

ENVIRONMENTAL PROTECTION LAWS AND ECO-FRIENDLY MARKETING: CONSCIOUSNESS AMONG THE CONSUMERS OF AUTOMOBILES

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ABSTRACT

Global concern with environmental problems has intensified in the stir of the growth, in contrary human practices towards the environment in recent years as a result of the enormous population growth (MSEA, 2004). Concern about the effect of commercial activity on the environment has been an issue of erratic importance on society's agenda. This paper is attempted to evaluating the awareness of environmental protection laws and benefits of eco-friendly marketing among the customers of automobile industry.

Key words: eco-friendly, environment protection, consumer consciousness

INTRODUCTION

Many companies have begun to understand that they are adherents of the larger community and thus must perform in an environmentally accountable manner. This results in environmental matters being incorporated into the company's corporate culture. Environmental protection is a dynamic management function, it is perceived as being contributory in the development of an affirmative corporate image and a significant component to the success of a commercial enterprise. Not only does environmental sensitivity help organizations to stay competitive and increase market share (Chan, 2001; Fitzgerald, 1993; Porter and Van der Linde, 1995) but also there is some indication showing rises in consumer loyalty. It seems that it is respectable business practice to be eco-friendly as this policy has a tendency to endorse profitability, improve employee motivation and assurance in addition to consumer faithfulness (Forte and Lamont, 1998). However numerous authors in the area of eco-friendly marketing are questioning the impact of practicing environmentalism in corporate

(Wasik, 1996; ¹Drum wright, 1994) resulting to the accelerating quantity of eco-friendly consumers worldwide, marketers have sustained to contend with the demand of understanding customer's purchasing purpose towards eco-friendly products. There are numerous issues that necessitate exploration. Initially, the implications that eco-friendly products might have on the formulation and execution of suitable corporate policies. Furthermore, the impact of corporate reputation on consumer's eco-friendly purchase behavior. Thirdly, the influence of price and quality on eco-friendly consumer demand. Fourthly, the impact of consumer's overall perception about eco-friendly products on purchase behavior. And lastly, the existence of a viable potential market for eco-friendly products. For these issues businesses would have to have a clear understanding of customers' perception towards eco-friendly products. Clearly, there is a need for more specific investigation and discussion about consumer perceptions of eco-friendly products from a broader view within the context of strategy formulation and implementation. For many firms, the challenge is to balance their consumers' environmental concerns with their cash flow, profitability (Berry and Rondinelli, 1998), and the sustainable corporate premeditated approach to the intensity of competition in their specific target markets.

Environmental Regulation

Environmental regulations have provided a clear parameter of the legally acceptable level of corporate responsibility, accountability, and expectations. At the same time, in anticipation of their target markets' expectations, businesses have formulated and implemented the strategy of caution with respect to the environmentally safe business conduct. Businesses have actively created and demonstrated an image of environmentally oriented organizations. The impact of environmental regulations on firm strategies has given rise to many academic debates (Porter and Van der Linde, 1995b; Rugman and Verbeke, 1998). With respect to environmental regulation, it was observed that a company's key competencies and capabilities might hinder the leveraging of environmental competencies (Rugman and Verbeke, 1998). In addition, compliance towards regulatory measures is not cheap. Therefore, going beyond regulatory compliance may be inhibitive, and firms would be expected to evade compliance whenever possible, and governments are expected to impose penalties severe enough to force regulatory compliance (Lyon, 2003). However, on the other hand, by over compliance firms tend to put themselves in a stronger public recognition of environmental efforts and higher customer value (Arora and Cason, 1996). At the same time, observing and demonstrating compliance to environmental regulation and trying to exceed the regulatory requirement to the benefit of the consumer may be perceived as a competitive advantage (Russo and Fouts 1997).

HYPOTHESES

The following hypotheses referring to the approaches towards the environment and eco-friendly products were proposed.

Hypothesis 1: There is no significant difference between male and female in their environmental approaches.

