

## ANALYSIS OF GREEN ACTIVITIES IMPACT ON PURCHASE INTENTION

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**Abstract:** The main objective of the present research is to explore the impact of green satisfaction, green product quality, green trust on purchase intention of the customers. Moreover, the moderating role of pricing of the product and mediating role of customer attitude between independent variables and dependent variables is examined as well. The survey data is employed in the present study and data is gathered from the palm oil customers in the form of questionnaires. For the analysis of the data, SEM (Structural equation modelling) is used. The results of the study revealed that there exists significant relationship among the mentioned relationships. But the green trust is not important to develop intentions among the customers. The findings of the study are important for the academicians of the marketing and strategy makers of the palm oil sector of Indonesia.

**Key words:** green product quality, green trust, green satisfaction, palm oil, Indonesia

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### Introduction

The concept of green environment and management came in the literature at the globe in late 2000's and 1990's. In present century, the organizations are giving more importance to the initiative related to green management and green initiatives. Moreover, they are the concepts that are mostly discussed in the literature since last two decades. It is very important for the organizations to adopt and implement green standards in their practices so they can develop willingness among the customers to purchase their products or use their services. Organizations in this era of intense competition can use green initiatives as the corporate strategy to improve their image as well (Ambec and Lanoie, 2008).

Past literature has discussed a number of times the relationship among satisfaction of the customers and their retention with the firm. Moreover, their willingness to buy the product will increase as well. Moreover, if the quality of the product is according to the expectations of the customers and performance is according or above the expectations of the customers, it will also impact the attitude of the customer and their intentions to use the products as well. Despite that the issues of product quality and satisfaction in terms of attracting more customers, impacting their attitude and having impact on their willingness to use the service is discussed

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on a number of occasions and in a number of studies but their relationship with environment is rarely discussed. Means that there are very rare studies that have discussed the impact of green product quality, green satisfaction and green trust on the attitude of the customer and their purchase intention. Moreover, the moderating role of pricing in the studies related to green environment is rarely studied as well. This study is trying to bridge that gap (Chang and Fong, 2010).

The Palm oil industry of Indonesia is very important. In 2016-17, the palm oil of more than 34 million tons was produced by Indonesia. The plantation of palm trees is currently on more than 12 million hectares which is expected to increase more 1 million hectares by 2020. This industry is the source of major job creation in Indonesia. It is very important for them to take initiatives that are not damaging the environment of Indonesia (Mahlia et al., 2001; Kurowska-Pysz & Szczepańska-Woszczyzna, 2017). Therefore, because the main objective of the present study is to examine the relationship among green trust, green satisfaction and green product quality with attitude of the customer and purchase intention.

### **Literature Review**

Researchers have defined purchase intention as the willingness of the customer to use the product. On the other hand, Researchers have defined purchase intention as the conscious willingness of the customer to use the service or product again in future. Some of the researchers have defined the concept of purchase intention in the studies of green and environmentally products as well as the online business. In the present study, purchase intention is described as the willingness of the customer to use or buy the product which is environmental friendly and meets the environmental needs of the customer (Spears and Singh, 2004).

In any sector of the industry, it is very important for the organizations to keep the customers satisfy. In past literature, satisfaction is discussed in the form of perception of the customers and as disconfirmation of the customers. Researchers have defined satisfaction of the customers as the judgement as well as feelings of the consumer after using the service or product towards the product or service. On the other hand, Customer satisfaction is also defined as the disappointment or pleasure of the customer towards the service or product after using the product. This pleasure or discomfort is because of the expectations of the customers which meets or go beyond the product performance. Furthermore, it is also defined as the response of the customer regarding the product after evaluation of a service or a product (Y.-S. Chen, 2010).

All of the mentioned definitions show that customers will be satisfied by the performance of the product or service if the performance of the product or service meets the expectations of the customers or go beyond. Otherwise, it will result into the dissatisfaction of the customer. Additionally, it has been defined as the outcome of the customers in terms of meeting the expectations of the customer. On the other hand, studies revealed in their study that there exist development of positive

intentions among the customers to use the services of the organization if they are satisfied (Maggon and Chaudhry, 2018).

