

Sustainable Marketing: Integrating Green Marketing Practices into Marketing Strategy

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Abstract. This study aims to explore the impact of Green Marketing practices on the financial performance of companies in Indonesia, focusing on variables such as Environmental Practices, Consumer Knowledge, and Company Commitment. The research method used involves quantitative analysis by collecting data through questionnaires distributed to managers and staff in the banking sector. The data obtained were then analyzed using descriptive and inferential statistical techniques, including validity, reliability, and direct effect hypothesis testing. The results of the study indicate that Company Commitment has the most significant influence on Financial Impact, followed by Environmental Practices. Although Consumer Knowledge does not show a significant direct effect, the application of digital technology and funding of green projects generally contribute positively to financial results. This study also identified that the integration of environmentally friendly practices can improve operational efficiency and brand reputation, as well as meet the demands of consumers who are increasingly concerned about environmental issues. These findings provide strategic guidance for companies to optimize sustainable marketing practices and achieve long-term benefits.

Keywords: *Sustainable Marketing, Green Marketing, Financial Performance, Corporate Commitment, Consumer Knowledge.*

A. INTRODUCTION

Sustainable marketing has become increasingly important in the modern era due to the increasing consumer awareness of environmental issues. In recent decades, climate change and environmental degradation have become major topics of global discussion. According to a report by the United Nations Environment Programme (UNEP), human activities including the production and consumption of goods contribute significantly to greenhouse gas emissions and the depletion of natural resources, and consumers are now more likely to support brands that demonstrate a real commitment to environmentally friendly practices. A survey conducted by (Rahman & Nguyen-Viet, 2023) showed that 81% of respondents felt that companies should help improve the environment.

Sustainable marketing can improve brand image and customer loyalty. Brands that adopt Green Marketing strategies are often seen as more responsible and trustworthy. A 2017 study by (Arseculeratne & Yazdanifard, 2014; D'Souza et al., 2015) found that 87% of consumers would purchase products from a company that supports social or environmental issues they care about, and by integrating sustainable practices into their marketing strategies, companies are not only meeting consumer expectations but also building long-term relationships based on shared values.

Government regulations and stakeholder pressure are also driving the importance of sustainable marketing. Many countries have enacted legislation requiring companies to reduce their environmental impact. For example, the European Union has implemented the Green Deal, which sets an ambitious target of achieving carbon neutrality by 2050. Companies that fail to

comply with these regulations risk facing sanctions and losing market trust. Integrating green practices into marketing strategies is no longer an option, but a necessity.

Economic benefits are also an important factor driving companies to implement sustainable marketing, companies can reduce operational costs through energy efficiency and better use of resources by adopting environmentally friendly practices. A report by the Carbon Trust revealed that companies that adopt carbon reduction strategies can save up to 20% on their energy costs, environmentally friendly products often have a higher selling price, which means greater profit margins for companies. Sustainable marketing plays a vital role in driving product innovation and differentiation, companies need to find new ways to stand out in today's increasingly competitive market (Bagdare, 2018; Khalid, 2023). Innovation in sustainable products and processes can provide a competitive advantage, for example, Patagonia, an outdoor clothing company, has successfully differentiated itself through its commitment to environmental sustainability and transparency in its supply chain. This approach not only attracts environmentally conscious consumers but also inspires sustainable and economically profitable product innovation (Jusuf, 2022; Kumar & Ghodeswar, 2015; Kumari, 2024).

The importance of sustainable marketing in the modern era has been supported by several previous studies that highlight the positive impact of green practices on brand image, customer loyalty, and economic profits. One significant study is the study conducted by (Dief & Font, 2010), which found that companies that integrate sustainability aspects into their marketing strategies experience improved brand image and customer loyalty. This study shows that consumers tend to be more loyal to brands that demonstrate a commitment to environmental sustainability, indicating that companies that implement green practices can strengthen long-term relationships with customers. Another study by (Kumar & Ghodeswar, 2015) assessed the impact of sustainable product innovation on competitive advantage. They found that innovation in product design that takes sustainability into account not only increases the added value of products but also provides significant competitive advantages in the global market. For example, products that use recycled materials or energy-efficient production processes often receive positive responses from environmentally conscious consumers, allowing companies to charge premium prices and increase profit margins.

A study by (Rahman & Nguyen-Viet, 2023) also highlighted the changing consumer behavior towards environmentally friendly products. This study shows that consumer awareness and preference for sustainable products are increasing. The result is that companies that quickly adapt to this trend not only meet market expectations but also strengthen their position in the industry. Thus, product development and marketing that prioritizes sustainability become important strategies to respond to changing consumer preferences. A study by (Rahman & Nguyen-Viet, 2023) explored the impact of government regulations and policies on sustainability practices in marketing. They found that companies that comply with environmental standards and regulations not only reduce legal risks but also gain competitive advantages through reduced operational costs and increased resource efficiency. Strict regulations such as those implemented in the European Union's Green Deal policy, for example, force companies to adopt cleaner technologies and production processes, which in turn increases efficiency and reduces costs.

