
Environmental marketing orientation: Focus on the Romanian construction sector

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ABSTRACT

A growing number of organizations active in the Romanian construction sector show increasing preoccupations for environment-oriented marketing activities. After a brief literature review on green marketing and environmental orientation, the article presents the results of a research undertaken by the authors aimed at highlighting the environmental marketing orientation of firms active in the Romanian construction sector. In addition, the research shows how organizations' environmental concerns are integrated in their corporate and marketing strategies and the reasons and challenges behind the process. The research also highlighted the fact that more than 90% of the responding organizations integrate their environmental preoccupations in the marketing practices, while 73% believe that the environmental issues are taken into account in developing new products and services to a high and very high extent.

Keywords: *environmental marketing orientation, corporate environmentalism, sustainable construction, green marketing*

INTRODUCTION

In response to various social, political or competitive market events, many organizations are interested in developing and implementing environmental marketing strategies (Borin and Metcalf, 2010), and various surveys show that the population is increasingly aware of the global environmental protection measures (Hansen and Machin, 2008).

Environmental orientation refers to the recognition by management of the importance of environmental issues influencing companies (Banerjee et al, 2003, p.106). The same authors also define corporate environmentalism as the 'recognition of the importance of environmental issues facing the firm and the integration of those issues into the firm's strategic plans' (p.106). In addition, they find that corporate environmentalism is influenced by four major antecedents, including public concern, regulatory forces, competitive advantage and management commitment.

Ecological marketing (green, environmental or sustainable marketing) refers to 'planning, implementation and monitoring of development, pricing, promotion and distribution of products in a manner that meets the following criteria: customer's needs are met, the organization's objectives are met, the process is compatible with ecosystems', Fuller 1999, cited JC Garcia-Rosell in 2009, p.19. Sustainable marketing and environmental orientation are seen as valuable strategies for improving the competitiveness of firms. Fraj-Andres et al. (2008, p. 280-282) and Pujaria et al. (2003, p. 667-668) show that environmental strategies have a positive influence on competitiveness of companies, while Hartmann et al. (2004, p. 93), Yu-Shan (2008, p. 541-542), Miles and Covin (2000, p. 308-310) argue that the benefits include improving corporate image and reputation.

Green marketing strategies and integrating sustainable development principles in the organization's long term strategy are a challenge for business people worldwide. Thus, in the context of disruptive volatility in energy prices and supply insecurity, limited resources and political pressure, legislative and social action to mitigate climate change, there are many opportunities for innovation through better products, with a lower negative impact on health and environment.

For these reasons, environmental orientation is a business imperative for the Romanian construction sector, whether we refer to construction companies, service providers, consulting, project and facility management, architecture and engineering, real estate brokers, interior or landscape design, real estate developers or hoteliers (Nemoianu and Langă, 2010). Companies that adopt environmentally friendly practices in the conduct of business and strategic plans will gain first mover competitive advantage, being a continuing source of innovation and opportunity. Developing a sustainability strategy is essential for organizations seeking to align to the international concerns related to environmental protection and limited natural resources, human rights and the safety and health of employees.

To demonstrate increased interest for green buildings in Romania, the authors highlight the fact that in two years of economic slowdown, the Romanian green building market increased from 2 to 8 certified green buildings (LEED or BREEAM), and has at least 20 projects in pre-certification phase. The increased interest in green buildings is also proved by the growing number of certified green building professionals and assessors. For instance, there are 9 LEED Green Associates, 1 LEED Accredited Professional and 10 BREEAM Assessors.

With no financial or fiscal incentives from the government or the local authorities, the green building movement entering the Romanian market is justified by the numerous available opportunities and the envisaged high profits. It is expected for the foreign real estate investment funds to purchase certified green buildings only, as these are profitable on the long term and are less likely to be affected by changes in construction and environmental regulations.

1. Methodological aspects of the research

A growing number of organizations active in the Romanian construction sector show increasing preoccupations for environment-oriented marketing activities. However, environmental marketing has diverse meanings to various companies and is differently integrated their corporate strategy. In addition, public information on green marketing in the construction sector in Romania is unavailable. For these reasons, the authors considered necessary to conduct a quantitative research to determine the environmental marketing practices of companies active in the Romanian construction sector.

However, for the purpose of this article, the authors are highlighting the environmental marketing orientation of firms active in the Romanian construction sector and how environmental concerns are integrated in their corporate and marketing strategies. In this respect, the main objectives of this research refer to identifying the following:

- (i) the environmental orientation of construction firms
- (ii) how environmental concerns are integrated in the corporate strategy
- (iii) the driving factors of and barriers encountered in the process of integrating ecological issues in the marketing strategy.

