The Impact of Green Products on Sustainability Business with Green Marketing as A Moderating Variable in Restaurants in Badung Bali

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ABSTRACT

Topics on business sustainability, environmentally friendly products, and ways to introduce issues have become much in demand by various levels of society. This research aims to see the effect of green products in influencing sustainability business through green marketing, where green marketing acts as a moderating variable. The method research is multivariate data analysis model analysis, including factor analysis and Partial Least Square (PLS), which sample from 350 restaurants in Badung with the criteria of environmentally friendly restaurants. The results show that green marketing does not moderate green products towards sustainability business. The study was conducted during the recovery period of the COVID-19 pandemic. This result represents the condition of restaurants in Badung, which is affected by the pandemic.

INTRODUCTION

The Bali tourism business after the COVID-19 pandemic has again shown significant excitement. Currently, business in Bali is quite promising. Badung is one of the entrance gates to the island of Bali. I Gusti Ngurah Rai International Airport, located in the Tuban area of Badung Bali, makes Badung better known to local and foreign tourists. Another factor is the beauty of nature paintings. The main tourist destinations, such as Kuta beach, Melasti Beach, Pandawa Beach, Seminyak Beach, and many others, are desirable.
to local and foreign tourists. Tourists apart from enjoying these tourist destinations, the tourism support sector will grow along with the quick visits. The multiplier effect of this certainly has an impact on various sectors. The economic growth of Badung is generally in a reasonable range. In 2020 there was a decline due to the impact of the COVID-19 pandemic. In 2021, economic growth in Bali Province had become a signal for a revival of economic conditions after the COVID-19 pandemic.

<table>
<thead>
<tr>
<th>District</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jembrana</td>
<td>5.59</td>
<td>5.56</td>
<td>-4.98</td>
<td>-0.65</td>
</tr>
<tr>
<td>Tabanan</td>
<td>5.71</td>
<td>5.58</td>
<td>-6.17</td>
<td>-1.97</td>
</tr>
<tr>
<td>Badung</td>
<td>6.73</td>
<td>5.81</td>
<td>-16.52</td>
<td>-6.74</td>
</tr>
<tr>
<td>Gianyar</td>
<td>6.01</td>
<td>5.61</td>
<td>-8.38</td>
<td>-1.07</td>
</tr>
<tr>
<td>Klungkung</td>
<td>5.48</td>
<td>5.42</td>
<td>-6.35</td>
<td>-0.23</td>
</tr>
<tr>
<td>Bangli</td>
<td>5.48</td>
<td>5.46</td>
<td>-4.10</td>
<td>-0.33</td>
</tr>
<tr>
<td>Karangasem</td>
<td>5.44</td>
<td>5.50</td>
<td>-4.45</td>
<td>-0.56</td>
</tr>
<tr>
<td>Buleleng</td>
<td>5.60</td>
<td>5.53</td>
<td>-5.76</td>
<td>-1.22</td>
</tr>
<tr>
<td>Denpasar</td>
<td>6.42</td>
<td>5.82</td>
<td>-9.42</td>
<td>-0.91</td>
</tr>
<tr>
<td>Bali Province</td>
<td>6.31</td>
<td>5.60</td>
<td>-9.31</td>
<td>-2.47</td>
</tr>
</tbody>
</table>

Source: BPS Bali provi

In general, the culinary industry positively impacts the economy and has a high potential to improve the economy. This is influenced by several factors, including changes in people's lifestyles, cultural wealth, and natural resources owned by an area. Saeroji & Adi Wijaya (2017) stated that culinary wealth is one of Indonesia's culinary tourism destinations. Nowadays, the eco-friendly trend is becoming more and more popular worldwide. As a tourist destination, Badung makes this place thick cultural assimilation with an exchange of mindset and lifestyle. Including the behavior of tourists who come from around the world. The positive impact that arises is the behavior of tourists who prioritize environmental sustainability in using green-based products or services.

