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A STUDY ON EFFECT OF GREEN MARKETING STRATEGIES ON FINANCIAL PERFORMANCE OF SELECTED NSE LISTED COMPANIES: A SYSTEMATIC REVIEW OF LITERATURE

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Abstract

Green marketing has emerged as a crucial strategy for aligning business operations with environmental sustainability while enhancing organizational performance. This review synthesizes extensive literature examining the intersection of green marketing strategies, company performance, consumer behavior, and contextual factors across diverse industries and regions. The findings indicate that the implementation of comprehensive green marketing practices—such as eco-friendly product design and sustainable supply chains—can yield both financial and non-financial benefits. However, the results are heterogeneous, with some studies reporting limited or even negative effects on financial outcomes. The review identifies significant research gaps, including a paucity of evidence from developing economies, limited focus on SMEs, and inadequate exploration of mediating factors such as innovation and corporate image. Furthermore, issues such as greenwashing, the disparity between consumer attitudes and behaviors, and the impact of digital transformation remain insufficiently explored. Future research should employ longitudinal and mixed-method approaches, enhance theoretical integration, and concentrate more on emerging markets and technological contexts.

Keywords: *Green marketing, organizational performance, sustainability, eco-innovation, consumer behavior, SMEs*

1. INTRODUCTION

In recent decades, sustainability has become a critical concern for both businesses and consumers. As global environmental challenges intensify, companies are increasingly motivated to adopt eco-friendly practices, not only to comply with regulatory mandates but also to maintain competitiveness. Green marketing, which entails the strategic integration of environmental considerations into marketing strategies, plays a central role in this transformation. By focusing on products, pricing, promotion, and distribution that are environmentally responsible, companies seek to align profitability with ecological stewardship.

The growing significance of green marketing has prompted an increase in scholarly investigations across diverse sectors and industries. Conducting a systematic review of this body of literature is crucial for synthesizing insights, identifying patterns, and highlighting areas requiring further exploration. This paper systematically examines and categorizes the extensive research on green marketing strategies and their influence on organizational performance, critically evaluates methodological and conceptual contributions, and proposes directions for future research.

2. METHODOLOGY OF REVIEW

This review systematically analyzes a compilation of existing studies within the provided literature. The research spans various industries, including manufacturing, services, agriculture, and retail. It incorporates studies from both developed and developing countries, employing methodologies such as surveys, structural equation modeling, bibliometric analyses, and case studies. The review is thematically organized to ensure coherence and facilitate comparative insights.

3. THEMATIC REVIEW OF LITERATURE

3.1 GREEN MARKETING MIX AND PERFORMANCE

While the traditional marketing mix focuses on four elements (product, price, promotion, and place), the green marketing mix expands this framework to seven components by incorporating people, process, and physical evidence, allowing for a more comprehensive approach to sustainability in marketing strategies (Eneizan et al., 2016; Goh et al., 2019). Empirical evidence suggests that product innovation and marketing initiatives are pivotal in enhancing company performance, whereas the influence of distribution channels is comparatively less pronounced.

3.2 INDUSTRY-SPECIFIC EVIDENCE

Automobile sector (Jordan): The author assert that the adoption of green marketing strategies positively influences a company's performance, with government policy acting as a moderating variable (En e izan et al. ,2019) .

Tea industry (Kenya): The adoption of environmentally sustainable practices has significantly improved both net income and competitive advantage (Afande, 2015).

Construction (Kenya): The corporate image served as a positive mediator in the relationship between green marketing strategies and organizational performance (Shah, 2022).

Restaurants (U.S.): Ham and Lee (2011) and Setiadi et al. (2017) have demonstrated that while green communication enhances visibility, it exerts minimal to no influence on financial outcomes.

3.3 MEDIATORS AND MODERATORS

Research has identified several factors that mediate and moderate the effectiveness of green strategies: - The corporate image enhances the benefits of eco-friendly initiatives (Shah, 2022). - Innovation acts as an intermediary between entrepreneurial orientation and company performance (Ullah & Danish, 2020). - Intellectual capital enhances the efficacy of green marketing (Popescu, 2019, 2020). - Government policies and company capabilities are crucial in determining outcomes (Leonidou et al., 2017; Hirunyawipada & Xiong, 2018).