The research sample is made of companies active in the Romanian construction sector, namely suppliers and producers of materials, equipment and technologies for buildings. The questionnaire was distributed online during the period May – June 2012 to representatives comprising top and middle management, from SMEs and large companies operating on the Romanian construction market, namely manufacturers and suppliers of construction materials, equipment and solutions for buildings. 183 questionnaires were returned, out of which 40 were incomplete. This research is based on the analysis of the 143 complete and valid questionnaires. 50% of the responding organizations were small and medium sized enterprises (SMEs), while 50% were large and very

large enterprises. Approximately 70% of the responding firms are multinational companies or are present in a few countries, while the remaining 30% are active only on the Romanian market.

2. Discussion of results

The research findings confirm the environmental concerns of companies in Romania and the increased interest for sustainable marketing practices.

2.1.1. *The environmental orientation of responding construction firms*

To begin with, the authors were interested in identifying whether the European Union environmental legislation had any influence on the respondent organizations, namely on the activity sector, on the long term corporate strategy and on the marketing practices of the company. In order to do so, a 5-point Likert scale (strongly disagree, disagree, neutral, agree, strongly agree) was employed. Numeric values ranging from -2 to +2 were attached to each of the five ratings and a weighted average was calculated for each part of the question.

Thus, over 70% of the responding organizations agree or strongly agree that the EU environmental directives positively influence the Romanian construction sector, encouraging environmental protection, with an average score of 0.93. In addition, 92% agree or strongly agree that the EU environmental directives positively influence the long term strategy of the company, with an average score of 1.26, while 80% of the responding companies agree or strongly agree that the EU environmental directives positively have a positive influence on the marketing practices of the company, with an average score of 1.06. In this context, we can note that the general perception of the responding construction firms is that the *regulatory forces* in the form of EU environmental directives influence their activity, making companies more attentive to the area of environment protection.

Furthermore, the authors were interested in identifying the *environmental orientation* of the firms, as well as the management commitment to environmental protection. In this sense, they formulated a question designed using a 5-point Likert scale in order to determine the respondents' opinion on 7 issues related to the environmental preoccupations of their organizations. These issues were formulated as statements and referred to top management commitment, internal and external environmental orientation and were based on Banarjee, Iyer and Kashyap's (2003, p.120) measures of constructs used in defining the antecedents of corporate environmentalism.

90% of the respondents agree and strongly agree that the company's environmental efforts are fully supported by the management team, the average score obtained for this question being 1.54. In addition, 85% agree and strongly agree that their respective companies established clear policies to raise awareness regarding environmental problems in each department, by each employee, with a weighted average of 1.30. A score of 1.34 was obtained for environment protection being a key organizational value. 100% of the responding companies agree and strongly agree that each company needs to be environmentally responsible, with an average score of 1.53. Furthermore, 96% agree and strongly agree that their respective companies make effort to create an environmentally responsible image (average score 1.57).

However, only 53% agree or strongly agree that the "higher the corporate environmental performance, the better the financial results", with an average score of 0.57. In addition, 15% disagree or strongly disagree with the above mentioned statement. As regards the final statement, "the responsibility towards clients, shareholders and employees is more important than environmental responsibility", an average score of 0.07 was obtained. This is explained by relatively equal number of respondents who strongly agree, agree, disagree, strongly disagree or are neutral with the statement.

In this context, the authors conclude that the majority of the responding organizations are environmentally conscious and included their environmental concerns in the organizations' policies and key values, making efforts to build a responsible image.

2.1.2. *The integration of environmental concerns in the corporate strategy*

In order to assess to what extent the responding companies integrated environmental concerns in their business strategy, six statements measured on a scale from 0 (no integration at all) to 5 (to a very high extent) were employed. All these statements and their corresponding weighted average score are presented in figure 1.

It is interesting to note that all the six statements related to the integration of environmental preoccupation into the corporate strategy were averagely rated above 4, which translates into the fact that the responding organizations take into account the environmental aspects in their activities to a high extent.

For instance, 73% of the responding companies integrated to a high and very high extent the environmental issues in the strategic planning process. For 80% of the organizations, the quality of products and services includes reducing their environmental impact to a high or very high extent. Approximately 70% of the respondents consider they make efforts to connect their environmental goals to the corporate strategic objectives to a high and very high extent, and only 11% are involved in this type of efforts to a very low and low extent. Furthermore, 85% of the respondents judge that the company is involved to a high and very high extent in developing products and processes with a minimum environmental impact, while 73% believe that the environmental issues are taken into account in developing new products to a high and very high extent.