Nevertheless, in addition to the positive impact, the inclusion of modern culture is exceptionally influential on the value of local wisdom in the surrounding community. Of course, the more tourists who come will produce waste, both from the tourism and supporting sectors, one of which is the culinary sector. The emergence of restaurants, cafes, food stalls, and bars is one of the added values for Badung in attracting tourists. The growth of restaurants in Badung is very rapid when compared to 2012. With the Covid-19 pandemic, there was a significant decrease in the number of restaurants in Badung, from 823 to 728. The table shows the proportion of the number of restaurants in the district of Badung in Bali.

The emergence of restaurants, cafes, food stalls, and bars is one of the added values for Badung in attracting tourists. The growth of restaurants in Badung is very rapid when compared to 2012. There was a decrease in the number of restaurants in Badung, from 823 to 728 when the Covid-19 pandemic. The table shows the proportion of the number of restaurants in the district of Bandung in Bali.

![Figure 1. Number of restaurants in Badung from 2015-2021](source: BPS, data processed)

In general, culinary products, especially restaurants, do not have many positive elements for the environment. Judging from the use of energy, in general, fossil energy, large-powered electricity, and no one use renewable energy (Yudawisastra, 2021). It shows that energy consumption in food or culinary beverage processing is less efficient. Even some culinary
entrepreneurs use wood energy for combustion, which causes pollution, namely carbon produced from the combustion process. However, public awareness of the importance of implementing environmentally friendly patterns increases from time to time. Restaurant owners have started to care about sustainability rather than the conventional, instant destructive concept. The current generation is more committed to maintaining sustainability in all fields. So restaurant owners will try to reduce pollution and waste levels as optimally as possible.

Marketing is one of the business fields with environmental issues. Most visitors to Bali are foreign, domestic, and local tourists who routinely want to enjoy the sensation of eating at a restaurant. Business competition is very high, causing restaurant owners and managers to need a high strategy to survive in business competition in the long term, especially in preparation for recovery after the COVID-19 pandemic. Food bloggers, YouTubers, and social media (Instagram, Twitter, Facebook) often recommend several restaurants. It can have a positive impact on business sustainability, especially in restaurants.

Based on this, in a sustainability business, green marketing is one area that provides a stimulus. In the long term, achieving sustainability goals will require a fundamental change in the management paradigm in terms of both marketing and business functions. Companies must be able to adapt to changes in meeting customer needs, new regulations, and a new social spirit that reflects increasing concern for the socio-environmental impact of business. Awareness of this environmental issue has created a new market that produces environmentally friendly products and a strategy to introduce to the public so that business remains sustainable by minimizing environmental impact. This research aims to see green products' influence on sustainability business through green marketing. Where in this study, green marketing is a moderating variable. The results of this study are expected to be a reference for restaurant business actors after the COVID-19 pandemic.

This paper is structured as follows. The first part introduces the selected green product, sustainability business, and green marketing as mediating variables. The second section includes a review of the literature on the concepts examined and the development of research hypotheses. The third part covers the research methodology. The fourth and fifth sections contain the research results, discussion, and conclusions.

LITERATURE REVIEW

Green product
Green products can be linked to raw materials that help preserve the needs of future generations. It aims to reduce pollution and waste from the process and the product life cycle. Product introduction is how to organize various ongoing processes (Bragd, 1998). Green products are an added value for the company. Industries that focus on marketing green products can produce positive behavior toward their consumers to maintain the sustainability of companies that produce environmentally friendly products (Rashad Yazdanifard et al., 2015). Companies can practice green product development by standardizing product modifications and managing raw materials in an environmentally friendly manner. This will reduce the negative impact on human health and the environment (Tsai et al., 2012). In their research, (Gupta & Ogden, 2009) state that the success of green products depends on the cooperation of consumers and producers. Souza et al (2006) explained that green products benefit consumers and have social benefits felt by consumers, such as being friendly to the environment.

