

TITLE

**THE INFLUENCE OF INSTITUTIONAL PRESSURE AND ATTITUDE TOWARD
GREEN MARKETING MIX STRATEGIES AMONG SMES**

NG ZHI YANG



**THE THESIS IS SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF BACHELOR OF TECHNOLOGY
MANAGEMENT (HIGH TECHNOLOGY MARKETING).**

**FACULTY OF TECHNOLOGY MANAGEMENT AND TECHNOPRENEURSHIP
UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

FEBRUARY 2023

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

SUPERVISOR APPROVAL

‘I hereby admit that I have read this thesis, and, in my opinion, this thesis meets the scope and quality to award Bachelor of technology management (High technology Marketing).’

SIGNATURE:

SUPERVISOR’S NAME: DR JOHANNA BINTI ABDULLAH JAAFAR

DATE:

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

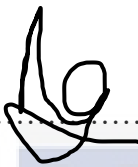
SIGNATURE:

PANEL’S NAME: PROFESOR MADYA DR. MOHD SYAIFUL RIZAL BINABD HAMID

DATE: 5/2/2023

DECLARATION

‘I hereby declare that this research thesis is my original work, and it has been written by me in its entire. I have duly acknowledged all the sources of information that have been used in the thesis’

SIGNATURE: 

NAME : NG ZHI YANG

DATE : 01-02-2023



اونيورسيتي تيكنيكل مليسيا ملاك

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

DEDICATION

I would like to give thanks to my dearest parent, Supervisor, panel, friend, and senior

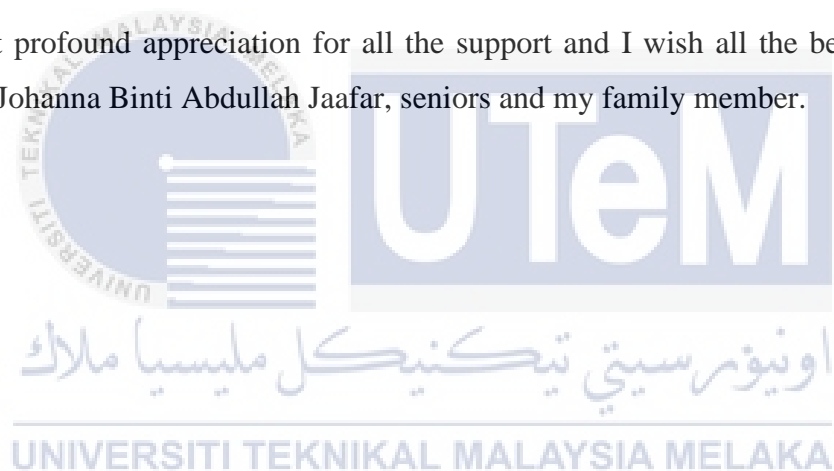


ACKNOWLEDGEMENT

Frist and foremost, I would like to thank my PSM supervisor Dr Johanna Binti Abdullah Jaafar. Dr Johanna is a very patient and hardworking lecturer and supervisor willing to spend time mentoring students. This research study would not be complete without the effort and commitment given By Dr Johanna.

I want to express my appreciation and thanks to my seniors who advised me to complete the research study. Last but not least, I am incredibly grateful to my family member, who has supported me on my research journey.

Last, my most profound appreciation for all the support and I wish all the best to my dear supervisor Dr Johanna Binti Abdullah Jaafar, seniors and my family member.