Researchers have mentioned that customers are the most important asset of the organization. Therefore, they have stressed on a number of occasions regarding the importance of customer's satisfaction in last four decades especially. As mentioned above customer satisfaction is the judgement of the customer that if it meets the expectation of the customers meaning that it is the under fulfilment or over fulfilment of the customer expectations and requirements. In a number of studies, satisfaction of the customers is viewed as the fulfilment of the goals by the customers after the consumption and experience of the product by the consumer. Researchers in past studies have mentioned two different aspects of satisfaction of the customers namely, cumulative and transaction specific (Jamal and Naser, 2003). The evaluation of the product or service after the choice of the product and its judgement on a certain occasion is known transaction specific satisfaction whereas, overall evaluation of the product is known as cumulative satisfaction of the customer. From all mentioned definitions it is evident that customers are satisfied by the performance of the product if their implied needs and wants are fulfilled and their goals of using the product are achieved as well (Asgharian et al., 2012).

In the present era, customers are mounting pressure on companies to go greener and become more responsible in terms of activities they are using to produce a product. A number of different stakeholders are mounting the pressure on companies to reduce the activities that may have negative impact on the environment in which stakeholders are living are organization are operating. As there is rise of thinking of the customers regarding the environment, therefore, customers are more willing to buy the products that are not impacting the environment in their production process. Furthermore, there are few regulations passed by the international societies. These regulations in past few years have got stricter. Therefore, the concept of green satisfaction is used in the present study which is used in rare occasions and studies in past. Green satisfaction is described as the sense of the customer which fulfils the desire, goal and need of the customer regarding concern of the organization regarding environment. Basically, green satisfaction is the consumption outcome in which needs and wants of the customer in terms of green needs and environment are exceeded or met (Y.-S. Chen, 2010).

Its been revealed by the number of authors empirically that green satisfaction has impacted the customers purchase intention. They are willing to buy the products that are fulfilling the needs and wants of their environment and not or minimum damaging the environment (M.-F. Chen and Lee, 2015). Moreover, attitude of the customer to use the product is also impacted by the green satisfaction.

Researchers in past studies have defined attitude as the tendency of a customer or consumer to evaluate a product or service in the form of disfavour or favour. In the present study, attitude of the customer is defined as the tendency of the customer to evaluate an organization negatively or positively on the basis of experience of the

service and purchase of the product produced by the organization. The behaviour and intention of the customer to use the product is based on the attitude of the customer. It is more likely that customer will be willing to buy the product if they have developed positive attitude towards the product or service they have used (Eagly and Chaiken, 2007).

The experience of the customers of using a service or the product basically make the foundation of the attitude of the customer. It's been revealed by the scholars that positive attitude of the customers regarding the product impacts the customer willingness to use the product positively (Stivers, 2002). According to the authors, the behaviour of the customers to be engaged with the product or use the service is positively based on the customer attitude. Or, the intention of the customer to be engaged with the product depends upon the attitude of the customers. Same results were observed by the scholars in hospitality industry in which attitude of the customer shaped positively the purchase intention (Lam and Hsu, 2006).

There are three beliefs of the trust namely ability, benevolence and integrity. On the other hand researchers have defined trust as the expectations which are held by the customer that statement, word or promise will be met by the organization whose products they are using. Researchers also argued that the level of confidence on the product or service by the customer is the trust. On the other hand, researchers the level of willingness which is dependent upon the partners on the basis of expectations is known as the trust. Later the concept of green trust was introduced three decades ago by the researchers. They defined the concept of green trust as the expectations or belief of the customers that they service or product they are using has the credibility to meet the environmental needs of the customers (Schurr and Ozanne, 1985).

It's been observed by the scholars that if the quality of the product is high, customers will be more willing to buy the product or use the service. The performance of the product is directly influenced by the quality of the product. Therefore, it is the predictor of using the product by the customers. Researchers found positive relationship between green product quality and positive attitude of the customers (Joshi and Rahman, 2015). On the basis of above literature, following hypothesis are developed