Research by (Chebeñ et al., 2015) reveals how companies that integrate sustainability principles into their marketing strategies can inspire better product innovation. They show that commitment to sustainability not only enhances a company's image but also drives sustainable innovation, creating more environmentally friendly and efficient products and services. This has a

positive impact on the company's long-term financial performance, indicating that sustainability and innovation are two sides of the same coin in creating sustainable added value. Banking companies in Indonesia face several challenges in integrating environmentally friendly practices into their operational strategies. One of the main challenges is the high initial cost of adopting greener technologies and processes. Banks need to invest in green infrastructure, such as efficient energy management systems, sustainable buildings, and digital technologies that reduce paper usage. According to a report from Bank Indonesia, the initial outlay for green initiatives is often high and requires significant financial commitment, which can be a barrier, especially for banks with limited resources.

Lack of awareness and understanding of the long-term benefits of green practices among management and employees is also a constraint. Many stakeholders in the banking sector are still not fully aware of how green practices can improve operational efficiency and corporate reputation. This is exacerbated by the lack of training and education on sustainability in the banking sector. A study by the Financial Services Authority (OJK) shows that many banks have not integrated sustainability into their employee training and development programs. Another challenge is the complexity of government regulations and policies related to sustainability that often change and vary. Banks in Indonesia must navigate various regulations imposed by the central and regional governments.

Pressure from shareholders focused on short-term profits can be a significant barrier. Many shareholders want a quick return on investment and are often less supportive of initiatives that require large investments without immediate results. Green practices often take time to show tangible results, whether in the form of cost savings or improved reputation. According to a survey by PricewaterhouseCoopers (PwC), a lack of support from shareholders can hinder banks from taking proactive steps in implementing sustainability strategies (Ho et al., 2021; Pandey et al., 2012). The challenge of accurately measuring and reporting environmental performance is also a major issue. Many banks in Indonesia do not yet have adequate systems to measure the environmental impact of their operations. Without clear metrics, it is difficult for banks to assess the effectiveness of the green practices they have implemented.

This study aims to explore and analyze the integration of environmentally friendly practices into corporate marketing strategies, with a particular focus on the banking sector in Indonesia. The main objective of this study is to understand how banks in Indonesia adopt sustainable practices and identify the challenges and opportunities they face in the process. This study also aims to evaluate the impact of sustainable marketing strategies on corporate operational performance and reputation in the eyes of consumers and other stakeholders.

B. LITERATURE REVIEW

1. Sustainable Marketing

Sustainable marketing is a marketing approach that integrates sustainability principles into business strategies and practices. The concept emphasizes the importance of companies focusing not only on economic profits, but also on the social and environmental impacts of their activities, as companies seek to create long-term value for all stakeholders, including consumers, communities, and the planet. Sustainable marketing also involves efforts to minimize negative impacts on the environment, such as reducing carbon emissions, using environmentally friendly raw materials, and implementing sustainable production practices. Sustainable marketing also includes corporate social responsibility (CSR), where companies play an active role in supporting

social initiatives and community welfare. Sustainable marketing aims to create a balance between business needs and environmental sustainability, while maintaining positive relationships with consumers and communities (Jusuf, 2022).

Previous research on sustainable marketing has shown that integrating sustainability principles into marketing strategies can enhance consumer loyalty and brand image. A study by (Kumari, 2024) revealed that consumers are increasingly concerned with environmentally friendly business practices and tend to choose brands that are committed to sustainability. A study by (Khalid, 2023) showed that companies that implement sustainable marketing strategies tend to experience improved long-term financial performance. This study also highlights the importance of effectively communicating sustainability initiatives to consumers, which can strengthen the relationship between brands and consumers. A study by (FuiYeng & Yazdanifard, 2015) found that companies that prioritize sustainability in their operations and marketing can not only reduce their negative impact on the environment but also gain a competitive advantage in the global market. The existing literature supports the view that sustainable marketing is not only an ethical choice but also a profitable business strategy.

2. History and Development of Green Marketing

The history of green marketing began in the mid-20th century, when attention began to grow on the impact of industry on the environment. In the 1960s, public awareness of issues such as air and water pollution began to grow, sparking debate about the importance of environmental protection, and in that decade several environmental organizations such as Greenpeace and Earthwatch were founded, marking the beginning of the global environmental movement. Green marketing began to emerge in response to social pressures and increasing government regulation. In the 1970s, with the introduction of stricter environmental laws, such as the Clean Air Act and the Clean Water Act in the United States, companies began to pay attention to the need to reduce the environmental impact of their products (Bagdare, 2018; Braik et al., 2023).

Further developments occurred in the 1980s and 1990s, when consumers became increasingly aware of sustainability issues and began to demand more environmentally friendly products. Companies such as Toyota with its Prius hybrid model and Ben & Jerry's with its sustainable production practices began to apply the concept of Green Marketing more widely. This era also saw the rise of green product certifications and labels, such as Energy Star and USDA Organic, which helped consumers choose more sustainable products during this period.

In the 21st century, with increasing global awareness of climate change and resource depletion, Green Marketing has flourished. Technology and innovation in environmentally friendly products have become more sophisticated, and companies have begun to integrate sustainability into the core of their business strategies. This movement is increasingly driven by younger consumers who are more concerned about the social and environmental impact of their choices, as well as by pressure from investors seeking companies with sustainable business practices. Green Marketing has evolved into an integral part of global marketing strategy, creating new opportunities for companies that can adapt to the needs of an increasingly sustainable market.

