and meet their own needs. Back when Zimbabwe attained its independence, the Government's primary focus had always been black empowerment. It began with Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET), followed by Economic Structural Adjustment Program (ESAP) (1991-1996), Zimbabwe Programme for Economic and Social Transformation (ZIMPREST) (1996-2000) and Short-Term Economic Recovery Programme (STERP I) (2010-2012), then, the National Development Strategy of Zimbabwe which seeks to convert Zimbabwe into a middle-income economy by 2030, all these policies are mostly centered to converting SMEs to become the pillar of economic development. However, current research shows that small businesses in Zimbabwe make up 94% of the country's business population but only contribute 15% to the country's economy due to a high failure rate during the first five years (Sibanda, 2016). Most of the failures of these SMEs are attributable to a failure to understand the Market environment, mainly the green customer.

It should be noted that green marketing can never replace economic development strategies, but embracing it can lead to economic development as it strives for environmental protection and sustainable business practices that conserve resources through effective and efficient production practices for the current and future generations. According to Ottman (2017), times have changed, and a new paradigm has emerged, requiring new strategies with a holistic point of view and eco-innovative product and service offerings. The new rules being laid down by today's eco-conscious consumers cannot be addressed with conventional marketing strategies and tactics if firms are to survive in the world of fierce competition. The SMEs of today should meet these two rules set by ecological customers to gain a competitive advantage (Ottman, 2017). Develop products that balance consumers' needs for quality, performance, affordability, and convenience with the lowest impact possible on the environment, and with due concern for social considerations and create demand for the resulting products through credible, values-laden communications that offer practical benefits while empowering and engaging consumers in meaningful ways about essential issues that affect their lives. According to Fashu (2018), SMEs in the foundry industry are like sleeping giants awaiting tapping as they are sabotaged by a lack of technological advancement and government support to meet demand. The use of outdated machinery by this sector continues to excessively emit greenhouse gases as most of its production is powered by coal (Fashu, 2018).

## 2. Literature review

### Small and Medium Enterprises (SMEs)

SMEs are usually defined as family-owned businesses, or single manager businesses, businesses that employ less than 50 people, offer low wages and salaries, some are not fully registered, mainly default in taxation payment but are building block businesses in a striving developing economy, (Mungozhi & Hlabiso, 2017), they are engines to innovation and key elements on economic growth employment creation, (Sadeghi, (2018), it should not be undermined that some SMEs lack managerial skills and owners are not educated.

### Sustainable marketing

It is also defined as ecological marketing or environmental marketing (Prothero & Fitchett, 2000). It is ensuring a balance in production, ensuring that both the production and consumption of products do not harm the environment and consumers, and conservation of planet earth's resources (Ottman, 2017). Sustainable marketing is ensuring environmental consciousness, living the promise of preserving the environment for the future (Ottman, 2011; BOLOGNA+10, 2010). It is a marketing philosophy driven by green consumerism, meaning firms that do not adopt sustainable marketing practices should be prepared to lose green consumers as part of their market. In the era of sustainable marketing (Ottman, 2017), the new green marketing paradigm alludes that 'In the age of sustainability, products are ideally designed to travel in endless loops; when their useful lives end, materials are not heedlessly disposed of in a landfill, but thoughtfully recaptured for recycling, reuse, or remanufacturing. Consciousness is growing for the benefits of sourcing one's materials locally: products that better fit regional environmental considerations or the specific environmental needs of different segments of consumers.

### Foundry industry

Jain (2003) notes that the foundry industry involves industries in the melting of ferrous and nonferrous alloys and pouring them into moulds to shape them into finished castings. In Zimbabwe, many big foundry firms closed down due to the harsh economic environment, and it is now dominated by small firms who pull resources together to purchase coal which they use for melting alloys. The foundry in Zimbabwe mainly casts steel, cast iron, brass, and aluminum alloys (Fashu, 2018). Zimbabwe still lags as the industry uses manual labour, sand, permanent, die, and pressure, while developed countries now use automation and robots (Madanhire, Kagande & Chidziva, 2013; Fashu, 2018). Major players in the SMEs in this sector specialise in the iron and aluminum casting of consumer products, including three-legged pots, ploughing wheels, and consumer-specialised castings.

### 3. The objective of the study

To determine the green marketing tools embraced by SMEs.

To determine the impact of green marketing strategies on firm performance.

To analyse challenges faced by SMEs in adopting green marketing strategies.

### 4. Green marketing tools

#### The new green marketing paradigm

According to Ottman (2017), the new green marketing paradigm has its own rules that are diverse from conventional marketing rules. The new standards of green marketing call for businesses to excel by being proactive. Aiming to surpass minimal compliance standards, they set the standards by which they and their competitors will be judged; they are not afraid of disclosing their ingredients and swinging open the doors of their factories to build a lasting relationship with green consumers ready to reward them with their loyalty. Based on the diagram below (Ottman, 2017), there is a vast difference between conventional and green marketing, which is geared to drive businesses to become savvy and embrace the new paradigm.

