

A Study on Evaluating the Impact of Green Marketing on Sustainable Growth and Development in Serbia SME's Sector: A Moderating Role of Ecopreneurship

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Abstract

The research evaluated the impact of green marketing on sustainable growth and development where the case of the Serbian SME sector was specifically considered. In addition, the research aimed to determine the moderating role of ecopreneurship between green marketing and sustainable growth and development. The research was quantitative, and the data was gathered using a survey questionnaire that was close-ended and based on 5-points Likert scale. The analysis was conducted on SmartPLS, and the sample size considered was 450 participants belonging to the SME sector of Serbia. The statistical technique employed for the analysis was Structural Equation Modelling (SEM). The findings revealed that overall, the effect of green marketing on the Serbian SMEs was statistically significant, whereas ecopreneurship's moderation was also found to be significant between green marketing and sustainable growth and development. Specifically, government legislation, consumer behaviour and the attitude of senior managers affected sustainable growth and development significantly. The research was limited to Serbia; therefore, it cannot be generalized to other countries. In addition, the research was limited to the SME sector.

Keywords

Green marketing, sustainable growth, development, SME sector, ecopreneurship, Serbia

1. Introduction

Over the past few decades, it was analyzed that society had focused mainly on issues related to sustainable development which also opens new doors and debates over the responsibilities and roles of businesses in society. Over this, the companies mainly modified their business operations to address the challenges incorporating different aspects of economic sustainability in different activities. Green marketing is very important in this scenario as it is also known as ecological marketing and eco-marketing, which mainly highlights new areas for business (Kardos et al., 2019). It is not only implied over the suppliers that deal with sustainable products which provide profitable conditions but also serve as social actors along with responsibilities that support sustainable development. In the previous two decades it was observed that people are mainly interested in entrepreneurship as they are particularly involved in the emergence of new entrepreneurs as well as enterprises that have mainly grown among academics and governments (Silajdžić et al., 2015). It was evaluated that most people's interest mainly relies upon demonstrating contribution over entrepreneurship overgrowth in the economy due to which productivity had increased and rejuvenated productive and social networks.

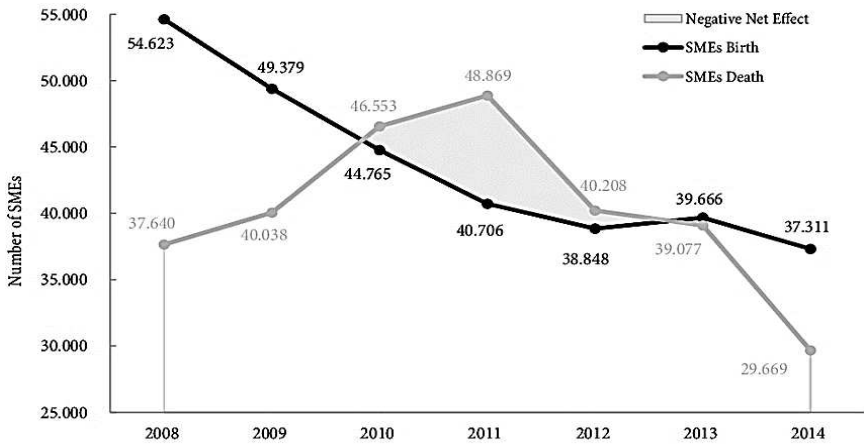


Figure 1: Births and deaths of SMEs in Serbia (Filipović et al., 2015)

It was stated that entrepreneurship had played a major role in helping and revitalizing the regional identity by which the innovation process becomes more dynamic and new job opportunities can be created. It was estimated that 99% of European businesses are mainly classified as small and medium-sized enterprises (SMEs) that have less than 250 employees. Along with the development of global industrialization and population growth, environmental threats are growing. Sustainable development is considered as a global philosophy which leads future generations. Several policies are being implemented to achieve this, and some measures mainly focus on solving particular problems due to pollution in Serbia.