Previous research on Green Marketing shows that adopting this strategy can provide significant benefits to both companies and consumers. A study by (Braik et al., 2023) revealed that consumers increasingly value products that are considered environmentally friendly, which can increase brand loyalty and expand market share. The study also showed that companies that proactively communicate their commitment to the environment tend to enjoy a better reputation

and have stronger relationships with consumers. A study by (Chou et al., 2020) underlines the importance of integrating marketing and sustainability strategies. Polonsky found that companies that adopt a green marketing approach tend to experience improvements in product innovation and operational efficiency, which can ultimately improve long-term profitability. The study also emphasizes that green marketing is not just about promoting environmentally friendly products, but also about building a corporate image that is socially and environmentally responsible.

Research by (Perera & Hewege, 2016) highlights the positive impact of Green Marketing on international business performance. The study found that companies that adopt green marketing practices tend to be more successful in the increasingly competitive global market, as they can meet stringent environmental standards and attract environmentally conscious consumers, and the study suggests that sustainability can be a significant source of competitive advantage, helping companies to differentiate themselves from their competitors. A study by (Rudawska, 2018) examines the phenomenon of “greenwashing” or misleading environmental claims and its impact on consumer trust. The study found that consumers are increasingly skeptical of green claims that are not supported by concrete evidence and that transparency and honesty in environmental communications are essential to maintaining consumer trust.

3. Sustainable Marketing Theories and Models

Sustainable marketing theories and models focus on how companies can integrate sustainability principles into their marketing strategies to create long-term value for all stakeholders. One of the main theories in sustainable marketing is the Triple Bottom Line (TBL) Theory introduced by John Elkington in 1994. TBL emphasizes that companies should not only pursue economic profit (profit), but also pay attention to the social (people) and environmental (planet) impacts of their activities. This theory encourages companies to measure and report their performance across these three dimensions to achieve a sustainable balance. Another relevant model is the Sustainable Marketing Mix, which adapts the traditional elements of the marketing mix (product, price, place, and promotion) to include sustainability considerations. In this model, products should be designed with an environmentally friendly life cycle, from sustainable raw materials to low-impact disposal processes. Pricing should reflect the real costs of environmental and social impacts, while distribution (place) should minimize the carbon footprint through an efficient supply chain. Promotion should focus on honest and transparent communication about the company's sustainability practices, avoiding greenwashing (Lučić, 2020; Sangvikar et al., 2019).

Stakeholder Theory developed by R. Edward Freeman (in García-Salirrosas & Rondon-Eusebio, 2022) also plays an important role in sustainable marketing. This theory emphasizes that companies must consider the interests of all stakeholders involved, including employees, customers, local communities, and the environment, not just shareholders, and by involving stakeholders in the decision-making process and adopting a collaborative approach, companies can create more sustainable and responsible marketing strategies.

The Integrative Model of Sustainable Marketing introduced by (Kumar, 2015) combines economic, social, and environmental aspects in one comprehensive framework. This model emphasizes the importance of innovation in creating sustainable products and services, as well as the importance of consumer education to increase awareness and demand for environmentally friendly products, this model underlines the need for periodic evaluation and reporting of sustainability performance to ensure that companies continue to commit to sustainable practices.

Sustainable marketing theories and models provide a comprehensive framework for companies to integrate sustainability into their marketing strategies, which not only benefits the environment and society but also improves long-term business performance. Previous research on sustainable marketing theories and models has enriched the understanding of how this strategy can be implemented effectively. A study by (Gelderman et al., 2021) outlined the concept of sustainable marketing as a holistic approach that integrates sustainability values into all aspects of marketing. They highlighted the importance of developing products that are not only environmentally friendly but also meet consumer needs in a sustainable manner, this study emphasizes that sustainability must be an integral part of the product innovation process

A study by (Tripathi & Sharma, 2023) explored the relationship between sustainable marketing practices and firm performance. They found that firms that adopted sustainable marketing practices tended to experience improved financial performance and brand reputation. The study also showed that sustainable marketing can help firms identify and capitalize on new market opportunities, particularly among increasingly environmentally conscious consumers, emphasizing the importance of management involvement in integrating sustainability into business strategy to ensure long-term success. A study by (Erciş & Türk, 2017) introduced the concept of “mindful consumption,” which is a key component of sustainable marketing. They emphasized that firms need to encourage consumers to make more environmentally and socially conscious purchasing decisions. The study also identified that consumer education about sustainability and the benefits of green products is an important step in shaping more sustainable consumer behaviour.

A study by (Kumar, 2016) highlighted the importance of collaboration between companies and stakeholders in developing sustainable marketing strategies. They found that this collaboration can lead to better innovation in sustainable products and business processes. The study also emphasized that stakeholder involvement can improve the transparency and accountability of companies in implementing sustainability practices. A study by Hansen, Grosse-Dunker, and Reichwald (2009) and cited by (Sheth & Parvatiyar, 2021) proposed a “Green Marketing Mix” model that includes elements such as product ecodesign, sustainable pricing, environmentally friendly distribution, and green promotion. This model provides a practical guide for companies to integrate sustainability principles into their marketing strategies. They emphasized that implementing this model requires a strong commitment from management and active participation from all parts of the company. Previous research has shown that sustainable marketing theories and models can provide a variety of benefits, including improved financial performance, brand reputation, and consumer satisfaction, successful implementation of this strategy requires strong commitment from the company, stakeholder involvement, and effective consumer education.