**Table 1: Conventional marketing Versus Green marketing**

	<b>Conventional Marketing</b>	<b>Green Marketing</b>
<b>Consumers</b>	Consumers with Lifestyles	People with lives
<b>Products</b>	“Cradle to grave” Products Globally sourced One size fits all	“Cradle to cradle” Services Locally sourced Regionally tailored
<b>Marketing and communications</b>	Product end-benefits Selling One-way communication Paid advertising	Values Educating and empowering Creating community Word of mouth
<b>Corporate</b>	Secretive Reactive Independent and autonomous Competitive Departmentalised Short term-oriented/ profit-maximising	Transparent Proactive Interdependent/ allied with stakeholders Cooperative Holistic Long term-oriented/ triple bottom line

Source: (Ottman, 2017)

Green marketing seeks to ensure that the marketing concept becomes the backbone of every organisation that seeks to gain a competitive advantage in the changing world full of negative externalities that companies cause as they strive to meet daily customer needs and wants.

#### Impact of green marketing strategies on firm performance

The primary drive to green marketing started with the research done by (Polonsky & Rosenberger, 2001) on whether firms are in a position to balance the needs of the environment simultaneously with profitability. Numerous researches have been conducted to determine firm performance and competitiveness upon adopting green marketing (Maziriri, 2020; Mukonza & Swarts, 2019). Chahal et al. (2014) researched green firms in India and noted the following constructs that affected SMEs' performance green innovation, green process, green strategic

policies, green supply chain management, and proactive energy. Iweama (2020) researched the implications of green marketing in a developing economy and noted that economies like Nigeria have 70% of the Businesses as SMEs, and the embracement of green marketing can help to achieve growth in these firms although through government support as they lack funds to green their marketing mix.

In the tourism sector, one of the critical attributes that yield a sustainable customer database for both local and foreign customers is the ability of the firms to practice sustainable marketing (Porter & Der Linde, 1995), be able to respond to ecological changes (Basal & Roth, 2000), as customers have shown that their buying power is based on environmental management and need for good health (Maziriri, 2020)

Mukonza and Swarts (2019) note that firms adopt green marketing to improve their company image and overall company performance-rooted in consumer education on eco-friendly consumption habits. Yazdanifard and Mercy (2011) note green marketing as a new sustainable and profitable paradigm. Mukonza et al. (2020) view green marketing as the company's social obligation towards environmental preservation.

Maziriri (2012) spells out that the competitive advantage of SMEs can only be gained through the appreciation of green packaging, green advertising, green product, and green process innovation. A competitive advantage would mean that an enterprise is recognised as a company that either delivers better quality products than the competition or offers support and services at a more excellent value than the competition. 'The enterprise will become recognised in the marketplace as being the best, and consumers will be interested in hearing about the enterprise's new products because they recognise the enterprise as an industry leader' (Maziriri, 2021). Greening up the marketing mix helps create efficiency in operations, lower product life cycle costs, and achieve sustainable competitive advantage (Ottman, 2020). Adopting green marketing by SMEs leads to enhanced workers' health, and profitability, increased product life cycles, and reduced negative externalities (Masocha, 2020).

The main thrust of achieving a sustainable competitive advantage with few resources is being responsive to customer needs and wants. Green consumers are influenced by the existence of green values rather than products that have been repackaged without the necessary green values (Govender & Govender, 2016). SMEs that avoid greenwashing are bound to succeed as they face no risk of backlash (Ottman, 2020). Green marketing strategies have emerged as the new weapon in cutting-edge competition among SMEs in South Africa (Maziriri, 2020).

#### **Challenges faced by SMEs in adopting green marketing strategies**

According to Kotler & Armstrong (2018), in developing economies, green marketing is still at its introductory stage, and there is a need first to convince consumers to be eco-friendly before a complete roll of the concept. Li and Chen (2016) notes that the major drivers that have made firms embrace green marketing are the need to fight for a substantive competitive position, pressure from competing firms that have adopted green marketing, pressure from environmentalists, and other legal frameworks.

Hove and Rathaha (2021) asserts that employees are aware of the green marketing concept, although most are unaware of the benefits of holding green accreditation as many lack green marketing knowledge.

## **5. Research methodology**

A descriptive research design was used to discover the impact of green marketing on firm performance and the challenges firms in the foundry sector face in greening up their marketing mix. The descriptive research design was used (Zimund et al., 2013). SMEs in the foundry sector were the target population. The sample size chosen was 20 SMEs in the foundry sector, using convenience sampling (Kothari, 2008). The research instrument used was the close-ended questionnaires to ensure easy data analysis and data validity restriction. The researcher adopted a quantitative approach to data analysis using the Statistical Package of Social Sciences (SPSS). Descriptive statistics were used to report findings.

## **6. Findings**

The findings are deemed reliable as 85% of the sample that participated in the study either holds a diploma or a degree and, in turn, has a broad understanding of the green marketing concept.