The companies are required to contribute their part to sustainable development (Rodgers, 2010). There are similar cases in Serbia, as a public corporation and people

working there are mainly responsible for it. They are pressurized to behave as good hosts and citizens by behaving well with the environment. A large number of environmental laws are applied to the world, mainly in Serbia, which helps in sending the message regarding the importance of the movement for the green wave in the world. There are several cases in previous years in which there are issues for green marketing and a related environment that are virtually ignored by individuals and corporations (Nhemachena, 2017). The main aim of the study is to evaluate the impact of green marketing on sustainable economic growth and development in Serbia, moderating the role of ecopreneurship. The study's main objectives are 1) To analyze the impact of green marketing on sustainable economic growth, 2) To analyze the moderating role of ecopreneurship in the relationship between green marketing and economic growth, and 3) To give implications for improving ecopreneurship in Serbia.

2. Literature Review

The concept of green marketing is very deep-rooted when the concept of ecological marketing was developed and addresses the theory of responsible consumption as well as ecological imperative with the help of proposing a micro-level approach that is targeted and results in reactive response for businesses that are interested in connecting specific features related to products of environmental concerns whether they are expressed by customers of legislative pressures. The role of marketing in society was witnessed in the later 1980s and 1990s, by which new concepts of green marketing were generated that are also referred to as environmental marketing and ecopreneurs marketing (Shabbir, 2017).

These contributions are extracted from the era of sustainable green marketing by which green products, green packaging, green pricing, green promotion, and green logistics are obtained. There are a number of studies that are focusing over the role of green marketing over sustainable development challenges that are considered as the solution for different companies that are exploring as well as maintain the competitive advantage and analyses the green marketing strategies which need to adopt by the company as a response for the challenge of simultaneously advancing economic development and protection of the environment (Yan, et al. 2018; Kardos et al., 2019; Silajdžić et al., 2015).

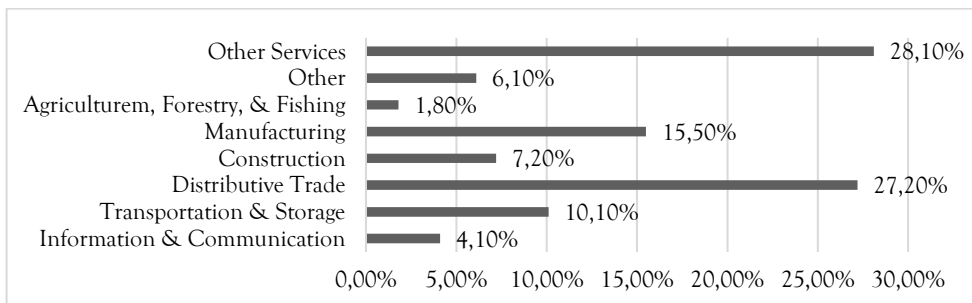


Figure 2: Types of SMEs in Serbia (OECD, 2019).

Different trends play a major role in the development of green marketing which emphasizes the important role to respond to social challenges. They also act as a catalyst to strengthen the culture of environmental sustainability and their responsibility for the business and its society. It is evaluated that there is a strong connection among environmental concerns, green marketing, ecopreneurship and sustainable development (Rodgers, 2010; Gallardo-Vázquez et al., 2019). It is analyzed that the practice of green marketing mainly requires going back towards the elements of marketing mix which helps in determining the role of factors that also affects the adoption level of the green marketing by the organization (Nhemachena, 2017). There are four main factors that affect green marketing which includes government legislation for environment protection, shortage of natural resources, attitudes of senior managers and consumer behaviour. By depending on the variables, the hypothesis of the study is given by:

H₁: There is a significant impact of Government legislation on sustainable growth and development.

H₂: There is a significant impact of Shortage in natural resources over sustainable growth and development.

H₃: There is a significant impact of Attitudes of senior managers over sustainable growth and development.

H₄: There is a significant impact of Consumer behaviour on sustainable growth and development.

H₅: Ecopreneurship moderates the relationship between Government legislations and sustainable growth and development.

H₆: Ecopreneurship moderates the relationship among Shortage in natural resources and sustainable growth and development.

H₇: Ecopreneurship moderates the relationship among Attitudes of senior managers and sustainable growth and development.

H₈: Ecopreneurship moderates the relationship between Consumer behaviour and sustainable growth and development.

