



The Influence of Green Product and Corporate Social Responsibility on Consumer Purchase Decision

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Abstract

The increasing environmental pollution triggered the company to process the waste into a material that has a use value. In addition, the company currently pursuing a strategy of corporate social responsibility to engage consumers in real action in protecting the environment. This study was conducted in order to determine the influence of green products and corporate social responsibility on consumer purchasing decisions. This analysis used descriptive research design and verification with calculation of structural equation modeling on 100 respondents. The results of this study indicate that the green product has no effect or no relation to the purchasing decision it is due to lack of consumer knowledge about environmentally friendly green products. However, corporate social responsibility with purchasing decisions have a significant relationship.

Keywords: Green marketing, Green product, Corporate Social Responsibility, Purchase Decision

1. Introduction

Waste is now a serious threat and became one of the major problems in Indonesia. Adverse impacts that may occur if the waste or garbage is not managed properly will pollute the environment. In 2015, the Ministry of Environment recorded a daily average population of Indonesia produces about 2.5 liters of rubbish or when the entire sum of about 625 million liters of waste generated by the total population of Indonesia per day.

The government has already made the regulations on waste management, but few are aware of the importance of protecting the environment and managing waste. Community, especially in Indonesia do not care about the consequences of environmental pollution. There are two main factors reasons Indonesian society still littering or not carrying out waste management, the first factor is the perceived indifference for managing waste complicated and managing waste not his job; the second is the lack of knowledge concerning the management of garbage or waste itself. The environmental issues are prompting companies or businesses to engage consumers and market their products with an environmental management system ISO-14001.

Environmental contamination that occurred change consumer behavior became cautious and critically so they started looking for an environmentally friendly product. This was followed by many companies began offering green products.

2. Literature review

2.1. Green marketing concept

Green marketing refers to the process of selling products or services based on their environmental benefits. As in environmentally friendly products or services therein or in the production in a way that is friendly to the environment [1]. Green products usually durable, not harmful to health as well as packaging made from recycled materials [2].

Green marketing has several opportunities to raises some things become more value [3]:

1) Gain More

Some companies, especially companies that have industrial level high pollution such as chemicals, oil and electricity, currently has management systems are placed to ensure the environmental history of law Companies and products exceed consumer expectations. Producing eco-efficient products, minimize waste, use of some raw materials and also save energy. The changes required to make the product and market environment sensitive to heightens employee morale and productivity by providing salary in improve customer relations and overall returns and investment.

2) Competitive Advantage

Many marketing know that being first with innovations based environment brings a competitive advantage, today many companies followed. Competitor aggressive intelligent capture the imagination and won the hearts of the high desire on the environmental and social

awareness consumers for green products. Seeing the potential sale of the orientation of green marketing, many marketers are already well established at this time to shop for companies green with green brand promise, so that competitive advantage can be obtained.

3) Increase Market Share

Many executives are surprised to find how many consumers are aware of this and will act in the history of the company's knowledge of the environment and social responsibility.

4) Products Better

At a time when many brands do the changes were made on behalf of the interests of others, to attract consumers most about the prospects of green products is quite simply the prospect of higher quality, saving water, using a shower that is able to cut energy bills, and product non-toxic safer for children -child. The hope primary benefits of improved performance, comfort, price and safety, for example, accompanying improvement of the environment to continue to encourage environmentally friendly products in the market in the next years and decades.

2.2. Green product concept

Green products is a product that not pollute the environment and can be recycled or waste resources. Green products can increase resources and reduce or eliminate environmental pollution, the use of toxic substances and pollution and can help save energy in protecting the environment [4].

The characteristics of green products in green marketing [3]:

- 1) The product does not contain toxic
- 2) The products can last longer
- 3) The raw material that can be recycled
- 4) The raw material is recycled material
- 5) The raw material does not use materials that can harm the environment
- 6) Use products that do not harm the environment
- 7) Test does not involve animal products
- 8) Safe for human and animal health
- 9) During the processing, sale and use not spend a lot of energy and other resources
- 10) The product does not produce useless junk
- 11) Products that can be recharged and simple packaging

The passage of time and the growing concerns of consumers against the effects of environmental pollution and global warming on life could change consumer behavior so that environmentally-friendly products (green product) is now increasingly in demand. Therefore, companies or businesses started to offer products that are environmentally friendly (green product) [5].

Consumers at present tend to be cautious, clever and critical in making purchasing decisions, so there is a connection or relationship between green product to the purchasing decision. In terms of corporate social responsibility, this time consumers will buy a product that can provide better value for themselves and the environment. Therefore the company is deemed necessary to make social responsibility program to provide added value to the consumer, has a good name in the eyes of consumers, as well as a means of corporate promotion and education companies or businesses to customers [5].