### Green marketing tools used by SMEs in the foundry industry

On green marketing tools, it was noted that the firms only used scrap material to recycle and reduce waste material. This was done based on the notion that the scrap is easy to source and affordable compared to raw iron and aluminum. The marketing tools were also customer-centric. They believe people have lives and initiate the firm's products (Ottman, 2017). The main thrust of achieving a sustainable competitive advantage with few resources is being responsive to customer needs and wants. Green consumers are influenced by the existence of green values rather than products that have been repackaged without the necessary green values (Govender and Govender, 2016). This has led many SMEs to produce products with varying designs, shapes, and material types ranging from cast in aluminum some iron. On product sizes, they use the old marketing model; they believe in one size fits all castings and making patterns per each customer is expensive. This has shown that green castings are more expensive than conventional castings. In marketing and communication, SMEs in this sector are still glued to the conventional paradigm; they believe in manufacturing without consulting customers and finally initiate the selling concept (Ottman, 2017).

**Table 2: Impact of green marketing strategies on firm performance. Descriptive Statistics**

	N	Mean	Std. Deviation
Green marketing mix increases operational expenses	20	3.10	.308
Green marketing leads to the expensive product line	20	4.10	.447
Green marketing leads to customer satisfaction	20	3.35	.745
Valid N (listwise)	20		

Table 2 indicates that a green marketing mix increases operational expenses, shown by a mean score of 3.10 and a standard deviation of 0.308. The study findings also show that Green marketing leads to an expensive product line, as shown by a mean of 4.10 and a standard deviation of 0.447. This opposes the views (Mukonza & Swarts, 2019) that firms adopt green marketing to improve their company image and overall performance rooted in consumer education on eco-friendly consumption habits (Yazdanifard & Mercy, 2011). Green marketing is a new paradigm that is sustainable and profitable. Lastly, findings show that green marketing leads to customer satisfaction. Findings are depicted by a mean of 3.35 and a standard deviation of 0.745. These findings are supported by (Govender & Govender, 2016), that green consumers are influenced by the existence of green values rather than products that have been repackaged without the necessary green values. SMEs that avoid greenwashing are bound to succeed as they face no risk of backlash (Ottman, 2020).

**Table 3: Challenges faced by SMEs in adopting green marketing strategies. Descriptive Statistics**

	N	Mean	Std. Deviation
Firms lack the knowledge to green up the foundry sector	20	4.25	.550
Customers still insist on conventional products	20	4.20	.894
Green technology is expensive	20	4.25	1.020
Lack of stakeholder support to embrace green marketing	20	1.45	.510
Valid N (listwise)	20		

The findings in Table 3 indicate challenges faced by SMEs in that Firms lack the knowledge to green up the foundry sector; this is shown by a mean score of 4.25 and a standard deviation of 0.550. This shows that many SMEs in this sector believe this shows that many SMEs in this sector lack of knowledge on green up their marketing mix as Zimbabwe does not have green seals and relies on international seals, which are sometimes difficult to attain by most SMEs. Hove & Rathaha (2021) employees are aware of the green marketing concept, although most were unaware of the benefits of holding green accreditation. The study findings also show that Customers still insist on conventional products, as shown by a mean of 4.20 and a standard deviation of 0.894. These findings are supported by Kotler & Armstrong (2018), that green marketing in a developing economy is still at its introductory stage, and there is a need first to convince consumers to be eco-friendly before a complete roll of the concept. Also, findings show that Green technology is expensive. Findings are depicted by a mean of 4.25 and a standard deviation of 1.020. These findings show that the skills and technology to embrace green marketing are expensive (Fashu, 2018). Green automation and robots need huge investments. Lastly, Firms lack stakeholder support to embrace green marketing. SMEs face challenges accessing technical training, mainly because they lack the resources to meet the costs of greening their marketing mix.

## 7. Practical implications

All company stakeholders, such as consumers, industrial buyers, suppliers, and government institutions (Singh, 2015), should pressure the supply chain to embrace green technology so that the results are all green.

According to Ottman (2020), firms should understand customer beliefs and values towards green products and deliver them the products they need, ensure credible communication to ensure a green society, and plasticise green corporate social responsibility.

SMEs are encouraged to redefine their mission, vision and values and incorporate green marketing concepts.

SMEs should hire employees based on pre requisite knowledge of green marketing as most of these organisations do not adhere to green marketing concepts because of a lack of knowledge.

Government support is needed to deliver environmental awareness into tertiary education curricula and upgrade the capacities of lecturers and managers across training institutions. This will ensure graduates leave the training institutions (beyond the project's lifespan) with greening production processes and environmental protection skills.

## Acknowledgements

Thanks to all SMEs that participated in the study.

## Funding

The author(s) received no financial support for this article's research, authorship, and/or publication.

## Citation information

Tshuma, S. (2022). Embrace green marketing or lose competitive advantage: An insight on the performance of small and medium-sized enterprises in the foundry sector in Zimbabwe. *Economics, Management and Sustainability*, 7(2), 63-69. doi:10.14254/jems.2022.7-2.5

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