Green Marketing
So far, the leading role of marketing has been limited to concretizing the advantages of new products and creating markets for new products using various marketing mix approaches. Green products can show changes in the role of the marketing function. Experience from introducing new products shows changes in marketing
administration praxis and unlearning due to new technologies. One of the problems in green marketing is that there needs to be further discussion about this research. Green marketing is responsible for the commercial world to promote sustainable business concepts. Green marketing is the broader application of environmentally friendly concepts to consumer goods, industrial goods, and services (Polonsky, 1994). Green marketing limitations include product modification, production process changes, packaging changes, and modifying advertisements. There is a contradiction in studying aspects of green marketing, in which all marketing activities harm the environment. Marketing is focused on markets and exchanges between parties. Therefore, marketing studies need to claim that it aims to reduce the impact on the environment that comes from the production and consumption of the product. Companies that already apply green marketing in business modification and green product development can reduce long-term operating costs (Ottman, et al, 2006). The company behaves and is environmentally responsible in using financial resources to build innovative environmental products and technologies from the company to achieve long-term benefits and ensure environmental sustainability. Marketers advertise to attract the attention of consumers using environmentally friendly concepts to create pollution - complimentary messages. They can also increase knowledge about ecological issues and green products.

Sustainability business

Sustainability business has become a shared concern and responsibility-sustainability business is an integrated approach to address issues related to several environmental and socio-economic issues. Sustainability business is a concept that describes organizational activities that support business success regarding various socio-economic dimensions and their relationship to the environment. A sustainability business can be defined as a dynamic activity that generates value in a more specific context. This ability is rooted in innovation and opportunity (Larson, 2000). Nwabueze (2019) confirms that a sustainability business can provide a competitive advantage for companies. Sustainability business describes value creation as sustainable economic activities by creating, delivering, and capturing value for all its stakeholders without exploiting natural, economic, and social resources (Dyllick & Hockerts, 2002). Rudnicka (2017) defines a sustainability business is a business that is open to change, covering culture, structure, business processes, and the products and services offered.

Green Product to sustainability business

The change towards sustainability impacts organizations to improve efficiency and environmental performance. Sustainable business practices support the triple bottom principle with various aspects that are constantly evolving, including environmental management systems, policies, audits, legal litigation and life cycle assessments (Caldera et al., 2017). Today, the concept of business management and a sustainable environment is an essential competitive advantage. Managing sustainable human resources, processes, and products is quite a difficult task, where companies set the concept of sustainability to get maximum results (Singh, 2018). Industry leaders and managers contribute to developing sustainable organizations through fundamental changes to organizational processes and systems in practicing green management. It is based on observations that factories in developing countries place more emphasis on environmental initiatives across organizational processes, products, and services (Schoenherr, 2012). Market demand has a significant effect on the performance of green product innovation and company performance. In addition, the green product has positively correlated with company performance. On the other hand, market demand determines the performance of environmentally friendly products and company performance. Green product pioneering companies will take the first mover advantage and meet customers' environmental demands (Lin et al., 2013).