3. Theoretical Framework

The theory of reasoned action can be applied to the study as it is known as the theory that focuses on the intention of the consumers to receive or create a specific result. It is evaluated that it plays a major role in buying intention of the consumers. According to this theory, consumers mainly act in the best interest as they are considered as rational actors. This theory can be mainly applied to the study as nowadays people are very much conscious with the environmental issues and prefer such product which is developed by environmentally friendly processes (Rodgers, 2010). It particularly focuses the pre-existing attitude of the consumers that impacts their pattern of purchasing which directly links with the sustainable economy and development (Shabbir, 2017). The main desire of the consumers is to buy such products whose outcomes are sustainable.

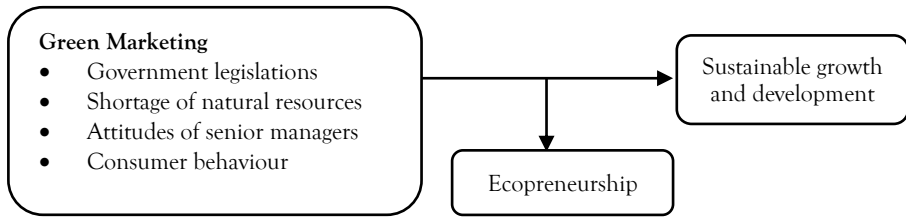


Figure 3: Conceptual Framework

4. Methodology

4.1. Population and Data Collection Procedure

The main aim of the study is to analyze the impact of green marketing over sustainable economic growth as well as development in Serbia in which there is a moderating role of ecopreneurship. The focus of the study is over SMEs situated in Serbia. It is evaluated that to claim the credibility and reliability of data, a large amount of population and target audience is required (Burns and Groove, 2014). For the present study, questionnaires have been used among the managers and employees working in the SMEs of Serbia.

4.2. Sampling Technique

The study has selected primary sources as the method to collect the data. The survey questionnaire is selected for collecting the data and that data has been used by the researcher. There are several sampling techniques that have been used for sampling the data like random sampling, quota sampling, convenience sampling and others. For this study, random sampling has been selected by considering the nature of the study. By employing the technique for sampling, the researchers can access their desired data that can be selected randomly.

4.3. Research Instrument and Sample Size

For accumulating the data for the audience that is targeted, different types of research instrument have been used which are in the form of interviews, focused groups, questionnaires. For this study, the researcher feels appropriate to use survey questionnaire as the instrument for research that is mainly based over 5 points Likert Scale. The sample that is required to conduct that study from the population helps the researcher in calculating the sample size (Burns and Groove, 2014). There is several SMEs located in Serbia, out of which 500 the managers and employees that are working in it were reached by using a survey questionnaire and email. 90.91% is the response rate that is calculated from the survey as 450 responses were usable.

5. Results and Analysis

5.1. Confirmatory Factor Analysis (CFA)

In CFA, the first aspect which is to be evaluated is the factor loadings. As per the study of Charles and Kumar (2014), the threshold of factor loadings is 0.6. In this manner, it can be determined from the above table that the minimum value for factor loading has been determined as 0.653 which is above the threshold of 0.6. This depicts that the factors of this study fulfil the criteria of factor loadings. On the other hand, it has been determined in the study of Leung et al., (2013) that the threshold for composite reliability and Cronbach's Alpha is 0.6. It is evident from Table 1 that the minimum value for Cronbach's Alpha is 0.747 which is also above the threshold of 0.6. In addition to this, the minimum value for composite reliability is determined to be 0.859 which is also above the threshold of 0.6. Therefore, it posits that all the variables of this study are statistically reliable. In contrast to this, the AVE has also been conducted for the purpose of testing the convergent validity. As per the study of Kramberger (2016), the AVE of the constructs must be 0.5 for them to be statistically valid. In this manner, it can be determined from Table 1 that the lowest value for AVE is determined to be 0.674. It confirms the validity of the constructs adopted in this study.