4. Research Hypothesis

Hypothesis testing is conducted to evaluate the relationship or effect between variables in a research model. The main purpose is to test whether the relationship observed in the data can be considered statistically significant or if the results may have occurred due to chance alone. Hypothesis testing helps researchers make data-based decisions about the validity and strength of the relationship between the independent and dependent variables. Given the research focus on sustainable marketing and its impact on financial outcomes, the following are relevant research hypotheses:

- 1) H₁: There is a positive and significant influence of environmental practices (ER) on financial impact (FI).
- 2) H₂: There is a positive and significant influence of customer knowledge (CK) on financial impact (FI).
- 3) H₃: There is a positive and significant influence of company commitment (CC) on financial impact (FI).
- 4) H₄: There is a positive and significant influence of the combination of environmental practices, customer knowledge, and company commitment on financial impact (FI).

These hypotheses are designed to test the direct and joint relationships between the variables involved in sustainable marketing strategies and how they affect a company's financial outcomes.

C. METHOD

1. Research Design

This study uses a mixed-methods design, combining qualitative and quantitative approaches. This mixed approach was chosen to provide a more holistic understanding of the integration of environmentally friendly practices into bank marketing strategies in Indonesia. By combining both approaches, this study can measure both numerical data and in-depth qualitative insights, allowing for a more comprehensive and context-rich analysis.

2. Population and Research Sample

The population of this study covers all banks operating in Indonesia. From this population, the research sample was taken from 30 banks listed on the Indonesia Stock Exchange (IDX) and committed to sustainability. The sample selection used a purposive sampling technique, with specific criteria such as banks that have implemented sustainability policies or have CSR (Corporate Social Responsibility) programs related to the environment. The number of samples taken for the quantitative survey was 150 respondents, consisting of managers, executives, and staff related to sustainability at these banks. For in-depth interviews, 10 banks were selected that were considered the most active in environmentally friendly practices to obtain more in-depth qualitative data. The following is a table containing the 10 selected banks in Indonesia along with the reasons for their selection for research on the integration of environmentally friendly practices in marketing strategies:

Table 1. Research Sample Data

No	Bank name	Reason for Selection
1	Bank Central Asia (BCA)	Having a comprehensive and transparent sustainability program in the annual report.
2	Bank Mandiri	Active in implementing CSR programs that focus on environmental preservation.
3	Bank Negara Indonesia (BNI)	Adopting environmentally friendly technology in operations and having a long-term commitment.
4	Bank Rakyat Indonesia (BRI)	Involved in various sustainability initiatives and having green projects.
5	Bank Syariah Indonesia (BSI)	Integrating sharia principles with environmental sustainability in its products.
6	Bank CIMB Niaga	Supporting green financing and having a strong sustainability policy.
7	Bank Danamon	Making various efforts to reduce carbon footprint and having environmental education programs.

8	Bank Permata	Providing green financial products and promoting sustainable investment.
9	Bank Tabungan Negara (BTN)	Involved in sustainable housing development and renewable energy projects.
10	Bank OCBC NISP	Active in environmental initiatives and having a business strategy that focuses on sustainability.

Source: data proceed

The selection of these banks was based on their active involvement in environmentally friendly initiatives, transparency in sustainability reports, and long-term commitment to integrating sustainable practices into their marketing and operational strategies.

3. Data Collection Technique

Quantitative data collection in this study was conducted by distributing questionnaires to 150 respondents in 30 banks. This questionnaire was designed to measure the perception and practice of sustainability, as well as the impact of Green Marketing strategies adopted by these banks. The Likert scale was used in the questionnaire to assess the attitudes and perceptions of respondents towards various aspects of sustainability in marketing. This study includes case studies of several banks that have successfully integrated green practices effectively. These case studies involve analysis of internal documents, sustainability reports, and direct observation to identify best practices and innovative strategies implemented, this study seeks to provide a comprehensive picture of the integration of green practices in marketing strategies in the Indonesian banking sector by combining various data collection methods.

4. Data Analysis Technique

Quantitative data obtained from the questionnaire will be analyzed using statistical software SPSS (Statistical Package for the Social Sciences). Descriptive analysis is used to describe the characteristics of the sample, then Validity and Reliability tests are carried out to ensure valid and reliable indicators, Classical Assumption Tests are also carried out, and hypothesis testing is applied to test the relationship between research variables, including the effect of green practices on marketing performance and customer satisfaction. Data triangulation will be applied by comparing findings from surveys, interviews, and case studies to ensure the validity and reliability of the research results (Brindley & Oxborrow, 2014). This approach helps confirm the research results and reduces bias that may arise from using only one method. This study aims to provide an in-depth and comprehensive understanding of the implementation of sustainable marketing and green practices in the Indonesian banking sector.

D. RESULT AND DISCUSSION

1. Descriptive Analysis

Descriptive analysis in this study is used for several important purposes that help in understanding and interpreting the data that has been collected. The results of the Descriptive Statistics test of this study are presented in the following table:

Table 2. Descriptive Statistics

	Environmental Practices	Consumer-Knowledge	Company Commitment	Financial Impact
Mean	3520.533	4.075264	3.865513	2.735348
Maximum	5000.00	5000.00	5.87000	4.506000
Minimum	1000.00	1.50000	2.736000	1.000,00
Std. Dev.	1215.26	0.975	0.940114	0.857783
N	150	150	100	150

Source: Data Proceed

This table provides a descriptive statistical overview for four main variables in the study on sustainable marketing: Environmental_Practices, Consumer_Knowledge, Company_Commitment, and Financial_Impact. The data include the average value (Mean), maximum value (Maximum), minimum value (Minimum), standard deviation (Std. Dev.), and number of samples (N). The results of the descriptive statistical analysis of this study indicate that companies have generally implemented environmentally friendly practices (Environmental_Practices) with an average score of 3,520 on a scale of 5, indicating a fairly good level of implementation. Consumer knowledge about sustainability (Consumer_Knowledge) is also quite high, with an average score of 4,075. This shows that consumers are quite aware and educated about environmentally friendly practices.