3.4 CONSUMER BEHAVIOR AND GREEN BRANDING

Research focused on consumer behavior highlights the impact of eco-labels, packaging, and brand reputation on shaping consumer perceptions (Smith & Brower, 2012; Deshmukh & Tare, 2024). While Millennials and Generation Z demonstrate a notable receptiveness to environmental initiatives (Smith, 2010), studies consistently reveal a discrepancy between attitudes and actions: consumers frequently express environmental concerns, yet these concerns are not consistently mirrored in their purchasing decisions (Sharma, 2021).

3.5 REGIONAL AND CONTEXTUAL VARIATIONS

Studies conducted in developed economies consistently underscore the significance of corporate visibility and reputation (Ham & Lee, 2011).

Research conducted in developing countries highlights significant benefits, such as improved competitiveness and increased income (Afande, 2015; Ali et al., 2024).

Small and medium-sized enterprises (SMEs) face distinct resource constraints; however, they play a crucial role in advancing sustainable development (Purwandani & Michaud, 2021; Ullah et al., 2024).

4. CRITICAL ANALYSIS

The literature presents both consistencies and contradictions in the domain of green marketing. Consistently, green marketing is associated with enhancements in corporate reputation, consumer loyalty, and non-financial outcomes. However, contradictions arise concerning its impact on financial performance. Some studies report positive effects (Afande, 2015; Ali et al., 2024), whereas others indicate negative or negligible outcomes (Mathur & Mathur, 2000; Ham & Lee, 2011). From a methodological perspective, most research predominantly utilizes cross-sectional data, which constrains the capacity to establish causal inferences. Only a limited number of studies employ longitudinal or experimental methodologies. There exists significant variability in the definitions and metrics of green marketing, green innovation, and corporate social responsibility (CSR), which complicates comparative analyses.

5. RESEARCH GAPS

The review identifies several critical areas requiring further attention:

1. Geographic constraints: The majority of evidence is derived from developed nations, leaving developing and low-income regions largely unexplored.
2. Sectoral disparity: Research predominantly focuses on manufacturing and retail, with services and agriculture receiving less emphasis.

3. Methodological limitations: There is a scarcity of longitudinal, experimental, or mixed-method studies.
4. Construct inconsistencies: There is a lack of standardized definitions for green marketing, CSR, and ESG.
5. Mediating mechanisms: There is limited understanding of how green practices lead to outcomes.
6. Moderators: Contextual factors such as culture, ownership, and regulation are not sufficiently considered.
7. Greenwashing: Despite its increasing relevance, it is rarely examined.
8. Digital transformation: The integration of Industry 4.0 and digital platforms into sustainability research is limited.
9. SMEs: They are underrepresented despite their economic importance.
10. Consumer behavior gap: Attitudes towards green products often do not result in actual purchases.

6. FUTURE RESEARCH DIRECTIONS

- Conduct longitudinal and mixed-method studies to establish causal links.
- Integrate multiple theoretical perspectives (e.g., stakeholder theory with dynamic capabilities).
- Explore emerging economies and informal sectors, where sustainability challenges are acute.
- Investigate mediators such as innovation, corporate trust, and employee engagement.
- Examine contextual moderators including regulatory environments and cultural differences.
- Develop robust measures of greenwashing and assess its long-term effects.
- Analyze the intersection of digitalization and sustainability (e.g., AI, big data, and IoT in green marketing).
- Focus on SMEs to understand barriers and enablers of green adoption.
- Bridge the attitude–behavior gap through behavioral and psychological studies.

7. CONCLUSION

Green marketing has emerged as a crucial strategy for companies seeking to harmonize profitability with sustainability. Research suggests that while environmentally sustainable practices enhance reputation, consumer trust, and competitiveness, their financial outcomes are context-dependent and often inconsistent. By addressing research gaps through innovative methodologies, exploring broader contexts, and integrating deeper theoretical insights, academic discourse can be enriched, thereby offering practical guidance for businesses confronting the sustainability challenge.

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