

**GREEN PURCHASE BEHAVIOR AMONG CONSUMERS IN
MALACCA CITY BY EXAMINE THE FACTORS INFLUENCE**

KALTHOM BINTI YAHYA

**Report is submitted in fulfilment of the requirement for
Bachelor Degree of Technology Management (High Technology Marketing)
with Honours (BTMM)**

**Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka**

JUNE 2018

DECLARATION

“I hereby declare that the work of this thesis is my own work except the citation and which I have mentioned in the references.”

Signature :

Name : Kalthom Binti Yahya

Date :

DEDICATION

I dedicated this research to my parents, friends and supervisor, who are always be there when I need help and motivation during the process of preparing this research. Thank you all for this motivation, inspiration and guidance for me to pass through the process of this research. Not forgetting, to those who indirectly contributed to this research, your effort mean a lot to me. Thank you very much.

ACKNOWLEDGEMENT

Assalamualikum, Alhamdulillah and Praise be Upon Allah the Most Gracious and Most Merciful to allow me to complete this Final Year Project successfully. My special thanks to my supervisor Cik Atikah Saadah Binti Selamat to helped me guide, advices and ides in order to complete my FYP report.

Then, big appreciates to my beloved parents, family, twins, Amirul Mukminin, Syahirah Nizam, Husna Azman, Aisyah Syifa, Ika Fazira, Nik Nadhirah, Nisya Auni and to who always give me supports intern of moral, motivation, advices and financial. And my special thanks to Norhidayatul Husna Binti Azman to helped me from analyse the data by using SPSS to get the results and for the writing.

Last but not least, thanks to all who had contributed to this FYP, directly and indirectly to complete this project successfully. Without people around me this project will not complete.

ABSTRACT

In recent years the problem of pollution is increasing. This has been a concern for many people about this issue. Therefore, people are beginning to pay attention to their environment. People began to take steps to tackle this problem, including green purchase behaviour. Consumers began to use eco-friendly products or green products to mitigate environmental problems. Thus, this study was conducted to identify factors influence green purchase behaviour among consumers in Melaka City. Based on literature review, factors influence green purchase behaviour are social, environmental, and government incentives. The quantitative research method is in the form of a questionnaire that has been conducted to achieve the objectives of the questionnaire. The questionnaire will be distributed to the respondents and the collected data will be analysed using descriptive analysis, inference analysis and regression to determine the outcome. The results show that social influence, environmental and governmental intimacy have a significant positive relationship with green purchase behaviour. In conclusion, the results of this study indicates that social influence is the most important factor that influence green purchase behaviour.

Keywords: Social influence, Environmental concern, Government initiatives

ABSTRAK

Sejak kebelakangan ini masalah pencemaran semakin meningkat. Hal ini telah membimbangkan banyak lapisan masyarakat tentang masalah ini. Oleh yang demikian masyarakat mula memberi perhatian kepada persekitaran mereka. Masyarakat mula mengambil langkah untuk mengatasi masalah ini, antaranya kelakuan pembelian hijau. Pengguna mula menggunakan produk mesra alam atau produk hijau untuk mengurangkan masalah alam sekitar. Oleh itu, kajian ini dijalankan adalah untuk mengenalpasti factor-faktor yang mempengaruhi kelakuan pembelian hijau di kalangan pengguna di Bandar Melaka. Berdasarkan kajian literature, faktor-faktor yang mempengaruhi kelakuan pembelian hijau adalah pengaruh sosial, keperhatianan alam sekitar dan insentif kerajaan. Kaedah penyelidikan kuantitatif adalah dalam bentuk kajian soal selidik yang telah dijalankan untuk mencapai objektif kajian. Soal selidik akan diedarkan kepada responden dan data yang telah dikumpulkan dianalisis menggunakan analisis deskriptif, analisis inferensi dan regrasi untuk menentukan hasilnya. Keputusan menunjukkan bahawa pengaruh sosial, keperhatianan alam sekitar dan intensif kerajaan mempunyai hubungan signifikan yang positif dengan kelakuan pembelian hijau. Kesimpulannya, hasil kajian ini menunjukkan bahawa pengaruh sosial adalah faktor yang paling mempengaruhi kelakuan pembelian hijau.

Kata Kunci: Pengaruh sosial, Keperhatianan alam sekitar, Insentif kerajaan.