Hypothesis 2: There is no significant difference between male and female in their approach on eco-friendly products.

Hypothesis 3: There is no significant relationship between consumer's approach on the environmental protection and their approach on eco-friendly products.

Hypothesis 4: There is no significant relationship between consumer's approach towards government's role and their approach on eco-friendly products.

Hypothesis 5: There is no significant relationship between the personal norm of consumers in environmental issues and their approach on eco-friendly products.

METHODOLOGY

For the study the data were collected from 150 customers of automobile products from an agency by applying simple random sampling method. In order to obtain reliable information from the respondent, validated scales were selected for data collection. In present study, the survey tool of approach toward the environment as the independent variable was adopted from the scales developed by Tantawi et al. (2007). Merely twenty items were used out of the original 38 items. The dependent construct, approach towards eco-friendly product was derived from Mostafa (2006) and consists of the two items. The respondents were asked to rate each item on a 5-point Likert scale from 1=strongly disagree to 5=strongly agree.

RESULTS

With regard to the first hypothesis, the output of the t test revealed that there is significant difference in the environmental approach among male and female customers, as the value of t, as per Table 1, is statistically significant at 5 per cent level of significance. Therefore, the null hypothesis may be rejected. So, it may be concluded that environmental approach of male customers are more serious than female customers.

Table 1: Group statistics

Environmental approach	N	Mean	Std. Deviation	Std. Error Mean

Male	100	4.4000	0.69921	0.22111
Female	50	3.0000	1.49071	0.47140
Independent Samples t-test				
t	2.689			
df	148			
Sig. (2-tailed)	0.015			

The approach of the selected male and female customers towards eco-friendly products is tested with independent sample t test and it is found that the value of t is statistically significant at 5 per cent level of significance. Further, it is inferred that the male customers are more conscious than female customers and their approach different from that of female customers. Therefore the second null hypothesis may be rejected.

Table 2: Group Statistics

Environmental approach	N	Mean	Std. Deviation	Std. Error Mean
Male	100	5.4000	0.89921	0.32111
Female	50	4.0000	1.89071	0.47140
Independent Samples t -test				
t	3.789			
df	148			
Sig. (2-tailed)	0.019			

As highlighted in Table 3, the overall result for the regression model was significant (Significance=0.000). It indicated that all the factors (environmental protection, government's role and personal norm) were simultaneously significant to the dependent variable; proven that the customer's approach on the environment contributed significantly to the approach on eco-friendly products. From the adjusted R square value (Adjusted $R^2=0.196$), the three factors contributed 19.6% to the dimension of approach towards eco-friendly product. The result indicated no significant relationship between consumer's approach on the environmental protection and their approach on eco-friendly products. This means that consumer's approach on the eco-friendly products are not facilitated by the positive approach of consumers towards environmental protection. As the current study is not grounded on any specific eco-friendly product, further investigation is required to study consumer's approach on the types of eco-friendly products in the market. The perceived behavioral barriers are additional significant predictor of environmental behavior.

Table 3: Regression analysis

Dependent Variable: Approach on eco-friendly product	Standardized Coefficient(beta)	t- value	Significance
Constant		3.726	0.000
Factor 1 : Environmental Protection	-0.071	-.0828	0.409
Factor 2: Government's role	0.171	2.163	0.032
Factor 3 : Personal Norm	0.408	5.241	0.000

R Square= 0.209 F-Value=15.834 Adjusted R Square= 0.196 Significance= 0.000

CONCLUSION

The environmental approach of the selected male customers is more positive than female customers and they are fully aware of environmental laws. Moreover they like eco-friendly products and they are fully aware about the features of eco-friendly products than their counterparts. Similarly the regression model indicated that there is no significant relationship between consumers' approach on the environmental protection and their approach on eco-friendly products. This means that consumers' approach on the eco-friendly products are not facilitated by the positive approach of consumers towards environmental protection.

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