ABSTRACT

Today, increased environmental issues lead to environmentally friendly awareness and increases in consumer purchase behaviour. The environmental problems influencing consumer preferences have begun shifting to purchasing environmentally friendly products. Implementing the green marketing concept can meet customer needs for eco-friendly products and maintain companies' long-term sustainability. Providing eco-friendly products and sustainable development is the vision and mission of the policy framework of SMEs. Nevertheless, hardly any SMEs contribute to eco-friendly and sustainable development issues. Therefore, this study aims to investigate The influence of institutional pressure and attitude toward green marketing mix strategies among SMEs through the perception of institutional theory and the theory of planned behaviours. The research objective of the study is to determine the relationship between the dependent variable (green marketing mix strategies) and the independent variable (Coercive pressure, Normative pressure, Mimetic pressure, Environment Attitude). This research was conducted using quantitative methods. The survey data collected will be an online questionnaire from 302 respondents who is SMEs. The research is focused on SMEs in Malaysia. In addition, the researcher will use the Statistical Package for Social Science to analyse the collected data (SPSS). The researcher employs descriptive analysis and Pearson correlation analysis as data analysis techniques to numerically describe the variables and determine the relationship between the independent variables and the dependent variables.

ABSTRAK

Hari ini, peningkatan isu alam sekitar membawa kepada kesedaran mesra alam dan peningkatan tingkah laku pembelian pengguna. Masalah alam sekitar yang mempengaruhi pilihan pengguna telah mula beralih kepada pembelian produk mesra alam. Melaksanakan konsep pemasaran hijau dapat memenuhi keperluan pelanggan untuk produk mesra alam dan mengekalkan kemampuan jangka panjang syarikat. Menyediakan produk mesra alam dan pembangunan mampan adalah visi dan misi rangka kerja dasar PKS. Walau bagaimanapun, hampir tidak ada PKS yang menyumbang kepada isu-isu pembangunan mesra alam dan mampan. Oleh itu, kajian ini bertujuan untuk menyiasat pengaruh tekanan institusi dan sikap terhadap strategi campuran pemasaran hijau di kalangan PKS melalui persepsi teori institusi dan teori tingkah laku yang dirancang. Objektif penyelidikan kajian ini adalah untuk menentukan hubungan antara pembolehubah bergantung (strategi campuran pemasaran hijau) dan pembolehubah bebas (Tekanan paksaan, tekanan normatif, tekanan Mimetik, Sikap Alam Sekitar). Kajian ini dijalankan dengan menggunakan kaedah kuantitatif. Data kaji selidik yang dikumpul akan menjadi soal selidik dalam talian daripada 302 responden yang merupakan PKS. Penyelidikan ini memberi tumpuan kepada PKS di Malaysia. Di samping itu, penyelidik akan menggunakan Pakej Statistik Sains Sosial untuk menganalisis data yang dikumpul (SPSS). Penyelidik menggunakan analisis deskriptif dan analisis korelasi Pearson sebagai teknik analisis data untuk menerangkan pembolehubah secara berangka dan menentukan hubungan antara pembolehubah bebas dan pembolehubah bergantung.

TABLE OF CONTENTS

TITLE	i
SUPERVISOR APPROVAL	ii
DECLARATION	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
ABSTRACT	vi
ABSTRAK	vii
LIST OF TABLE	xiii
LIST OF FIGURES	xiv
LIST OF APPENDIX	xv
LIST OF SYMBOLS AND ABBREVIATIONS	xvi
1 INTRODUCTION	1
1.1 Chapter Overview	1
1.2 Background of Research	1
1.3 Problem Statement	3
1.4 RESEARCH QUESTIONS	5
1.5 RESEARCH OBJECTIVE.	5
1.6 Scope and Limitation of the Research	5
1.6.1 Scope	6
1.6.2 Limitation	6
1.7 Significance of the Study	6
1.8 Summary of the Chapter	7
2 LITERATURE REVIEW	8
2.1 Introduction	8

2.2	SMEs	8
2.3	Definition of green marketing	9
2.4	Green marketing Mix.	10
2.4.1	Green product	11
2.4.2	Green pricing	11
2.4.3	Green Promotion	12
2.4.4	Green Place/Distribution	13
2.5	Institutional pressure	13
2.5.1	Coercive pressure	14
2.5.2	Normative pressure	15
2.5.3	Mimetic Pressure	15
2.5.4	Environment Attitude	16
2.6	Underpinning theory	17
2.6.1	Institutional theory	17
2.6.2	Theory of planned behaviour	18
2.6.3	Theoretical Framework	19
19		
2.7	Hypothesis development	19
2.8	Summary	22
3	RESEARCH DESIGN	23
3.1	INTRODUCTION	23
3.2	Research design	23
3.2.1	Descriptive analysis	24
3.2.2	Explanatory research	24
3.3	Research design method	24
3.3.1	Quantitative analysis	25