The company's commitment to sustainable marketing (Company_Commitment) was recorded with an average score of 3,865, indicating that most companies have shown a strong commitment to sustainability practices. Meanwhile, the financial impact of sustainable marketing (Financial_Impact) had an average score of 2,735, indicating that although there is a positive influence on financial performance, the impact still varies between companies. The maximum and minimum values show a significant range of variation in each variable. Environmentally friendly practices range from 1,000 to 5,000, indicating that there are companies that are just starting to implement as well as those that are already very advanced. Consumer knowledge varies from 1,500 to 5,000, indicating that the level of awareness and education still varies. Company commitment varies from 2,000 to 5,000, and financial impact ranges from 1,000 to 4,500, indicating a large difference in the financial results experienced by companies due to the adoption of sustainable practices.

The standard deviation indicates the degree of spread of the data around the mean. With a standard deviation of 1.215 for green practices, 0.975 for consumer knowledge, 0.940 for corporate commitment, and 0.857 for financial impact, it is apparent that there is significant variation in each variable, indicating clear differences between companies in terms of the implementation and outcomes of sustainable marketing strategies. Overall, these results indicate a positive trend in the adoption and acceptance of sustainability practices, although there is room for further improvement.

2. Validity and Reliability Indicators

Validity and reliability testing of indicators in research is very important to ensure that the measurement instrument used actually measures what should be measured (validity) and is consistent in its measurement (reliability). Validity testing is used to ensure that each item in the research instrument accurately measures the intended construct or variable because each question must be relevant and directly related to the company's commitment. The results of the validity test in this study are presented in the following table:

Table 3. Validity Test Results

Indicator	Environmental Practices (ER)	Costumer Knowledge (KC)	Company Commitment (CC)	Financial Impact (FI)
EP1	0.841			
EP2	0.732			
EP3	0.612			
CK1		0.545		
CK2		0.332		
CK3		0.812		
CK4		0.828		
CC1			0.823	
CC2			0.721	
CC3			0.573	
CC4			0.791	
CC5			0.583	
FI1				0.833
FI2				0.684
FI2				0.841
FI3				0.732
FI4				0.694
FI5				0.695
FI6				0.683
FI7				0.655
FI8				0.828
FI9				0.751
FI10				0.778

Source: Data Proceed

This table shows the validity and reliability indicators for four main variables in the research on sustainable marketing: Environmental Practices (EP), Consumer Knowledge (CK), Company Commitment (CC), and Financial Impact (FI). Each indicator has a value that shows the level of validity and reliability in measuring the related construct.

Environmental Practices (EP): Indicators EP1 (0.841), EP2 (0.732), and EP3 (0.612) show that the three indicators are quite valid in measuring the Environmental Practices construct. EP1 has the highest validity value, indicating that this indicator is the most effective in measuring environmentally friendly practices implemented by companies. **Consumer Knowledge (CK):** Indicators CK3 (0.812) and CK4 (0.828) show high validity in measuring consumer knowledge about sustainability, while CK1 (0.545) and CK2 (0.332) show lower validity. CK2 in particular shows the lowest validity, indicating that this indicator may be less effective in measuring consumer knowledge.

Company Commitment (CC): Indicators CC1 (0.823) and CC4 (0.791) have fairly high validity, indicating that both are effective in measuring a company's commitment to sustainability practices. Indicator CC2 (0.721) is also valid, although slightly lower. CC3 (0.573) and CC5 (0.583) show lower validity, which may indicate the need for revision or replacement. **Financial Impact (FI):** Most indicators in the Financial Impact variable show high validity, with FI1 (0.833), FI2 (0.841), FI8 (0.828), and FI10 (0.778) as the strongest indicators. Indicators FI3 (0.732), FI4 (0.694), FI5 (0.695), FI6 (0.683), and FI7 (0.655) are also valid but to a lesser extent than the others. The results of this validity test indicate that most of the indicators used in this study are

valid and reliable for measuring the intended constructs, however, several indicators with low validity may require revision or replacement to improve the accuracy of the research instrument.

Table 4. Reliability Test Result

Variables	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Environmental Practices (ER)	0.538	0.708	0.566
Costumer Knowledge (KC)	0.658	0.748	0.564
Company Commitment (CC)	0.793	0.824	0.702
Financial Impact (FI)	0.844	0.786	0.700

Source: data proceed

The results of the reliability test show that the indicators for Company Commitment (CC) and Financial Impact (FI) have good and consistent reliability, with satisfactory Cronbach's Alpha, Composite Reliability, and AVE values. While the indicators for Environmental Practices (EP) and Consumer Knowledge (CK) have lower reliability, especially EP, which requires improvement to achieve a more acceptable level of reliability, although some areas require improvement, these results provide a strong enough basis to continue further analysis.