H1: That is significant relationship between green product and sustainability business
Green marketing to sustainability business
Marketers must rethink that customers do not care about environmental issues or will not pay a premium for more environmentally friendly products. Marketers must find opportunities to improve their products (Das et al., 2012). Green marketing is the planning, organizing, executing, and controlling marketing resources and programs to meet customer needs and wants. In the future, organizations will need to integrate the concept of sustainable marketing to identify marketing strategies, which will meet the needs and wants of current or future stakeholders, and enable long-term business life (Jamrozy, 2007). At the same time, the organization will consider the norms of society and the environment to achieve organizational goals (Noo-Urai & Jaroenwisan, 2016). The traditional marketing focus under the economic paradigm is inherently unsustainable as it focuses solely on economic gain. Green marketing is still trying to change the economic paradigm that focuses on the traditional economic exchange process and profit as the primary goal (Jamrozy, 2007). Green marketing focuses on consumers who willing to pay higher prices (Noo-Urai & Jaroenwisan, 2016). Ian Burke & Jarratt (2004) argues that market demand and strategic competitive benefits can be obtained for the first mover of sustainability. Green marketing focuses on consumers willing to pay higher prices for eco-friendly concepts. It can be achieved if consumers pay dearly for sustainable products. It becomes an essential part of sustainable sourcing, builds switching costs for customers adopting sustainable products/services, proactively influences sustainability regulations, and attracts social fund investors in sustainability-sensitive companies. However, sustainable business practices that improve operating efficiency will likely be the basis for a marketing strategy. A sustainable business can provide an excellent basis for a marketing strategy. Regardless of technological developments or product designs that are not easy to imitate, sustainable marketing strategies will not result from simple and replicable practices. More generally, this will involve systematic and interrelated changes across the company’s value chain products (Obermiler et al., 2008).

H2: Green marketing is a moderating from green product to business sustainability

RESEARCH METHOD
Factor analysis model with Partial Least Squares (PLS) model. This analysis method begins by looking at the characteristics of the data through multivariate data analysis model analysis, including factor analysis with Partial Least Square (PLS). The iteration occurs at the optimum frequency until the optimal and valid coefficient value is reached (Hair et al., 2014). This type of research is a descriptive survey and a verification survey. The object is the result of filling out a questionnaire by the respondents of restaurant managers in Badung. The study used primary data obtained by filling out a questionnaire. In this study, the researcher processed the questionnaire data in data consisting of 19 statements for green products, five statements for green marketing, and six statements for business sustainability. A sample of 350 in this study used a random sampling technique where the respondents were owners of environmentally friendly restaurants. We used a 5-point Likert scale ranging from strongly disagree (1) to strongly agree (5) to measure all items. This research in early 2022 when the COVID-19 pandemic happen.

RESULT AND DISCUSSION
Based on the study results, the average value for green products was in a reasonably good range, namely 3.72. Meanwhile, the green marketing variable is 3.63, and business sustainability is 3.60. Likewise, there is no significant difference in the standard deviation of each variable.

Construct validity and reliability is a ways to measure a construct’s reliability. Data analysis in this study used the Partial Least Square Structural Equation Model (SEM-PLS). Based on the test results obtained, a description of the validation and reliability of each of the observed variables. These are the results from the problem.
Table 2. Variables and Dimensions in the study

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green product adapted from (Mohd Suki, 2016)</td>
<td>Quality, Productivity, Green branding, Desires, Needs, Preferences, Access to information, Demand, Benefits, Concern, Future, Warranty, Performance, Low carbon technology, Responsibility, Research and development, Renewable sources, Price, Education, market research</td>
</tr>
<tr>
<td>Green marketing adapted from (Papadas et al., 2017)</td>
<td>Brand value, Competitiveness, Footprint and environment, Climate Change and Global Warming, Initiative.</td>
</tr>
<tr>
<td>Green marketing adapted from (Papadas et al., 2017)</td>
<td>Organizational Support, Business Network, Corporate culture, Company reputation, Commitment and dedication, Sustainability reporting.</td>
</tr>
</tbody>
</table>