3.4	Research strategies	25
3.4.1	Survey research	26
3.4.2	Questionnaire design	26
3.5	Scientific Canon	27
3.5.1	Reliability	27
3.5.2	Internal Validity	28
3.5.3	Pilot Test	28
3.6	Sampling Design	29
3.6.1	Target Population	29
3.6.2	Sampling Techniques	29
3.6.3	Sampling Size	30
3.7	Measurement of Construct	31
3.7.1	Coercive pressure	31
3.7.2	Normative pressure	31
3.7.3	Mimetic pressure	32
3.7.4	Environment Attitude	33
3.7.5	Green Marketing Mix	34
3.8	Data Collection method	36
3.8.1	Primary data	36
3.8.2	Secondary data	37
3.9	Data Analysis Tools	37
3.9.1	Descriptive analysis	37
3.9.2	Pearson's Correlation Coefficient	38
3.9.3	Multiple Regression Analysis	38
3.10	Time Horizon	39
3.11	Summary	39

4	DATA ANALYSIS AND RESULT	41
4.1	Introduction	41
4.2	Pilot Test	41
4.3	Respondents Rate	42
4.3.1	Descriptive Analysis of Respondent's Background	43
4.4	Respondent Profile	45
4.4.1	Gender	45
4.4.2	Race	46
4.4.3	Highest Education Level	46
4.4.4	Position in company	47
4.4.5	Region	47
4.4.6	Age of firm or company (years)	48
4.4.7	Category of SME	49
4.4.8	Ownership	49
4.4.9	Business Scale	50
4.4.10	Do you aware of the green marketing mix?	50
4.4.11	Does your company implement the green marketing mix?	51
4.4.12	What element of the green marketing mix does your company commonly use?	52
4.4.13	Does your company have any green certification?	53
4.5	Descriptive statistics	54
4.5.1	Descriptive Statistics of Coercive pressure (IV 1)	55
4.5.2	Descriptive Statistics of Normative pressure (IV 2)	56
4.5.3	Descriptive Statistics of Mimetic pressure (IV 3)	57
4.5.4	Descriptive Statistics of Environmental Attitude (IV 4)	58
4.6	Result of measurement	59

4.6.1	Test Validity	60
4.7	Hypothesis Testing	62
4.7.1	Multiple Regression Analysis	62
4.7.2	Multiple Regression Analysis (ANOVA)	63
4.7.3	Multiple Regression Analysis (Coefficients)	63
5	DISCUSSION, RECOMMENDATIONS AND CONCLUSION	67
5.1	Introduction	67
5.2	Discussion of the main finding	67
5.1	Research Objective Justification	68
5.1.1	Objective 1: To determine the influencing factors of green marketing mix strategies among SMEs	68
5.1.2	Objective 2: To analyze the relationship between institutional pressure and attitude with green marketing mix strategy among SMEs.	69
5.1.3	Objective 3: To investigate the most influencing factors that could lead SMEs to adopt a green marketing mix.	72
5.2	Implication of Study	73
5.2.1	Theoretical Contribution	73
5.2.2	Managerial and Practical Contributions	74
5.3	Limitation of study	74
5.4	Recommendations for Study	75
5.4.1	Future Research	75
5.4.2	Policy maker	76
5.5	Conclusion	76
	APPENDIX A	90
	APPENDIX B	104