TABLE OF CONTENTS

CHAPTER	CONTENT	PAGE
	RECOGNITION	i
	DECLARATION OF ORIGINAL WORK	ii
	DEDICATION	iii
	ACKNOWLEDGEMENT	iv
	ABSTRACT	v
	ABSTRAK	vi
	TABLE OF CONTENT	vii
	LIST OF TABLES	xi
	LIST OF FIGURES	xii
	LIST OF ABBREVIATION	xiii
	LIST OF APPENDICES	xiv

CHAPTER	Title	Page
Chapter 1	Introduction	
1.1	Background of Study	1-2
1.2	Problem Statement	3
1.3	Research Question	4
1.4	Research Objective	4
1.5	Scope of Study	4
1.6	Limitation of Study	5
1.7	Significant of Study	5
1.8	Summary	5
Chapter 2	Literature Review	
2.1	Introduction	6
2.2	Green Marketing	7
2.3	Green Marketing Malaysia	8
2.4	Green Product	8-9
2.5	Green Consumer	9
2.6	Green Purchase Behaviour	10
2.7	Social Influences	11
2.8	Environmental Concern	12
2.9	Government Initiative	13
2.10	Conceptual Framework	14
2.11	Hypothesis	15
Chapter 3	Research Methodology	
3.1	Introduction	16
3.2	Research Strategy	17
3.2.1	Questionnaire	18
3.2.2	Sampling	18
3.2.3	Population	19
3.3	Research Design	19
3.4	Data Collection	21
3.4.1	Primary Data	21

3.4.2	Secondary Data	22
3.5	Location of Research	22
3.6	Instrumentations	22
3.7	Time Horizon	23
3.8	Summary	24
Chapter 4	Data Analysis	
4.1	Introduction	25
4.2	Demographic	26
4.2.1	Gender	26
4.2.2	Age	28
4.2.3	Occupation	29
4.2.4	Level of Education	31
4.2.5	Income	32
4.2.6	Have You Aware About Green Product	34
4.2.7	Have You Purchase Any Green Product Before	35
4.2.8	How Often Do You Purchase Green Product	37
4.3	Data Analysis	38
4.4	Result Measurement	39
4.4.1	Independent Variable	39
4.4.1.1	Independent Variable 1: Social Influence	39
4.4.1.2	Independent Variable 2 : Environmental Concern	40
4.4.1.3	Independent Variable : Government Initiative	41
4.5	Descriptive Statistic	42
4.6	Inferential Analysis	43
4.6.1	Pearson Correlation Coefficient	44
4.7	Multiple Regression Analysis	46

Chapter 5	Conclusion And Recommendation	
5.1	Introduction	51
5.2	Conclusion	52
5.3	Discussion of Objectives and Hypothesis Test	53
5.3.1	Research Objective 1: To determine the factors influence green purchase behaviour	53
5.3.2	Research Objective 2: To identify the relationship between factors influence consumers' green purchase behaviour	54
5.3.1.1	Social Influence	54
5.3.1.2	Environmental Concern	55
5.3.1.3	Government Initiative	56
5.3.3	Research Objective 3: To identify the factors influence is most effective enhance consumers green purchase behaviour	57
5.4	Recommendation for Future Research	57
	References	58
Appendices 1	Questionnaire	62
Appendices 2	Gantt Chart of FYP I and FYP II	67

LIST OF TABLES

TABLE	TITLE	PAGE
4.2.1	Gender	26
4.2.2	Age	28
4.2.3	Occupation	29
4.2.4	Level of education	31
4.2.5	Income	32
4.2.6	Have you aware about green product	34
4.2.7	Have you purchased any green product before	35
4.2.8	How often do you purchase green product	37
4.3.1	Mean score interpretation	38
4.5	Descriptive Statistic	42
4.6.1	Pearson Correlation Coefficient	44
4.6.2	Strength of Pearson Correlation Coefficient	45
4.7	Multiple Linear Regression	46
4.7.2	ANOVA Table of Multiple Regression	47
4.7.3	Coefficient of Multiple Regression	48

LIST OF FIGURES

FIGURE	TITLE	PAGE
2.1	Green purchase behaviour among consumers in Malacca City by examine the factors i4nfluences	14
3.1	Methodology diagram	17
3.2	The chronology of research design	20
4.2.1	Gender	27
4.2.2	Age	28
4.2.3	Occupation	30
4.2.4	Level of education	31
4.2.5	Income	33
4.2.6	Have you aware about green product	34
4.2.7	Have you purchased any green product before	36
4.2.8	How often do you purchase green product	37
4.4.1.1	Independent Variable 1: Social Influences	39
4.4.1.2	Independent Variable 2: Environmental Concern	40
4.4.1.3	Independent Variable 3: Government Initiative	41

LIST OF ABBREVIATIONS/SYMBOL

TPB	=	Theory of Planned Behaviour
TRA	=	Theory of Reasoned Action
FYP	=	Final Year Project
IV	=	Independent Variable
DV	=	Dependent Variable
SPSS	=	Statistical Package for the Social Sciences
MRA	=	Multiple Regression Analysis
H ₁	=	Hypothesis Alternative
H ₀	=	Hypothesis Null