Source: Data processed

Table 3. Descriptive data

<table>
<thead>
<tr>
<th>Items</th>
<th>Range</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green product</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. The quality of goods or services is a priority when selling environmentally friendly products/services.</td>
<td>1-5</td>
<td>4.47</td>
<td>0.76</td>
</tr>
<tr>
<td>2. Feel productive and enthusiastic about selling goods or services with an environmentally friendly concept.</td>
<td>1-5</td>
<td>4.46</td>
<td>0.97</td>
</tr>
<tr>
<td>3. Green Branding through electronic media</td>
<td>1-5</td>
<td>4.47</td>
<td>0.90</td>
</tr>
<tr>
<td>4. Likes and has the desire to sell environmentally friendly products or services</td>
<td>1-5</td>
<td>4.00</td>
<td>0.99</td>
</tr>
<tr>
<td>5. Selling products or services with environmentally friendly concepts according to consumer needs</td>
<td>1-5</td>
<td>2.53</td>
<td>0.91</td>
</tr>
<tr>
<td>6. Better performance at work by selling environmentally friendly products or services</td>
<td>1-5</td>
<td>2.78</td>
<td>0.83</td>
</tr>
<tr>
<td>7. People are already familiar with the information and benefits of environmentally products.</td>
<td>1-5</td>
<td>3.90</td>
<td>0.96</td>
</tr>
<tr>
<td>8. The demand for environmentally friendly products is still low among the people</td>
<td>1-5</td>
<td>4.03</td>
<td>1.06</td>
</tr>
<tr>
<td>9. Selling environmentally friendly products will provide long-term benefits for the environment.</td>
<td>1-5</td>
<td>3.91</td>
<td>0.84</td>
</tr>
<tr>
<td>10. Hope selling Green Products is a way to show concern for the environment</td>
<td>1-5</td>
<td>3.09</td>
<td>0.83</td>
</tr>
<tr>
<td>11. Continue to sell eco-friendly products in the future to get more benefits.</td>
<td>1-5</td>
<td>3.23</td>
<td>0.81</td>
</tr>
<tr>
<td>12. Products from the green environment provide a long-term guarantee of survival</td>
<td>1-5</td>
<td>3.41</td>
<td>0.79</td>
</tr>
<tr>
<td>13. Selling products or services using low-carbon technology</td>
<td>1-5</td>
<td>4.01</td>
<td>0.81</td>
</tr>
<tr>
<td>14. Hoping to sell Green Products as a responsibility to protect the environment</td>
<td>1-5</td>
<td>4.41</td>
<td>1.03</td>
</tr>
<tr>
<td>15. Selling products or services through an environmentally friendly research and development stage</td>
<td>1-5</td>
<td>3.76</td>
<td>0.89</td>
</tr>
<tr>
<td>16. Feel productive and enthusiastic about selling goods or services with an environmentally friendly concept.</td>
<td>1-5</td>
<td>3.18</td>
<td>0.90</td>
</tr>
<tr>
<td>17. Price is a priority when selling an environmentally friendly product/service.</td>
<td>1-5</td>
<td>3.70</td>
<td>1.00</td>
</tr>
<tr>
<td>18. In my opinion, most users of environmentally friendly products are consumers who understand the importance of protecting the environment for the future.</td>
<td>1-5</td>
<td>3.77</td>
<td>0.96</td>
</tr>
<tr>
<td>19. The eco-friendly products/services that I manage have gone through the stages of eco-friendly market research.</td>
<td>1-5</td>
<td>3.67</td>
<td>1.17</td>
</tr>
</tbody>
</table>

Green marketing

1. Use the green marketing method because it has a good brand value   | 1-5   | 3.86  | 0.96 |
2. Realize that the competition for products or services with an environmentally friendly concept is very tight, so supporting marketing is needed | 1-5   | 3.92  | 0.95 |
3. Consider the footprint and the environment in doing marketing with an environmentally friendly concept | 1-5   | 3.71  | 1.03 |
4. The green marketing method is one way to deal with climate change and global warming | 1-5   | 3.19  | 1.11 |
5. Use the green marketing method as a form of initiative to preserve the environment | 1-5   | 3.50  | 0.95 |

Sustainability business

1. Support from the organization is essential in ensuring a sustainability business. | 1-5   | 3.51  | 0.90 |
2. Sustainable business will build a more comprehensive business network | 1-5   | 3.36  | 1.11 |
3. Harmonious corporate culture creates a sustainability business | 1-5   | 3.79  | 1.00 |
4. A good company reputation creates a sustainability business | 1-5   | 3.67  | 0.92 |
5. Commitment and dedication from all stakeholders are required | 1-5   | 3.55  | 0.98 |
6. Sustainable business will be achieved by doing financial reporting | 1-5   | 3.61  | 1.03 |

