

# Green-Innovation Value Creation Perspective in Improving Marketing Performance in Palm Oil Plantation Industry

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## Abstract

*The Green-marketing concept integrates marketing management by saving the environment, which includes reforestation, ecological, and sustainable design and development processes. Therefore, the purpose of implementing green-marketing is to continuously improve the company's performance by complying with environmental regulations. In the progression of the oil palm plantation industry, which is ignoring the appropriate protocols, exclusively for eco-friendly aspects, so that Indonesian CPO products often rejected by consumers. The objective of this research was to determine the factors that influence green-marketing in the oil palm plantation industry. This study used several variables, including green-marketing, positional advantage, green-innovational value creation and marketing performance. This study also added green-innovational value creation to mediate the relationship with green-marketing and marketing performance. The sample in this study was 125 company leaders consisting of Director of Operations, Production Manager and Certification Leaders from 52 companies that have been certified ISO/ISPO. This research was using descriptive analysis and SEM (Structural Equation Model) analysis. This research's results showed that green-marketing gives a substantial effect on increasing marketing performance. Green-marketing has an upright and significant impact on positional advantage. Green-marketing has an upright and substantial effect on increasing green-innovational value creation. Positional advantage has an upright effect on increasing marketing performance. Green-innovational value creation has an upright and substantial impact on marketing performance. In addition, green-innovation value creation mediates the relationship between eco-friendly marketing and increased marketing performance of the Oil Palm Plantation Industry.*

**Keywords:** Palm oil, ISO/ISPO, green-marketing, marketing performance, positional advantage, the creation of green-innovational value.

## 1. Introduction

In the Indonesian economy, a deliberate role is held by the palm oil industry, including the major foreign exchange recipient, the locomotive of the national economy, energy sovereignty, driving the people's economic sector, and employment. Indonesia's oil palm plantations are growing fast and reflect the oil palm revolution. Indonesian oil palm plantations are growing in 22 of the 33 provinces in Indonesia. The two main islands of the oil palm plantations center in Indonesia are Sumatra and Kalimantan. Palm oil is renowned for its versatility in a variety of consumer products including cooking oil, snacks, shampoos, cosmetics and household care products. The sustainability aspect of oil palm plantations is under the spotlight. The development of oil palm plantations in Indonesia is perceived unsustainable and considered the main cause of deforestation and loss of wildlife habitat.

The effect of deforestation is certainly cannot be taken for

granted, from the decrease of primary forests (forests that have never been infested by humans), the protected species and biodiversity's extinction, and also global warming. According to Ramadhani and Santoso, (2019) The government needs to improve its marketing strategy by promoting and advocating in the face of the black campaign for Indonesian palm oil. In addition, the government must have strong regulations to use degraded land and reduce the destruction of biodiversity. Indonesia can protect its biodiversity by halting the conversion of natural forests to oil-palm land. In addition, the government does not only focus on crude oil and refined palm oil products, but the government must also diversify palm oil products processing palm oil to the downstream sector.

The possibilities and prospects for oil-palm development in Indonesia specify that oil-palm has prospective projections in the future, especially in terms of further value and competitiveness. Sustainable palm oil is becoming the 'norm',