2.3. Corporate Social Responsibility concept

Increased level of socially responsible marketing lead a three-pronged attack that relies on responsible behavior legal, ethical and social adequate. Three branches are as follows [5]:

- 1) Legal Conduct, the public should use legislation to define as clearly as possible illegal practices or anticompetitive. Organizations must ensuring that every employee is aware of and concerned legislation any relevant.
- 2) Ethical behavior, companies must embrace and deploy a written code of ethics, build a tradition of ethical behavior of companies and encouraged people to take full responsibility to pay attention to ethical and legal guidelines.
- 3) Social behavior, marketer must practice a social awareness in specific agreements with customers and interested parties.

2.4. Purchase Decision concept

Buying decision is a decision as selecting an act of two or more alternative options [6]. Buying decision process consumers through the five stages, as follows [5]:

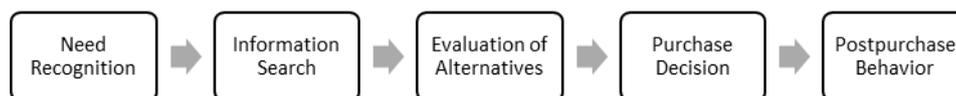


Fig 1: The Five Stages of the Purchase Decision Process

3. Method

The object of this research is Sawo Kecik which is a small industry manufactures and offers products such as handicrafts made of plastic and household waste, this activity can reduce waste and transform the waste into items that have a use value.

Our research use descriptive research and quantitative methods to explain the condition of the variables in detail and looking for a relationship or relationships between these variables.

This study uses the Independent Variables are green product (X1) and corporate social responsibility (X2), and the Dependent Variables that purchase decisions (Y). The population in this study is Sawo Kecik consumers. The sampling technique used in this study is Non-Probability Sampling. While the number of samples or the respondent used was 100 respondents. Data collection using primary data and secondary data.

Processing data using statistical analysis tools Structural Equation Modelling (SEM) and SPSS V.21 to test the validity, reliability test, and test for normality.

Structural Equation Modelling (SEM) is a statistical analysis tool that is a combination of factor analysis and regression [7].

4. Analysis and design

Based on the theoretical basis from the independent and dependent variables (Figure 2) a framework model is made with the following description.

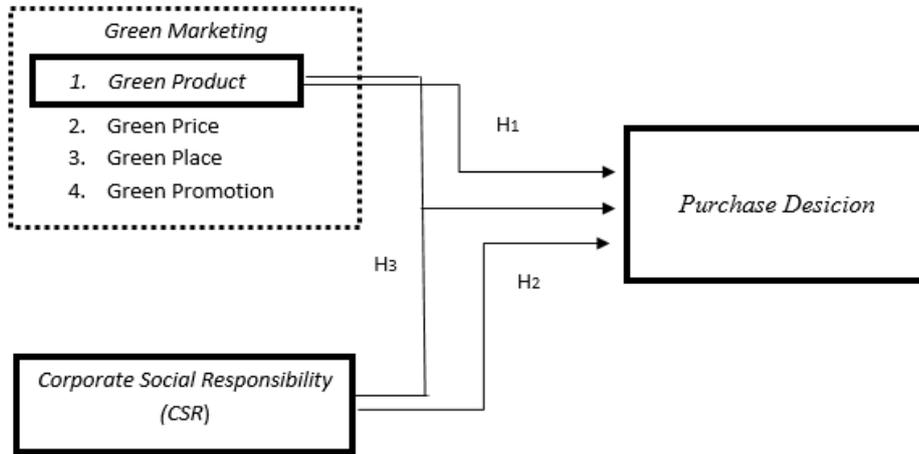


Fig. 2: Framework

- 1) Hypothesis 1
 - a) H0: Green product has no influence on purchasing decisions.
 - b) H1: Green product has an influence on purchasing decisions.
- 2) Hypothesis 2
 - a) H0: Corporate social responsibility has no influence on purchasing decisions.
 - b) H1: Corporate social responsibility has an influence on purchasing decisions.
- 3) Hypothesis 3
 - a) H0: Green product and corporate social responsibility have no simultaneous influence on purchasing decisions.
 - b) H1: Green product and corporate social responsibility have a simultaneous influence on purchasing decisions.

5. Results

Based on the results of path diagram Chi-Square value 141 240 (good fit) GFI and AGFI close to 1, accompanied by a relatively small number RMR (approaching 0), with the fulfillment of the three conditions, then it is stated that the statement of the model is fit.