Furthermore, the marketing strategies for promoting the company's products and services were influenced to a high and very high extent by the organization's environmental concerns in the view of 70% of the research participants. Moreover, 92.31% of the responding companies integrated environmental aspects in their marketing practices, as illustrated in figure 2. Only 7.69% of the companies active in the Romanian construction sector who took part in the study did not take into account the environment when undertaking their current marketing activities. Their answer was motivated by the financial reasons or by the fact that the sector does not impose any such measures.

To summarize, the wide majority of the respondents are convinced that the company's environmental preoccupations are integrated at a high extent in the corporate strategy, influencing the corporate objectives, marketing strategies, product development and production processes. No responses were received regarding the lack of integration of the environmental concerns into the business strategy. Thus, the authors consider that the companies active in the Romanian construction sector participating in the study understand the strategic importance of environmental considerations.

2.1.3. *Driving factors and challenges in integrating environmental issues in the marketing strategy*

Given the concerns shown by the companies active in the Romanian construction sector, an analysis of the factors driving their interest was necessary for a better understanding of the process. Thus, the authors questioned the 92.31% of the firms that affirmed that their marketing practices took into account environmental issues regarding the driving factors that stimulated them to engage in such activities.

Figure 3 illustrates the main reasons companies stated for integrating environmental aspects in the organization's marketing practices. Creating the image of an environmentally responsible company was the most important factor in driving organizations towards sustainable marketing practices, being selected by approximately 77% of the responding firms. To continue, the responsibility of the businesses for clean environment is seen as a major factor by 69% of the respondents. 65% of the responding organizations consider important the potential improvement of the company reputation and the obligations rising from the global policies of the mother company. These factors are closely followed by the competitive advantage that can be gain on the market (58%) and the expected stricter regulations in terms of environmental impact in the construction sector (57%). The increase in demand for ecological products is seen as stimulating by 36.5%, while the increasing external pressures from clients, media, etc. account for 15.4% of the respondents' choices. The competitors' actions related to environmental marketing practices influence 7.69% of the responding organizations.

In addition, the authors identified the interest groups with highest influence on the integration of environmental aspects in the marketing strategy of the organizations. The respondents rated each category on a scale from 0 (no influence) to 5 (a very big influence). The results show that the most influential group is formed by employees and top management (average score of 3.84), closely followed by shareholders and investors (3.81). The influence of the authorities ranked third, with an average score of 3.52, followed by clients (3.12) and media, general public and communities (3.11). Once again, it is shown that the competitors have little to medium influence on the marketing practices of organizations in the construction sector, with an average score of 2.84. Suppliers and retailers (2.56) are also an interest group with little influence on the marketing decisions of companies active in the Romanian construction sector.

The authors highlighted the main reasons for which organizations undertake sustainable marketing activities, and this can be related to reputation, can minimize risks for legal compliance or bring economic and financial benefits. However, the majority of these organizations were confronted with challenges in embarking on the path to sustainable practices. Some of these obstacles refer to lower incurred profits, higher costs for more environmentally friendly products and technologies, and a general lack of interest on the market, especially from clients and suppliers. However, the most cited barriers included the poor and incoherent Romanian legislation that fails to get in line with other European standards and properly apply the EU Directives, as well as clients' mentality. The clients' mentality and lack of interest and awareness are considered results of a poor education that does not encourage a sustainability curricula or openness to new, environmentally friendly technologies. For these reasons, the clients and many other participants on the market lack a correct understanding of the truly environmentally and socially responsible business practices and show suspicion in front of the newer, greener construction materials and technologies.

3. Conclusions, limitations and future research

The literature review revealed the fact that the main factors influencing the integration of environmental aspects in the corporate strategy and marketing practices of organizations include regulatory forces, competitive market advantage, and top management commitment.

Following the questionnaire-based research carried out in 143 enterprises active in the Romanian construction sector, we were able to assess the current state of concerns for environmental issues and their integration in the corporate and marketing strategies. The research results confirm the importance of regulations, competitive advantage, and top management commitment. In addition, other major driving factors include organizational values, moral and ethical driving forces, as well as the potential for creating a better company image and reputation. Furthermore, the results reveal that the main challenges for integrating environmental concerns in the corporate and marketing strategies are the incoherent and poor legislation on the construction sector and the lack of proper education of clients and other participants to the market. The research highlighted the fact that more than 90% of the responding organizations integrate their environmental preoccupations in the marketing practices, while 73% believe that the environmental issues are taken into account in developing new products and services to a high and very high extent.