LIST OF TABLE

Table 3.1 Cronbach's alpha value	28
Table 4.1: Reliability	42
Table 4.2: Cronbach's Alpha Test of Reliability	42
Table 4.3: Summary of the Demographic Details of the Respondents	45
Table 4.4: Descriptive Statistics on Each Independent Variable	54
Table 4.5: Descriptive Statistics on Dependent Variables	55
Table 4.6: Independent Variable 1 (Coercive pressure)	55
Table 4.7: Independent Variable 2 (Normative pressure)	57
Table 4.8: Independent Variable 3 (Mimetic pressure)	58
Table 4.9: Independent Variable 4 (Environmental Attitude)	59
Table 4.10: Cronbach Alpha Coefficient Range and Strength of Association	59
Table 4.11: Case Processing Summary	60
Table 4.12: Reliability Test for Dependent Variable and Independent Variables	60
Table 4.13: Pearson's Correlation Coefficient	61
Table 4.14: Multiple Regression Analysis	62
Table 4.15: Multiple Regression Analysis (ANOVA)	63
Table 4.16: Multiple Regression Analysis	63
Table 4.17: Multiple Regression Analysis	64
Table 4.18: Summary for Hypothesis	66
Table 5.1: The mean score of the independent variable	69

LIST OF FIGURES

Figure 1.1 Grow of SMEs	2
Figure 2.1 Defination of SMEs	9
Figure 2.2 Institutional Theory	17
Figure 2.3 Theory of Planned Behaviour	19
Figure 3.1 : Values of the correlation coefficient	38
Figure 4.1: Gender	45
Figure 4.2: Race	46
Figure 4.3: Highest Education Level	46
Figure 4.4: Position in company	47
Figure 4.5: Region	47
Figure 4.6: Age of firm or company (years)	48
Figure 4.7: Category of SME	49
Figure 4.8: Ownership	49
Figure 4.9: Business Scale	50
Figure 4.10: Do you aware of green marketing mix?	50
Figure 4.11: Do your company implement the green marketing mix?	51
Figure 4.12: What element of green marketing mix your company commonly use?	52
Figure 4.13: Do your company have any green certification?	53
Figure 4.14: Values of the correlation coefficient	60

LIST OF APPENDIX

APPENDICES	CONTENTS	PAGES
A	Questionnaire	90
B	GANTT CHART	104



LIST OF SYMBOLS AND ABBREVIATIONS

ABBREVIATION	MEANING
DV	Dependant variables
IV	Independent variable
CP	Coercive pressure
NP	Normative pressure
MP	Mimetic pressure
EA	Environmental Attitude
GM	Green marketing mix
GMP	Green Product
GPC	Green Price
GPL	Green Place
GPM	Green Promotion



CHAPTER 1

INTRODUCTION

1.1 Chapter Overview

This chapter will come out with the background of the influence of institutional pressure and attitude toward green marketing mix strategies among SMEs identify the problem statement, examine the research questions and research objective, discuss the scope and limitations of the study, and describe the significance and contribution of the study.

1.2 Background of Research

SMEs are critical to the country's economy on a global scale (OECD, 2017). For example, SMEs account for more than half of the country's GDP, employ 100 million people and account for 99 per cent of all business establishments in Europe (European Commission, 2021). Likewise, the Association of Southeast Asian Nations (ASEAN) revealed that MSMEs (Micro, Small, and Medium Enterprises) contribute between the range of 88.8% and 99.9% of total business establishments, 51.7 to 97.2% of full employment, and 30% to 53% of GDP in ASEAN (ASEAN: Enterprise and Stakeholders Engagement Division, 2020). Meanwhile, the SME Corporation Malaysia estimates 1,151,339 SMEs in Malaysia, accounting for 97.4 per cent of total establishments in Malaysia, 48 per cent of economic contribution in 2020, and 38.2 per cent of GDP in Malaysia in 2019 (SME Corporation Malaysia, 2021).