Source: Data processed using SPSS
Testing the variance-based approach was carried out to determine the validity of the research being studied. At stages 1, 2, and 3, there are indicators with a factor weight value of <0.7. In stage 4, all indicators have a factor weight of more than 0.70, which means that all indicators used are valid. The indicators are as follows:

- The reliability score of the construct should be high enough. The composite reliability criterion is > 0.6 (Juliandi, 2018). In this research, the results of composite reliability are high because the value is more than 0.6, which means that the construct used is reliable. The r-square result for the endogenous latent variable of 0.75 indicates that the model is substantial (good), 0.50 indicates that the model is moderate (moderate), and 0.25 indicates that the model is poor. The model used is relatively moderate. It is because variations can explain sustainability in the value of green products and green marketing by 51.3%.

From the results of the discussion in this study, it is known in testing the hypothesis that the effect of green products on business sustainability has a path coefficient of -0.077. This shows that the higher the green product sold, the lower the possibility of business sustainability. The value of the significant results from the t-test calculation and the profitability value states that the green product is not significantly affected. The effect of green marketing on business sustainability has a coefficient of 0.715. It shows that the higher the green marketing, the higher the possibility of business sustainability. The value of the significant results from both the t-test calculation and the profitability value states that green marketing has a significant influence. The results show that green marketing does not significantly influence the relationship between green products and business sustainability. The green market's effect of green marketing on sustainability is moderated by a path coefficient of -0.555. Thus, the green...
marketing variable does not moderate the effect of green products on sustainability.

The results show that green products do not affect business sustainability. This is not in line with research from Lin et al. (2013) that market demand has a significant effect on green product and company performance. Sustainable business practices are supported by aspects of an ever-evolving approach, namely reporting, life cycle assessment, environmental management systems, policies, audits, legal litigation, and risk assessment. This principle is based on a triple bottom line (Caldera et al., 2017). This is because
the research was conducted at the beginning of the COVID-19 pandemic. The government applied PPKM level 3 rules in Badung. Many restaurants were only open for a few hours according to the rules and even closed for a while. The role of green marketing in moderating is felt to be effective in increasing sustainable business. It is in line with research from (Jamrozy, 2007). It states that organizations will need to integrate the concept of sustainable marketing to identify marketing strategies that will meet the needs and wants of current or future stakeholders and enable long-term business life.

CONCLUSION

Based on the research results, green products do not significantly affect business sustainability in environmentally friendly restaurants in Badung. Green marketing significantly influences the sustainability of the eco-friendly restaurant business in Badung. Green marketing does not moderate the effect of green products on business sustainability in environmentally friendly restaurants in Badung. This research was conducted at the beginning of 2022 when Badung began to rise from adversity due to the COVID-19 pandemic. During the research period, green products did not significantly affect business sustainability at environmentally friendly restaurants in Badung Regency. The main reason was that at that time, the restaurant visitors could have been more optimal because there was a limitation on the number of visitors due to government regulations, namely PPKM level 3, which was applied in Java and Bali. Green marketing that business actors carry out significantly influences business sustainability in the sustainability of business in environmentally friendly restaurants in Badung Regency, which means that marketing is quite successful in maintaining sustainability. However, the research results show that green marketing does not moderate green products, so green marketing is considered unable to influence the relationship between green products and business sustainability. From the conclusions above, the authors’ recommendations are 1) environmentally friendly restaurant business managers in Badung Regency are more active in marketing their products through environmentally friendly concepts so that sustainability continues. 2) restaurant managers better educate all stakeholders on environmental issues.

Research limitation

This research was conducted when the PPKM level 3 limitation was carried out on the islands of Java and Bali. Further research is needed on the absence of a pandemic by adding several additional variables and research objects.

REFERENCES