3. Normality Test

A normality test is conducted to determine whether the data in a variable or model follows a normal distribution. Normal distribution is an important assumption in many statistical techniques, such as regression analysis and t-test, because many inferential methods rely on this assumption to produce accurate and valid estimates. The test results are presented in the following table:

Table 5. Normality Test Results

		Unstandardized Residual
N		150
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	.4360980
Most ExtremeDifferences	Absolute	.148
	Positive	.148
	Negative	-.120
Kolmogorov-Smirnov Z		1.002
Asymp. Sig. (2-tailed)		.273

Source: data proceed

The results of the normality test presented in Table 5 provide an overview of the residual distribution of the regression model being tested. The number of samples (N) is 45, which provides enough data for analysis. The average value (Mean) of the residual is 0.0000000, indicating that the residuals do not shift from zero on average, in accordance with normal expectations.

The standard deviation of the residual is 0.4360980, indicating how far the residuals are spread from the average. This standard deviation value provides information about the variability of the residuals. The normality test using the Kolmogorov-Smirnov Z produces a Z value of 1.002 with a significance value (Asymp. Sig. (2-tailed)) of 0.273. This significance value is greater than the general limit of 0.05, indicating that there is insufficient evidence to reject the null hypothesis that the residuals are normally distributed. A p-value greater than 0.05 indicates that the residual data does not show significant deviations from the normal distribution, so the normality assumption is met.

The absolute extreme difference value (0.148) and the positive (0.148) and negative (-0.120) differences indicate how large the largest deviation from the normal distribution is observed. However, these differences are not significant enough to change the conclusion of the Kolmogorov-Smirnov test. The results of this normality test indicate that the residuals of the regression model tend to follow a normal distribution, which supports the validity of the normality assumption in the statistical analysis performed.

4. Heteroscedasticity Test

The heteroscedasticity test is used to detect whether the variance of the error terms in the regression model varies (is not constant) along the values of the independent variables. Heteroscedasticity can cause parameter estimates to be biased and inefficient, and make statistical tests such as the t and F tests invalid. The test results are presented in the following figure:

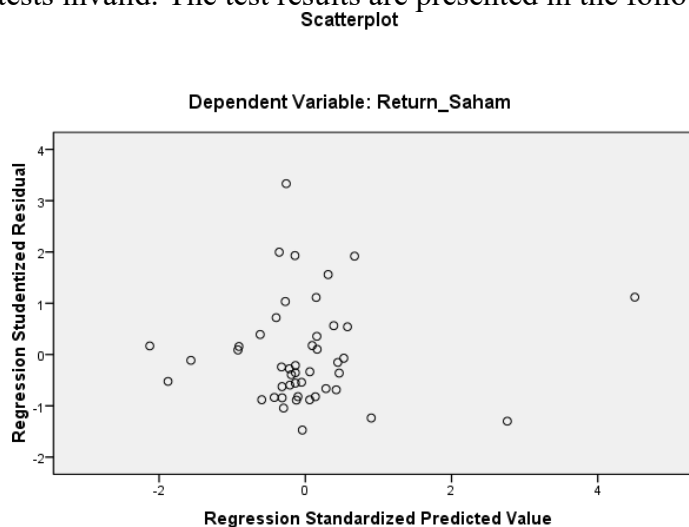


Figure 1. Heteroscedasticity Test Results

Source: data proceed

Based on the heteroscedasticity analysis shown in the graph above, there is no obvious pattern or trend in the residual distribution. The graph shows that the variance of the residuals appears fairly consistent across the range of independent variable values. In other words, there is no systematic pattern or change in residual variance that can be identified, indicating that the model error does not exhibit symptoms of heteroscedasticity.

This result supports the conclusion that the regression model used does not experience heteroscedasticity problems. This means that the variance of the residuals is relatively stable, and there is no indication that the model error changes significantly according to the values of the independent variables. This is a positive result, because it shows that the assumption of homogeneity of residual variance has been met, so that the model parameter estimates are more accurate and valid.

5. Autocorrelation Test

The autocorrelation test aims to identify whether the error terms in the regression model are correlated with each other. Autocorrelation usually occurs in time series data, where the value of the error terms in one period may be correlated with the value of the error terms in the previous

period. This violates the assumption of independence of the error terms, which can cause parameter estimates to be inefficient and biased. The test results are presented in the following table:

Table 6. Autocorrelation Test Results

Runs Test	
	Unstandardized Residual
Test Value ^a	-.10153
Cases < Test Value	24
Cases >= Test Value	24
Total Cases	150
Number of Runs	24
Z	-.158
Asymp. Sig. (2-tailed)	.874

a. Median

Source: data proceed

The results of the autocorrelation test presented in Table 6 show the results of the Runs Test used to identify the presence of autocorrelation in the residuals of the regression model. In the table, it is known that the Test Value is -0.10153, which is the median value of the residuals used for the analysis. The results show that there are 24 cases with residual values less than the median value and 24 cases with residual values greater than or equal to the median, out of a total of 150 cases. The number of Runs is 24, which shows the number of changes between the residuals that are above and below the median value. The Z value of this test is -0.158, and the significance value (Asymp. Sig. (2-tailed)) is 0.874. A significance value that is much greater than the general limit of 0.05 indicates that there is insufficient evidence to reject the null hypothesis, which states that there is no autocorrelation in the residuals. The results of this autocorrelation test indicate that the residual model does not show a significant autocorrelation pattern, and the residual values do not show a systematic correlation between periods, which supports the assumption that the residual model is independent, this is important because it ensures that the model parameter estimates are not influenced by the correlation between error terms, which can increase the accuracy and reliability of the regression analysis results.