*H1: Green trust has significant impact on the Purchase Intention.*

*H2: Green Trust has significant impact of customer attitude.*

*H3: Green Satisfaction has significant impact on purchase intention.*

*H4: Green Satisfaction has significant impact on Customer Attitude.*

*H5: Green Product quality significantly impacts customer attitude.*

*H6: Green Product quality significantly impacts Purchase intention.*

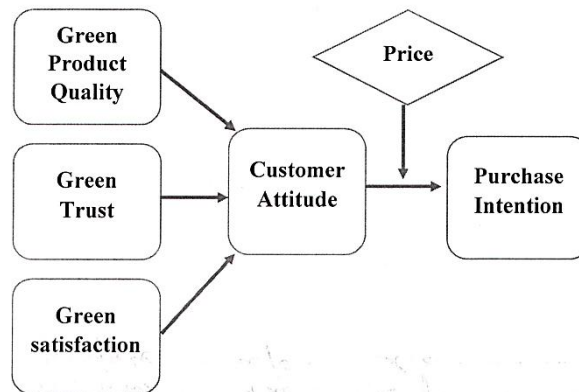
*H7: Customer attitude mediates the relationship between green customer satisfaction and purchase intention.*

*H8: Customer attitude mediates the relationship between green trust and purchase intention.*

*H9: Customer attitude mediates the relationship between green product quality and purchase intention.*

### Research Framework

Following framework is presented based on past literature review:



### Methodology

For analysing the data, hypothesis testing and to refine the theories researchers use data analysis technique which is basically a statistical process. This study employed both descriptive and inferential statistics to answer the research questions. The data was collected from the customers who purchase more frequently the company's products. Around 700 questionnaires were distributed among the respondent and proximately 485 valid response were received and the response rate of the current study is 69.23 percent. Preliminary data analysis was conducted to identify possible missing data points, outliers, unengaged responses and other data entry errors. Because of the nature of model, we have used Partial Least Squares Structural Equation Modelling (PLS-SEM). The model which have many exogenous latent variables and explains insignificant number of latent endogenous variables for them PLS SEM is more appropriate technique. PLS-SEM is a well-enhanced research tool use in social sciences. It is a variance-based technique suitable for interaction analysis (Vinzi et al., 2010).

### Results

By using two stage approach we have carried out the assessment of structural model. In the structural model we can reduce the sum of relations with the help of two stage approach. The analysis deals with the components that determine how to fit the items load theoretically and link with the respective constructs. For the examination of internal consistency reliability this study has used composite reliability coefficient and the Cronbach's alpha coefficient. For the estimation of PLS composite reliability coefficient is suggested because it gives less biased estimates as compare to Cronbach's alpha coefficient. The values of composite

reliability between 0.7 to 0.9 are known as most desired for the measurement of internal consistency reliability (Bernstein and Nunnally, 1994). In present study for the determination of adopted measures reliability we have used coefficient of composite reliability.

**Table 1: Outer Loadings**

Items	Loadings	Alpha	CR	AVE
CA1	0.909	0.949	0.958	0.765
CA2	0.904			
CA3	0.873			
CA4	0.882			
CA5	0.826			
CA6	0.871			
CA7	0.855			
GPQ2	0.912	0.922	0.945	0.810
GPQ3	0.989			
GPQ4	0.894			
GS1	0.897	0.913	0.939	0.793
GS2	0.833			
GS3	0.908			
GS4	0.922			
GT1	0.918	0.948	0.960	0.829
GT2	0.870			
GT3	0.931			
GT4	0.906			
GT5	0.927			
PI1	0.879	0.860	0.895	0.597
PI2	0.872			
PI3	0.851			
PI4	0.771			
PI5	0.771			
PI6	0.753			
PR1	1.000	1.000	1.000	1.000
GPQ1	0.896			

The extent at which the construct of any study is differentiated from the other construct is known as discriminant validity. The discriminant validity was measured by using the Fornell and Larcker (1981) criterion. The Average variance extracted (AVE) is basically the extent of change which is captured by the construct related with the amount of change because of measurement error (Henseler et al., 2012).

After the fulfilment of outer models' requirements which is MM this study have assessed the results of Structural model (SM). Which involved with the predictive abilities of external model and relation among the constructs. This study has applied the boot strapping procedure as well with a sample of 500 samples of

bootstrap for the assessment of path coefficient significance (F. Hair Jr et al., 2014).