Table 1: Convergent Validity and Reliability Assessment of the Factors and Latent Constructs

Latent Constructs	Items	Constructs			
		Factor Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Attitude of Senior Managers	ASM1	0.899	0.890	0.931	0.819
	ASM2	0.896			
	ASM3	0.920			
Consumer Behaviour	CB1	0.907	0.879	0.926	0.806
	CB2	0.919			
	CB3	0.866			
Ecopreneurship	EP1	0.889	0.780	0.871	0.695
	EP2	0.895			
	EP3	0.702			
Government Legislation	GL1	0.873	0.826	0.896	0.743
	GL2	0.870			
	GL3	0.842			
Shortage in Natural Resources	SNR1	0.884	0.747	0.859	0.674
	SNR2	0.903			
	SNR3	0.653			
Sustainable Growth and Development	SGD1	0.890	0.894	0.934	0.825
	SGD2	0.932			
	SGD3	0.902			

The other essential aspect of the CFA is considered as the discriminant validity which has been evaluated using the HTMT ratio. As per the study of Zheng et al., (2019), the threshold value for the HTMT is 0.85 while 0.9 is also considered by the liberal criteria. With respect to the threshold value, it can be identified from Table 2 that no value of the variables exceeds the threshold of 0.9. Therefore, it ensures the validity of the constructs and allows the constructs to be valid for further analysis.

Table 2: Discriminant Validity of the Constructs

	Attitude of Senior Managers	Consumer Behavior	Ecopreneu rship	Government Legislation
Attitude of Senior Managers				
Consumer Behavior	0.503			
Ecopreneurship	0.589	0.515		
Government Legislation	0.546	0.337	0.621	
Shortage in Natural Resources	0.659	0.453	0.569	0.677
Sustainable Growth and Development	0.487	0.556	0.639	0.275

5.2. Path Assessment

For the purpose of testing the model, which is provided in Figure 1, the researcher has conducted the path analysis. In this manner, it is evident from Table 3 that there is a significant effect of the attitude of senior managers on sustainable growth and development as ($B = 0.211$, $p = 0.00 < 0.01$). On the other hand, the significant effect of consumer behaviour was also determined on sustainable growth and development as ($B = 0.134$, $p = 0.024 < 0.05$). In addition to this, the direct effect of moderator ecopreneurship on the relationship among attitude of senior managers and sustainable growth and development was also significant as ($B = 0.142$, $p = 0.010 < 0.05$). Similarly, the direct effect of moderator ecopreneurship on the relationship among consumer behaviour and sustainable growth and development is also significant as ($B = -0.180$, $p = 0.00 < 0.01$). Moreover, the effect of ecopreneurship on sustainable growth and development as ($B = 0.407$, $p = 0.00 < 0.01$). Furthermore, the effect of government legislation on sustainable growth and development was also determined to be significant as ($B = -0.119$, $p = 0.026 < 0.01$).

Table 3: Path Assessment of the Proposed Model

	Coefficient	T Statistics	P Values
Attitude of Senior Managers -> Sustainable Growth and Development	0.211***	3.809	0.000
Consumer Behaviour -> Sustainable Growth and Development	0.134**	2.265	0.024
EP*ASM -> Sustainable Growth and Development	0.142**	2.581	0.010
EP*CB -> Sustainable Growth and Development	-0.180***	3.864	0.000

EP*GL -> Sustainable Growth and Development	0.078	1.284	0.199
EP*SNR -> Sustainable Growth and Development	-0.093	1.593	0.111
Ecopreneurship -> Sustainable Growth and Development	0.407***	6.734	0.000
Government Legislation -> Sustainable Growth and Development	-0.119**	2.231	0.026
Shortage in Natural Resources -> Sustainable Growth and Development	0.070	1.262	0.207

***: significant at 1%; **: significant at 5%

5.3. *Blindfolding and Coefficient of Determination*

The quality of the model has been determined using R-squared. It has been found that the variance all the independent constructs along with the moderating variable explains 48.7% variance in the dependent construct based on the results of Table 4 which is reduced to 47% after adjustment. To determine the predictive relevance, the researcher has used blindfolding and it was found that the model possess predictive relevance as the Q-square is above 0 and is computed to be 0.379.\

Table 4: Blindfolding and Coefficient of Determination

	R-squared	Adjusted R-squared	Q-square
Sustainable Growth and Development	48.70%	47%	0.379

6. **Summary of Hypotheses and Discussion**

In light of the results obtained in the context of the study, the hypotheses that were proposed earlier have been summarised in Table 5.