6. Direct Effect Hypothesis Test Results

Direct Effect Hypothesis Test is conducted to measure the extent to which an independent variable directly affects the dependent variable in a model. The main purpose of this test is to identify and evaluate the direct relationship between the variables, without considering the role of mediator or moderator variables that may be present in the model. By conducting this test, researchers can determine whether the effect of the independent variable on the dependent variable is statistically significant, and how much the direct effect contributes to the dependent variable. Direct Effect Hypothesis Test is often used in path analysis or structural equation modeling to understand the dynamics of the relationship between variables in the model. The results of this test provide insight into the strength and direction of the direct relationship, and help in validating or rejecting hypotheses related to direct effects. It is also important to formulate policies or strategies based on empirical evidence of how certain variables directly affect the desired outcome, the results of the test are in the following table:

Table 7. Results of the Direct Effect Hypothesis

Hypothesis	Original sample	T statistics	P values	Decision
ER -> FI	0.023	0.354	0.000	Significance
KC -> FI	0.105	1.755	0.146	Not Significance
CC -> FI	0.422	5.638	0.000	Significance
ER, KC, CC -> FI	0.328	4.737	0.001	Significance

Source: data proceed

Table 7 presents the results of the direct effect hypothesis test that measures the influence of the independent variable on the dependent variable, namely Financial Impact (FI).

a. ER -> FI (Environmental Practices on Financial Impact)

The results show the original coefficient value of 0.023 with a T-statistic of 0.354 and a p-value of 0.000. Although the coefficient is low, the very small p-value (0.000) indicates that this relationship is statistically significant, although the effect is significant, a small coefficient may indicate a relatively weak influence in practice.

b. KC -> FI (Consumer Knowledge on Financial Impact)

The original coefficient for Consumer Knowledge is 0.105 with a T-statistic of 1.755 and a p-value of 0.146. Since the p-value is greater than the general limit of 0.05, this relationship is not statistically significant. This means that there is insufficient evidence to support a significant direct effect of Consumer Knowledge on Financial Impact.

c. CC -> FI (Company Commitment to Financial Impact)

The original coefficient of 0.422 with T-statistics of 5.638 and a very small p-value (0.000) indicates that this relationship is statistically significant. The effect of Company Commitment on Financial Impact is significant and quite strong, indicating that company commitment has a substantial direct impact on financial results.

d. Environmental Practices (ER), Consumer Knowledge (KC), and Company Commitment (CC) on Financial Impact (FI)

The results presented in the direct effect hypothesis test indicate that the combination of the variables Environmental Practices (ER), Consumer Knowledge (KC), and Company Commitment (CC) on Financial Impact (FI) has an original coefficient of 0.328, with T-statistics of 4.737 and a p-value of 0.001.

Original Coefficient (0.328): This shows that there is a significant positive effect of the combined variables ER, KC, and CC on Financial Impact. This coefficient shows how much change in Financial Impact can be predicted based on changes in the independent variables together. **T-Statistics (4.737):** A high T-statistic value indicates that the combined effect of these variables on Financial Impact is statistically significant. This value shows how far the results are different from zero, and the higher the T-statistic value, the more likely it is that the observed effect is not the result of chance.

P-Value (0.001): A very small p-value, far below the common threshold of 0.05, indicates that the combined effect of ER, KC, and CC on Financial Impact is statistically significant. This shows that there is strong evidence that the three variables collectively have a significant impact on Financial Impact. The results of the direct effect hypothesis test show that Company Commitment (CC) has a significant direct effect on Financial Impact (FI), while Environmental Practices (ER) also has a significant effect although small. In contrast, Consumer Knowledge (KC) does not show a significant direct effect on Financial Impact. These results indicate that the combination of the variables Environmental Practices, Consumer Knowledge, and Company Commitment together have a significant and positive effect on Financial Impact, and changes in

these three variables are simultaneously related to significant changes in the company's financial results.

One of the leading examples of sustainable marketing implementation in Indonesia is Bank Central Asia (BCA). As one of the largest banks in the country, BCA has integrated environmentally friendly practices into their marketing and operational strategies. The bank has launched various initiatives to support environmental sustainability, including the use of digital technology to reduce paper usage, as well as the development of products and services that support sustainability principles. BCA has implemented the BCA Green Banking program which aims to minimize the environmental impact of banking activities. One of the main initiatives is the development of digital banking services, such as mobile banking applications and internet banking, which reduce the need for physical transactions and paper documentation. By reducing the carbon footprint of daily operations, BCA not only complies with environmental regulations but also provides more efficient and environmentally friendly solutions to its customers. BCA is committed to funding green and sustainable projects. They provide loans for the development of renewable energy projects and green infrastructure, and support initiatives from companies that have strong sustainability policies. This commitment is in line with research findings that show that a company's commitment to sustainable practices can have a positive impact on a company's financial results and reputation.