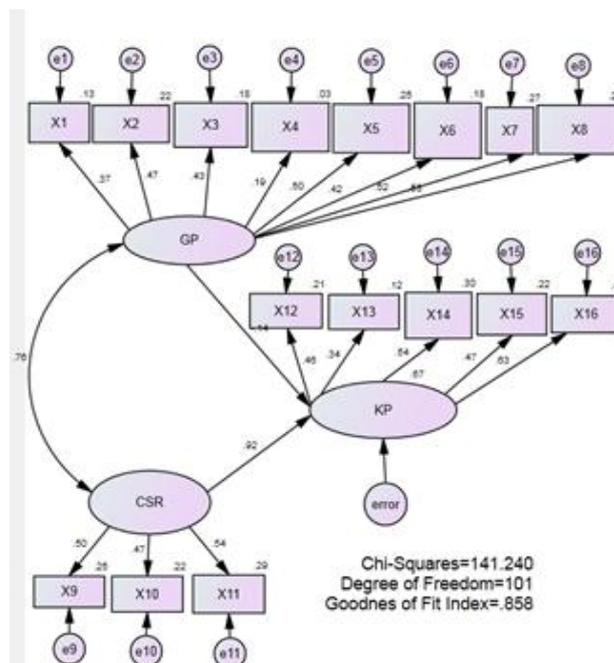


Fig. 3: Path Diagram

Table 1: CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	35	141.240	101	.005	1.398
Saturated model	136	.000	0		
Independence model	16	317.698	120	.000	2.647

Table 2: RMR and GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.015	.858	.808	.637
Saturated model	.000	1.000		
Independence model	.034	.630	.581	.556

Table 3: Regression Weights

			Estimate	S.E.	C.R.	P	Label
KP	<--	CSR	.610	.405	1.508	.132	par_10
KP	<--	GP	-.136	.473	-.288	.773	par_16
X1	<--	GP	1.000				
X2	<--	GP	.861	.345	2.497	.013	par_1
X3	<--	GP	.885	.356	2.488	.013	par_2
X4	<--	GP	.470	.336	1.399	.162	par_3
X11	<--	CSR	1.000				
X10	<--	CSR	.683	.226	3.023	.003	par_4
X9	<--	CSR	.941	.275	3.419	***	par_5
X13	<--	KP	.979	.430	2.280	.023	par_6
X14	<--	KP	1.178	.400	2.949	.003	par_7
X15	<--	KP	1.227	.444	2.762	.006	par_8
X5	<--	GP	1.089	.411	2.650	.008	par_11
X8	<--	GP	1.378	.494	2.791	.005	par_12
X7	<--	GP	1.283	.503	2.552	.011	par_13
X6	<--	GP	.851	.360	2.368	.018	par_14
X16	<--	KP	1.714	.585	2.929	.003	par_15
X12	<--	KP	1.000				

Table 4: Standardized Regression Weights

			Estimate
KP	<--	CSR	.924
KP	<--	GP	-.144
X1	<--	GP	.366
X2	<--	GP	.468
X3	<--	GP	.428
X4	<--	GP	.186
X11	<--	CSR	.539
X10	<--	CSR	.473
X9	<--	CSR	.496
X13	<--	KP	.345
X14	<--	KP	.544
X15	<--	KP	.466
X5	<--	GP	.504
X8	<--	GP	.533
X7	<--	GP	.518
X6	<--	GP	.420
X16	<--	KP	.631
X12	<--	KP	.455

Table 5: Covariances dan Correlation**Covariances: (Group number 1 - Default model)**

		Estimate	S.E.	C.R.	P	Label	
GP	<-->	CSR	.036	.015	2.471	.013	par_9

Correlations: (Group number 1 - Default model)

		Estimate	
GP	<-->	CSR	.762

5.1. Hypothesis 1

According to the table 3. Regression Weights, P value of 0.773 is far above the 0.05 which H0 is accepted, there is no relationship (significant) between the variables green product to the purchase decision. Based on the results of the processing of these data, there is no relationship (significant) between green products with the purchase decision because the majority of consumers buy Sawo Kecik products not because of its green product, but because of other factors such as the uniqueness of the product, product design, and so on.

5.2. Hypothesis 2

According to the table 3. Regression Weights, P value of 0.132 is far above the 0.05 which H0 is accepted, there is no relationship between the variables of corporate social responsibility to the buying decision. Socially responsible activities cannot guarantee the consumer to make a purchase. Based on the results of data processing, purchasing decisions occur because consumers are interested in corporate social responsibility held by the company. However, corporate social responsibility conducted by Sawo Kecik able to attract the consumer to make a purchase as a result P is approaching the cut-off value of 0.05.

5.3. Hypothesis 3

According to the table 5. Covariances and correlation, a P value of 0.013 was below 0.05 then H0 is rejected or there is a relationship between the Green Product and Corporate Social Responsibility. The correlation between the two variables (0.762) showed a close relationship. In partial Green Product and Corporate Social Responsibility has no relation to the purchasing decision, but simultaneously variables Green Product and Corporate Social Responsibility can make consumers to make purchasing decisions because consumers tend to buy after getting the benefits and information on the environment and an awareness of the importance of maintaining and using environmentally friendly products.

6. Conclusion

Based on the discussion of the research that has been done, some conclusions can be presented as follows:

1. Partially Green Product and Corporate Social Responsibility there was no correlation with purchasing decisions, because most consumers are not aware of the importance of using green products.
2. Green Product and Corporate Social Responsibility simultaneously have a relation to the purchasing decision. This is because consumers tend to buy after getting information after participating in Corporate Social Responsibility activities of the company then realized the importance of maintaining and using environmentally friendly products.

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