The sampling method for this research, as well as the response rate to this questionnaire represents a limitation of this research, as the results cannot be extended to all organizations active in the Romanian construction sector.

However, the importance and originality cannot be neglected. The paper offers a premier overview of the environmental orientation of the construction organizations in Romania, in general, and of the degree of integration of the environmental concerns in the corporate strategy, in particular. Thus, the research provides a better understanding of these issues and of the reasons behind adoption of environmental concerns in the corporate and marketing strategy. In addition, this research is part of a wider study that aims at identifying the green marketing practices of construction enterprises.

Through this research, the authors did not intend to establish an exhaustive survey to enable the generalization of the results at the level of firms active on the construction market in Romania, but wanted to offer an initial picture of the environmental orientation of these organizations, of their motivations for sustainable marketing practices, as well as of the problems that they are facing in the process.

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List of figures

Figure 1. The extent to which the responding companies integrated environmental concerns in their business strategy, rated on scale from 0 (none) to 5 (a very high extent)

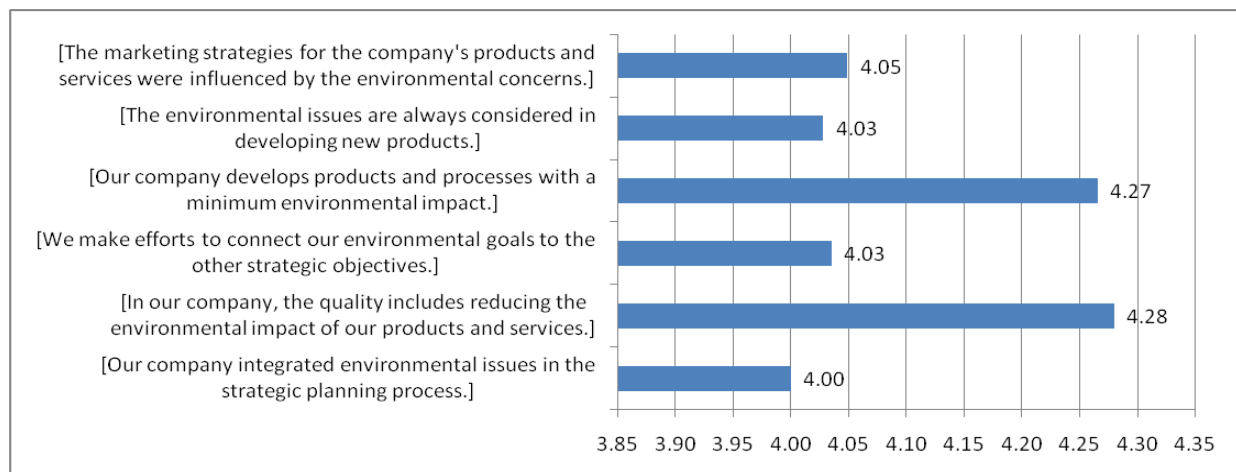


Figure 2. Percentage of companies that integrated environmental aspects in their marketing practices

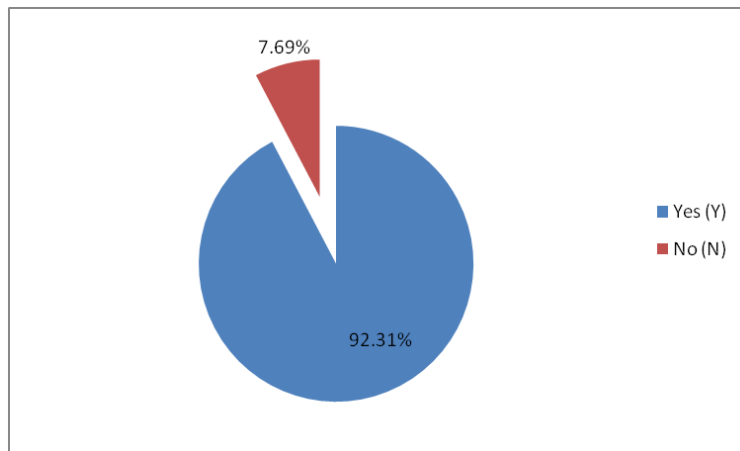


Figure 3. Main reasons for integrating environmental aspects in the organization's marketing practices