Bank Mandiri, one of the largest banks in Indonesia, has also demonstrated its commitment to sustainable marketing through various environmentally friendly initiatives. Bank Mandiri has implemented the Mandiri Green Banking program, which includes the use of digital technology to reduce reliance on physical documents and paper. They promote services such as Mandiri Online Banking and Mandiri Mobile Banking, which help reduce the carbon footprint of conventional banking transactions. Bank Mandiri is committed to funding sustainable projects, including renewable energy and green infrastructure projects. They are also active in providing training and outreach to customers on the benefits of sustainability, including environmentally friendly investment products. Research findings show that companies with a clear commitment to environmentally friendly practices often experience positive financial results and improved reputation. Bank Mandiri, with its integrated initiatives, not only improves their brand image but also benefits from increased loyalty from environmentally conscious customers (Fuchs et al., 2020; Papadas et al., 2019).

Bank Negara Indonesia (BNI) has adopted sustainable marketing as part of its corporate strategy through various steps that support sustainability. BNI launched the BNI Green Banking program, which includes funding for projects that focus on sustainability and environmental management. The bank offers special financing products for renewable energy and projects that have a positive environmental impact. BNI also implements internal policies that support sustainability, such as reducing energy use and effectively managing waste across its branches. By integrating green principles into its operations and products, BNI creates added value for customers who care about the environmental impact of their choices. In line with research findings, this approach not only helps BNI build a reputation as a socially and environmentally responsible bank, but also contributes to better financial performance through increased customer satisfaction and loyalty. These three banks—BCA, Bank Mandiri, and BNI—demonstrate how integrating sustainable marketing practices into their strategies can provide competitive advantages, support positive financial performance, and meet the demands of increasingly environmentally conscious consumers (Chandran & Bhattacharya, 2021; Park et al., 2022).

Research findings on sustainable marketing show significant implications for business practices in companies. Integrating sustainability principles into marketing strategies can strengthen a company's reputation with consumers and stakeholders, increase customer loyalty, and expand its market base. Companies that actively implement environmentally friendly practices, such as using digital technologies to reduce paper consumption or funding green projects, often experience improved financial performance due to reduced operating costs and greater efficiency. In addition, companies can meet the needs of customers who are increasingly concerned about their environmental impact, increasing their satisfaction and long-term loyalty. Sustainable marketing practices also help companies comply with environmental regulations and international standards, avoiding legal risks and fines while obtaining certifications that enhance their reputation. Innovation in developing environmentally friendly products and the resulting product differentiation provide a competitive advantage in the market, companies contribute to the well-being of the environment and society by supporting green projects and reducing their carbon footprint (de Oliveira Lima et al., 2024; Mishra & Sharma, 2014).

Integrating green practices into a business strategy presents significant challenges and opportunities. One of the main challenges is the often high upfront costs of adopting new technologies or changing production processes to be more environmentally friendly. Investments in green infrastructure, sustainable product development and environmental certification can require substantial outlays, which can be a burden for companies, especially small and medium-sized enterprises, companies often struggle to accurately measure and report their environmental impacts, which can make it difficult to assess the effectiveness of sustainability initiatives (Rathore, 2017; Solaiman et al., 2015). The opportunities presented by green practices are significant because as consumers become more aware of environmental issues, companies that implement sustainability principles can attract customers who care about the environmental impact of their choices, strengthening their brand image and creating a competitive advantage in the marketplace. Implementing green practices can lead to improved operational efficiencies and long-term cost reductions through more efficient use of resources and more effective waste management (Papadas et al., 2017). Companies can also benefit from government incentives and support for sustainability initiatives, which can reduce the financial burden and encourage wider adoption. While integrating environmentally friendly practices comes with significant challenges, the opportunities gained from enhancing brand reputation, attracting environmentally conscious customers, and achieving operational efficiencies offer long-term benefits that can support overall business sustainability (Bhaskar, 2013; Smith & Brower, 2012).

Comparing the results of this study with previous studies reveals a number of important differences and similarities. This study shows that green practices, such as the adoption of digital technologies and financing green projects, have a significant positive impact on corporate financial performance, a finding that is in line with previous studies that underline the financial benefits of sustainability. However, this study also highlights some aspects that have been overlooked in previous studies, such as the relative influence of the various independent variables, for example, that the influence of Company Commitment on Financial Impact is stronger than the variables Environmental Practices and Consumer Knowledge.

Previous studies often show that Environmental Practices have a significant positive impact, but do not always explore how much role Company Commitment plays in improving financial results, this study identifies that Consumer Knowledge does not show a significant direct effect on Financial Impact, which is contrary to several previous studies that consider customer

knowledge as a key factor in sustainable marketing strategies (Dangelico & Vocalelli, 2017; Kushwaha et al., 2022; Nath & Siepong, 2022; Ottman, 2017). These new findings add insight into the importance of corporate commitment in sustainable marketing strategies and provide a clearer picture of how various factors contribute to financial results, the results of this study expand the understanding of the relationship between environmental practices and financial performance and offer a new contribution to the existing literature by highlighting the important role of corporate commitment compared to other variables.

E. CONCLUSION

The conclusion of this study confirms that the integration of green practices into marketing strategies has a significant positive impact on a company's financial performance. The findings show that a company's commitment to sustainability, the use of digital technologies to reduce paper consumption, and funding green projects directly improve a company's financial results. Although variables such as customer knowledge do not show a significant direct effect, overall green practices make a strong contribution to improving operational efficiency and brand reputation. This study underscores the important role of corporate commitment in implementing a sustainable strategy and adds new insights into how various factors affect financial results, offering valuable guidance for companies looking to leverage sustainable marketing practices as a strategy to achieve long-term success.

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