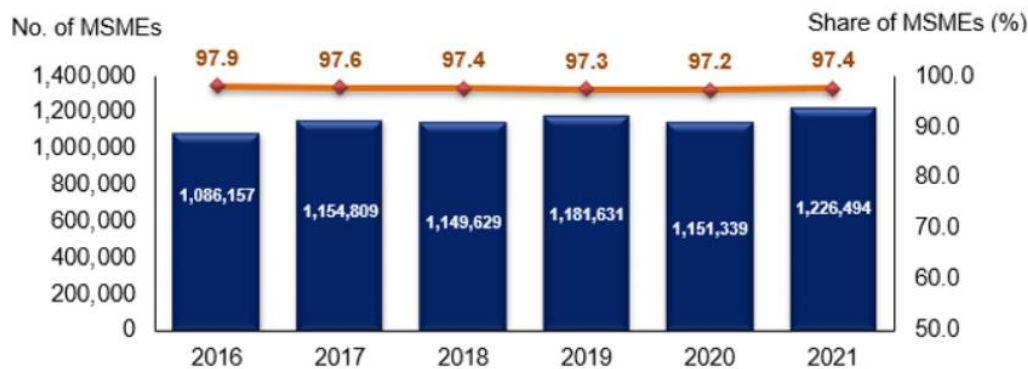


Figure 1. 1 Grow of SMEs

Source from: (SME Corporation Malaysia, 2021)

These supported data proved the contribution of SMEs toward economic growth in developed countries and developing countries such as ASEAN countries, including Malaysia. Nonetheless, despite its importance, the increase in SME establishments and their activities, especially those involved in the manufacturing sector, would negatively impact the environment.

The economic activities run by businesses such as SMEs and the economic development of such countries will negatively impact the environment's sustainability. Furthermore, a previous study found that economic growth and environmental pollution have bidirectional causal relationships (Abdollahi, 2020). People's pursuit of a better quality of life through economic activities has caused hazardous waste secretions, climate change, pollution, and ecosystem collapse (Mei et al., 2016). Consumption and economic growth without considering environmental sustainability will negatively impact mother nature (Shrinkhal, 2018). Although economic development is crucial because it relates to the people's basic human needs, infrastructure, health, and well-being, it cannot overlook the environmental consequences. Thus, balancing economic activities, growth, and environmental protection is crucial. Therefore, SME activities need to be controlled. They must have an environmental-conscious mind while running their business operations to minimize the harmful impact on the environment. One of the solutions that they could consider through green marketing mix strategies to reduce the pollution of environment.

Nowadays, the impact of marketing on promoting and maintaining ecological balances is becoming a widespread issue that raises the have gained great interest among marketing academics and practitioners (Saurabh et al., 2011). Corporate and consumer awareness of green

marketing is growing as concerns about non-renewable energy resource depletion and the generation of non-biodegradable pollution grow (Cherian & Jacob, 2012). Green marketing plays a significant role in raising awareness of environmental issues and helps communicate the consumer's drive to greener products (Daniel, 2019). At the same time, the increased awareness concerning environmental sustainability drives consumer demand for sustainable products. Businesses will through sustainable practices manufacture the product to provide sustainable products to the consumer to fulfil consumer demand (Annunziata et al., 2019).

According to (Bathmathan & Rajadurai, 2019) defined green marketing mix strategies is a process of greening the product as well as the organization based on environmental concepts, and the design of the marketing mix is based on 4P (Price, Place, Promotion, Product) without harm to the environment. Green marketing allows the firm to achieve its company goals without polluting the environment (Al-Salaymeh, 2013). The concept of green marketing mix strategies in which each element reduces the negative environmental effect on the natural environment is consistent with the previous definition of environment in green marketing (Leonidou et al., 2013). Simultaneously, the green marketing mix can boost the sales of products and the development of the countries (Bustaman & Salwa Ahmad, 2015).