**Table 3: Validity**

	CA	GPQ	GS	GT	PI	PR
CA	0.895					
GPQ	0.671	0.900				
GS	0.704	0.833	0.890			
GT	0.651	0.871	0.821	0.901		
PI	0.869	0.663	0.730	0.660	0.873	
PR	0.868	0.633	0.695	0.668	0.835	1.000

**Table 4: Direct and Moderating Effect**

	Beta	SD	t-values	p-values
CA -> PI	0.642	0.089	7.226	0.000
GPQ -> CA	0.214	0.117	1.833	0.033
GPQ -> PI	0.137	0.075	1.826	0.034
GS -> CA	0.487	0.136	3.569	0.000
GS -> PI	0.312	0.102	3.068	0.001
GT -> CA	0.032	0.098	0.324	0.373
GT -> PI	0.020	0.064	0.320	0.374
Moderating Effect 1 -> PI	0.052	0.035	4.484	0.000
PR -> PI	0.306	0.077	3.952	0.000

All the hypothesis except the GT -> CA -> P1, are accepted significantly at the p-value less than 0.05.

**Table 5: Mediation**

	Beta	SD	t-values	p-values
GPQ -> CA -> PI	0.137	0.075	1.826	0.034
GS -> CA -> PI	0.312	0.102	3.068	0.001
GT -> CA -> PI	0.020	0.064	0.320	0.374

## Discussions

The findings exposed that the green product, trust and satisfaction increase the purchase intention of the customers. These outcome are similar with the outcome of Y.-S. Chen (2010). Moreover, customer attitude increase the relation among the green product, green satisfaction and purchase intention. These findings are matched with the output of Jahangir and Begum (2008). In addition, price change the customer attitude towards purchase intentions.

## Conclusion

This is the era in which organizations are facing intense competition. In order to develop the intention among the customer the organizations need to adopt different strategies by which they can develop competitive advantage and develop

willingness among the customers to purchase the product. Therefore, the main objective of the present study is to examine the relationship among green trust, green satisfaction and green product quality with attitude of the customer and purchase intention. The survey data is employed in the present study and data is gathered from the palm oil customers in the form of questionnaires. The response rate of the current study is 69.23 percent. For the analysis of the data, SEM (Structural equation modelling) is used. The findings of the study revealed that organizations can get competitive advantage by adopting green practices. The findings of the study are important for the academicians of the marketing and strategy makers of the palm oil sector of Indonesia.

This study recommended to the regulators to formulate policies regarding the purchase intentions that enhance the customer intention to purchase the products of the organization. This study has few limitations for example this study investigate only the textile companies of Indonesia and other studies may add more companies in their investigation.

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#### ANALIZA WPLYWU ZIELONEJ DZIAŁALNOŚCI NA ZAMÓWIENIE ZAKUPU

**Streszczenie:** Głównym celem obecnych badań jest zbadanie wpływu zielonej satysfakcji, jakości zielonego produktu, zielonego zaufania na zamiary zakupowe klientów. Ponadto badana jest również moderująca rola wyceny produktu i mediacyjna rola postawy klienta między zmiennymi niezależnymi i zmiennymi zależnymi. Dane z ankiety są wykorzystywane w niniejszym badaniu, a dane są zbierane od klientów oleju palmowego w formie kwestionariuszy. Do analizy danych stosuje się SEM (modelowanie równań strukturalnych). Wyniki badania ujawniły, że istnieje znaczący związek między wymienionymi związkami. Ale zielone zaufanie nie jest ważne dla rozwijania intencji wśród klientów. Wyniki badań są ważne dla naukowców zajmujących się marketingiem i opracowywaniem strategii w sektorze oleju palmowego w Indonezji.

**Słowa kluczowe:** jakość ekologicznego produktu, zielone zaufanie, zielona satysfakcja, olej palmowy, Indonezja

#### 绿色活动对购买意愿的影响分析

**摘要:** 本研究的主要目的是探讨绿色满意度, 绿色产品质量, 绿色信任对客户购买意愿的影响。此外, 还研究了产品定价的调节作用和自变量与因变量之间顾客态度的中介作用。本研究采用调查数据, 并以问卷形式从棕榈油客户那里收集数据。为了进行数据分析, 使用了SEM(结构方程模型)。研究结果表明, 上述关系之间存在显著关系。但是, 绿色信任对于在客户中发展意图并不重要。该研究的结果对印度尼西亚棕榈油行业的市场营销和战略制定者的院士而言非常重要。

**关键词:** 绿色产品质量, 绿色信任, 绿色满意度, 棕榈油, 印度尼西亚