Table 5: Summary of Research Hypotheses

Hypotheses	Proposition	Results
H ₁	There is a significant impact of Government legislation on sustainable growth and development.	Accepted
H ₂	There is a significant impact of Shortage in natural resources over sustainable growth and development.	Rejected
H ₃	There is a significant impact of Attitudes of senior managers over sustainable growth and development.	Accepted
H ₄	There is a significant impact of Consumer behaviour on sustainable growth and development.	Accepted
H ₅	Ecopeneurship moderates the relationship between Government legislations and sustainable growth and development.	Rejected
H ₆	Ecopeneurship moderates the relationship among Shortage in natural resources and sustainable growth and development.	Rejected
H ₇	Ecopeneurship moderates the relationship among Attitudes of senior managers and sustainable growth and development.	Accepted

H₈

Ecopreneurship moderates the relationship between
Consumer behaviour and sustainable growth and
development.

Accepted

Table 5 depicts the summary of hypotheses which determined a significant effect of the Attitude of Senior Managers, Consumer Behaviour and Government Legislation on sustainable development and growth. It also aligns with the study of Shabbir (2017) that green marketing depends on the attitude of senior managers, consumer behaviour and government legislation which influence the company's sustainable development. On the other hand, the moderation of ecopreneurship has been determined by the relationships of Attitudes of senior managers and sustainable growth and development and Consumer behaviour and sustainable growth and development. It has also been supported in the study of Rodgers (2010) that ecopreneurship plays a vital role in enhancing the attitude of managers and consumer behaviour to ensure sustainable development and growth of the company.

7. Conclusion

The research evaluated the impact of green marketing on sustainable growth and development, where the case of Serbia was specifically considered. The research concluded that overall, the effect of green marketing on Serbian SMEs was statistically significant, whereas ecopreneurship's moderation was also found to be significant between green marketing and sustainable growth and development. It indicated that the concerned authorities in Serbia should take effective measures in the context of green marketing to promote the sustainable growth of small and medium-sized companies. In addition, initiatives should be taken to promote ecopreneurship in the region as well, especially for long-term economic and non-economic gains. It can enhance the Serbian society or stakeholders associated with the SME sector. Ultimately, the SME sector can contribute more to the Serbian economy leading to the prosperity of the society.

8. Research Limitation and Future Research Directions

Despite the wide scope of this study, the research was limited to Serbia; therefore, it cannot be generalized to other countries. It opens doors for assessment in other countries. In addition, the research was limited to the SME sector, therefore, in future, it can be conducted on either small companies or MNCs as well. Moreover, this research underpinned quantitative assessment, which lacks an evaluation of the underlying causes. Hence, future qualitative research can be conducted with a mixed design. Lastly, to extend this research, more moderators or mediators can be introduced, for instance, innovation capability.

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Appendix

Survey Questionnaire

Variables	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Government legislations					
Government legislations lead the company towards Green marketing					
Legislations from the government provide the company with infrastructure for green sustainable practices.					
Government legislations provide a framework for sustainable operations.					
Shortage of natural resources					
Depletion of natural resources leads towards sustainable development					
Shortage of natural resources affects the sustainability of the company.					
Alternative methods of energy generation are essential for long term sustainable development.					
Attitudes of senior managers					
Senior managers resist adopting green suitable practices.					
Awareness regarding green marketing is necessary for senior managers.					
Involvement of top management leads to effective implementation of green marketing.					
Consumer behaviour					
Consumers are attracted to green practices of the company.					
There is an increased awareness among consumers regarding the sustainability of the environment.					
The positive response of consumers towards green marketing leads to the sustainable development of the company.					
Ecopreneurship					
Ecopreneurship helps businesses to solve environmental problems.					
Ecopreneurship leads the company to sustainable operations.					
The incorporation of Ecopreneurship can help the company to achieve sustainable development.					
Sustainable growth and development					
Sustainable growth and development ensure the long term survival of the company.					
Sustainable development and growth can help the company to maximize its profits.					
Green marketing can assist the company in terms of achieving sustainable development.					