LIST OF APPENDICES

Appendices	TITLE	PAGE
1	Questionnaire	62
2	Gantt Chart of FYP I & Gantt Chart of FYP II	67

CHAPTER 1

INTRODUCTION

1.1 Background of study

The developing country will build many buildings to improve country's economy. Malaysia is one of the developing countries. The outcome of this development will have a negative effect on forestry as the forests are usually to be sacrificed to achieve developed countries. The impact of this development will lead to pollution and impact on health, death of living thing and affect flora and fauna. According to Numbeo (2012) Malaysia is a country with high pollution rate which is shown 67.37%.

Nowadays, people are start to pay attention to environment. According to Zand and Yousefi (2013) compare to the past consumers are less concerned with the environment than today's consumers have changed their purchasing behavior. Increasing the level of environmental awareness has given a positive change in consumer behavior towards environmental product. The consumer's decision in selecting or buying goods or products takes consideration to the effects of the products or the goods on the environment. This encourage consumers to consumption behavior by purchase green product.

Many parties have played a role in supporting the green purchasing behavior. For example “no plastic bag day” conducted by Tesco, Giant and Carrefour. In addition, every 28th of the “earth hour” campaign where the lights will be switched off for an hour to raise awareness to the public and support the green activities carried out by the government.

The fourth objective of National Green Technology is to ensure sustainable development and preserve the environment for future generation. While the fifth objective is to improve public education and awareness of green technology and to promote the widespread use of green technology (Annual Report Ministry of Energy, Green Technology and Water, 2013). Programs and activities in 2013 have been planned and implements based on green technology strategic core to achieve the 4th and 5th goals. This programs indirectly facilitates the transformation of environmentally friendly and economic development through change in people mind. In addition, can preserve the environment for future generations and accelerate green marketing competitiveness.

In the 2016 budget, a total of 1.2 billion ringgit has been provided by the government to expand funding for green technology. It will give a lot of benefits to the social, political and environmental use of green products. This gives the county an opportunity especially in Melaka to implement it. Using green products it reduces the amount of pollution and helps create a healthy environment and cost effective. Consumers have realized that purchase behavior can give impact on environment and changed the pattern of consumer consume to concerns over environmental issues.

1.2 Problem statement

According to Green Technology Corporation Melaka (2013) the difference between green and non-green products is still not clear by the consumer. Communication is not clear about the green products causes less awareness on using the product. Without awareness about the green product consumers assume green product is not important in their lives and is too expensive. The concept of Green Technology carried out in the Melaka City could attract the attention of consumers. Consumers are often confused with the message delivered by the media and therefore do not understand the benefits of the product to social and environment.

The magnitude of the connection was low even though has positive connection between environmental knowledge with environment attitude and behavior Haron (2007). Employees not necessarily would purchase green products even they has a vast knowledge of green product. According to Nik (2009) consumers who have knowledge of green products and services still not necessary buy green products and services. Even though they do not buy green products or services but they still care about the environment. Consumers are aware of the damage to environment but they do not responsible during buy the product and service.

1.3 Research question

1. What are the factors influence consumers' green purchase behavior?
2. What are the relation between factors influence and consumers' green purchase behavior?
3. Which is the factors influence is most effective enhance consumers' green purchase behavior?

1.4 Research objective

1. To determine the factors influence consumers' green purchase behavior.
2. To identify the relationship between factors influence consumers' green purchase behavior.
3. To identify the factors influence is most effective enhance consumers' green purchase behavior.

1.5 Scope of study

The scope of this research is to study the factors that influences consumers' purchasing behavior towards green product. The location that will become the researcher place to make this research is at Melaka. The researcher will distribute the questionnaire to consumer at Melaka City to obtain the required data.

1.6 Limitation of research

In this research, there are some limitation of research that cannot be avoided by the researcher. The problem is in terms of time, distance, finance and many more. The limitation that will be barriers to achieve the accurate data it is because not all respondent really know about the green product. Besides to get the right respondent is difficult because the probability the respondent has time limitations and other commitments. Next, a constraint in terms of time is the researcher need to dive the time to complete this research at a predetermined time

1.7 Significance of study

The research is one of the important aspects of a researcher because through this it can help the researcher to get real evidence of the research. In this research, researcher will study the factors influence consumers' green purchase behavior in Melaka. Through the evidence obtained it makes it easier for researcher to study in depth about the topic.

1.8 Summary

This chapter gives an overview about the research background and highlights the problem statement. This chapter also presents the research questions and objective as the guideline for this study. This study aim to know the factors influence consumers' green purchase behavior. This chapter also state the scope, limitation and significance of this research.