The green business practices implemented by international enterprises included Responding to the market preferring to switch to the greener product, maintaining and enhancing the company's reputation, and increasing competitiveness through cost reduction (Haanaes et al., 2012). Thus, the part research mostly surveyed international or large enterprises. In other words, little research explores the environmental practices among SMEs (Ashton et al., 2017). Therefore, it is vital to understand the influence of institutional pressure and attitude toward green marketing mix strategies among SMEs

1.3 Problem Statement

Today, environmentally friendly awareness begins rise-up in consumer purchase behaviour. In the context of civilization threat, the customer has recognized the importance of environmental protection, which influences the customer's attitude, needs, conditions, and methods of satisfying and purchasing behaviour (Witek & Ku, 2021). Recently, pressing environmental issues such as acid rain, land degradation, and ozone layer depletion has been

highlighted (Cherian & Jacob, 2012). Besides the negative change in the environment, the news keeps reporting the issues about global warming, cap and trade, sustainability, and other environmental issues that influence consumer purchase preferring is begin the shift to purchase the environmentally friendly product (Vermillion & Peart, 2010). Consumers' behaviour and attitude changed to green marketing gaining traction. Green marketing strategy is a global phenomenon that embraces all activities connected to product modification, production and packaging process, and eco-friendly advertising to bring positive value to society (Bathmathan & Rajadurai, 2019). The concept of green marketing strategy is concerned with environmental prevention. Implementing the green marketing concept can meet customer needs for eco-friendly products and maintain companies' long-term sustainability (Siti Jahroh, 2019). Besides that, a green marketing strategy in business aims to meet society's expectations, address environmental concerns, and allow the company to gain competitive advantages (Bhatia & Jain, 2014).

Providing eco-friendly products and sustainable development is the vision and mission of the policy framework of SMEs (Kumarasinghe, 2022) Nevertheless, hardly any SMEs contribute to the eco-friendly and sustainable development issues because of a lack of design and detailed planning on these issues among the decision-makers in SMEs (Kumarasinghe, 2022). Likewise, stakeholders lack a coordinated action plan for the green marketing strategy.

The challenges of green marketing mix strategies have on refer to government commitment and business expectations (Mukonza et al., 2021). Political parties often form governments for short-term gain. The focus of state leaders on power led to misplaced policy priorities and a lack of cooperation among state leaders on environmental issues (Polonsky, 2011). Besides that, some consumers perceive that green products are of low quality. These beliefs influenced their attitude toward green products (Pham et al., 2019).

The leader' decision leader's decision as to what direction to take the company in is influenced by many factors such as increasing pressure from the government, internal and international. The increasing pressure let the companies adjust the company process to meet increasing green standards (Zhang et al., 2021). Companies are seeking to adopt eco-friendly ways to reduce their carbon footprint to meet the standard regulation, change societal expectations, and seek legitimacy within their institutional environment (Zhang et al., 2021).

Futhermore, environmental attitude is closely related to sustainable development that could drive companies to go green. Environmental attitudes refer to the response of individuals who are interested in the natural environment, to the environment, or environmental issues (Eilam & Trop, 2012). Besides that, the environmental attitude of individuals will shape their

ecological behaviour (Newhouse, 1990) Furthermore, the attitude has a positive impact on behaviour that important foundation for putting a company's macrolevel sustainable development strategy into action (Tian et al., 2020). Thus, environmental attitudes can potentially drive and influence the green marketing mix of SMEs.

If the companies, mainly SMEs take seriously on green practices such as green marketing in their business model, it might affect their future sustainability in the industry. Knowing the influencing factors that could drive the green practices among them would ease the company's decision-makers, the policy makers among the government agencies, and environmentalists to overcome these issues. Hence, this study seeks to examine the influence of institutional pressure and Attitude on green marketing mix strategies based on the perspective of institutional theory and theory of planned behaviour.

1.4 RESEARCH QUESTIONS

Based on the above problems, the researcher constructed the questions below to investigate the influence of institutional pressure and attitude toward green marketing mix strategies among SMEs.

- What are the factors influencing the green marketing Mix strategy among SMEs?
- What is the relationship between institutional pressure and attitude with green marketing mix strategy among SMEs?
- Which is the most influencing factor toward green marketing mix strategy among SMEs?

1.5 RESEARCH OBJECTIVE.

- To determine the factors influencing the green marketing Mix strategy among SMEs
- To analyze the relationship between institutional pressure and attitude with green marketing mix strategy among SMEs.
- To investigate the most influencing factor toward green marketing mix strategy among SMEs.

1.6 Scope and Limitation of the Research

1.6.1 Scope

This study mainly focuses on the influence of institutional pressure and attitude on green marketing mix strategy among SMEs. The target respondent is Micro, Small, and medium enterprises (SMEs) in Malaysia. The data will be collected through an online questionnaire through google Forms distributed to the SMEs in Malaysia. The research context and environment were based on the influence of institutional pressure and attitude on green marketing mix strategy among SMEs. The study will examine analysis factors such as coercive pressure, mimetic pressure, Normative pressure, and environment attitude. This study investigated the relationship between institutional pressure and attitude with a green marketing mix strategy. Finally, the research will determine which is the most influencing factor toward green marketing mix strategy.

1.6.2 Limitation

There are some limitations of this study. First, should complete in a limited time. The limitation of time restricts the selection of research methodology. For example, the researcher cannot apply mix research methods to investigate a deeper viewpoint on the study. Besides that, some of the respondents may be answering the questionnaire based on the fact. As a result, the researcher will have difficulties acquiring accurate data from the respondents, as well as a condition that cannot be controlled by the researcher. In addition, the honesty of respondents is also one of the limitations of surveying the influence of institutional pressure and attitude on green marketing mix strategies. The respondents did not want to spend their time and honesty answering the questionnaire.

1.7 Significance of the Study

The result of the study will contribute to the Department of Environment Malaysia. SMEs play an essential role in economics and the natural environment. If SMEs do not pay attention to green practices such as green marketing in their business model, it might affect their future sustainability in the industry and negatively impact the environment. Therefore, the issue that the government has been focusing on is how to encourage SMEs to plan a green marketing mix strategy. For this subject, the government has implemented MyHIJAU SMEs and Entrepreneur Development Programs to guidance the green practices of SMEs such as a green marketing mix strategy to improve environmental issues. However, the policy did not achieve the desired

effect. Thus, the result of the study allows the government to formulate further policies based on the result of the study to increase the effectiveness of the policy.

Furthermore, the result will benefit academics. This study has applied institutional theory and the theory of planning behaviour which didn't use to investigate the influence of green marketing mix strategy among SMEs. Applying new theories to specific issues can provide different views, opinions, and perceptions of a particular topic. Analysis of things from a different perspective will yield other answers. It was able to explain the phenomenon more thoroughly.

1.8 Summary of the Chapter

In this part, the researcher presents the reader with the background, research questions, research objective, scope, limitation, and significance of the study. It also summaries the critical problem and how the researcher proposed to discover it.



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will discuss the influence of institutional pressure and attitude toward green marketing mix strategies among SMEs. First, the researcher will review the literature's concept of green marketing and green marketing strategy. Next, this chapter examines the definition of 4 influencing factors: Coercive pressure, Normative pressure, Mimetic pressure, and Environment Attitude from past research. Moreover, this chapter will discuss the underpinning theory and theory of relevant variables, and how they are related will be described using the research framework. Next, the hypothesis is developed in support of past research.

2.2 SMEs

According to (SME Corp. Malaysia, 2020), the 14th NSDC Meeting in July 2013 defined SMEs in all sectors such as manufacturing, agriculture, services, and others. SMEs the divide into three categories Micro, Small and Medium, and two indexes such as sales turnover rate and employee number apply to determine the definition of SMEs. For the manufacturing sector, the sales turnover does not exceed RM 300,000 or the number of employees no more than five people. For Micro size SMEs, the sales turnover is between RM300,000 to RM15 million, or the number of employees is between 5 to 75 people. For small-sized SMEs, the sales turnover is between RM15 Million to RM50 million or employees from 75 to not exceeding 200 people