CHAPTER 2

LITERATURE RIVIEW

2.1 Introduction

This section discusses about the literature review used in the research. Several sources such as books, journal, article and internet are utilized. Literature review is summary of information and needs to be modified, restructured as a result of the information obtained. It is an interpretation taken from previous research and is interpreted by a new researcher. Interpretation should be relevant to previous of research.

2.2 Green marketing

According to Grundey & Zaharia (2008) green marketing is related to the production of green products that will be offered to consumer goods, industrial goods, services and others. Many consumers are worried about the environment, so many companies have responded to the issues by customizing green marketing. Many incentives and efforts have been undertaken through product modification, packaging, and production and advertising activities. Besides, green marketing also can be defined as a way to minimize environmental problem through production, marketing, product and services that focus on environment (S. Sarumathi, 2014). Furthermore, according to Nandini and Deshpande (2011) green marketing is an activity to fulfill needs and wants of consumers where it aims to generate and facilitate any exchange so that it can minimize the adverse effects on the environment. The companies that run green marketing will target potential consumers by promoting a safe environment.

According to Jansson, Marell & Nordlund (2010) an increase in the number of eco-friendly products causes the society's concern about the environment. Enhancement of eco-friendly products has opened up competition among companies so that green products exist. Competition between companies in produce green products should follow the rules and meet the sustainability standards. Companies also face various barriers as long as they are in green marketing.

2.3 Green marketing in Malaysia

Malaysia looks at effects and environmental issues as something serious. According to Sinnappan et al. (2011) Malaysia has drafted Environment Quality Act in 1974. The Ministry of Energy, Green Technology and Water was established towards sustainable development. There are some companies that have implemented green marketing in contributing to the less environmental impact. For example Conon Corporations has run clean earth campaign. Next, 3M company focuses and struggles in prevent pollution because they think is better to treat than cure. There are many companies that are working towards green marketing and competing in the market to differentiate their companies with other companies to gain competitive advantage.

2.4 Green products

According to Pavan (2010) green products are products that have less impact on the environment. Green products will reduce the adverse effects on the environment and humans as well as be known as ecofriendly products. Normally green products comprise recyclable, least waste and minimum packaging, less toxic substances and reducing wastage of energy and water (Lee, 2009). Consumers will be able to enjoy direct and indirect value rather than the use of green products. Direct value can be seen with the use of green products it can improve safety and reduce the adverse effects on consumers. While indirect values where consumers cannot determine the benefits of green use but they put their trust in the use of green products it can protect and benefit to the environment.

Green products are to meet consumer needs and minimal impact on the environment through sustainable (Kataria et al., 2013). Manufacturing processes are emphasized in the production of products as they effect the environment. Production of reusable products is a way to reduce environmental impact with technology development and alternative uses that enable the production of recycled products. The existence of business that focuses on green products and green use is due to some companies that do not alter the product structure or improve existing products to minimize adverse environment impact but they only restructure existing products (Smith, 2013).

2.5 Green consumer

According to Soontonsmai (2007) green consumers are consumers who focus, care and emphasize on environmental issues. Green consumers will protect the environment and concern on environmental issues and have clear thought on responsibilities as green consumers. They choose to use and buy products that are less impact on the environment.

According to Sarumathi (2014) green consumers are who demonstrate environmentally friendly behavior that avoid from harmful products and affects the environment and other living beings. Green consumers support green product by purchase the products. Green consumer behavior can be seen through purchases, usage practices, market related activities and their behavior towards the environment.

Green consumer refer to consumers who are concerned about the environment in their purchase behavior, activities associated with the marketplace and consumption habits and consider the effect of their behavior on the natural environment around them. However, these concerns are not only about the goods but it is possible to influence on how green consumers travel or place they choose for working or vacation.

2.6 Green purchase behavior

According to Mostafe (2007) green purchase behavior refer to how consumer's consumption which is sensitive or responsive to ecological concern, benefit and not affecting to the environment and the product can recyclable or conservable. Green purchase behavior also driven by knowledge, attitude, values and belief to choose green product. In addition, Green purchase behavior that shows cares about the environment and choosing eco-friendly product (Chan, 2009). Demand of green product will increase when increased the awareness of consumers towards environmental issues.

From environmental conservation emerge reaction to social and individual needs that refer to green purchase behavior. Example of green purchase behaviors are purchase green product, the use of electrical products that can save energy and efficient and environmentally vehicles such as hybrid cars that do not produce as much as contributing to pollution. Green purchase behavior does not take large additional money but rather focus on modification of personal habits (Shabani et al. 2013).