Chapter 51

Green Innovation and Ethical Responsibility: Do They Improve Customer’s Green Purchase Intentions?

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ABSTRACT

The article aims at finding whether it’s green innovation or ethical consideration of the business that predominantly affects consumer’s choice for green purchase intentions. Does it act as a precursor to green marketing practices, and how it can impact consumers’ green purchase intentions? This article contributes a conceptual model focusing on three main variables under study i.e., green innovation, ethical responsibility and green purchase intentions. The study employs qualitative literature review followed by a quantitative survey of 250 consumers through 7-point Likert scale. The study results support that ethical responsibility has a positive impact on green purchase intentions. Green innovation has also got a positive relationship with green purchase intentions. However, green innovation and ethical responsibility are also significantly associated with green purchase intention. In a nutshell, both factors conjointly affect consumer’s green purchase intentions. The study has functional and social implications for policymakers, citizen action public, businesses, stakeholders and the public in general. Environmental awareness, sense of trust & corporate image can be studied as a mediator or moderator to get a holistic view of the phenomenon. As per the understanding of the researchers, this is a naive study that explores, tests and contributes an empirically tested conceptual model supporting the combined effect of ethical responsibility and green innovation on green purchase intentions.

DOI: 10.4018/978-1-5225-7915-1.ch051
INTRODUCTION

The brand inclination is imperative for distribution of the innovative product as it offers a lot of profits for such a unique position in the market, strong competitive power, & market share. These interests constrain the companies to acknowledge the environmental accountability (Chen et al., 2006). In the ancient time, firms’ only liability was to capitalize on their owners’ welfare and profit, rather than giving regards to the social and environmental effects (Sinthupundaja, & Kohda, 2017). It has been observed currently that ecological issues are rising progressively owing to the enormous amount of environmental pollution which is caused by manufacturing units (Chen, 2008). This is also applicable to green innovation in provisions of consumer goods, industrial supplies and services (Polonsky, 1994; Ottman, 1998). In today’s globalized, rapidly-changing world, innovation is becoming ever more important as changes in technology, skills and knowledge increasingly affecting countries’ competitiveness externally as well as the well-being of their people internally. Spillovers in R&D means that private firms (and individual countries) are unable to capture the full value of their investments in the competitive market. Indeed, innovation studies suggest that the social returns to private R&D are often much larger than the (already large) private returns. This means in such cases firms will undervalue such investments and so be motivated to underinvest relative to what might be good for society as a whole. Fostering positive spillovers is a “primary justification for government R&D-support policies”. Key externalities like congestion, environment and CO₂ emissions may not be properly priced or regulated in the market. Firms thus, undervalue innovations that would address such externalities. For this reason, energy innovation has been called “a tale of two market failures” — i.e. it is undervalued due to both spillovers and the lack of adequate CO₂ pricing. Imperfections in risk-sharing institutions and capital markets hamper the extent to which innovation and innovative approaches can diffuse. Therefore, the time-to-market of environmentally friendly products may be an intermediate outcome of effective green external integration, which ultimately leads to improved performance. Green innovation and ethical responsibility of businesses have seamlessly integrated towards the development of green purchase intention and green consumerism.

Green Purchase Intention

Green purchase intention is the intentional purchase of products and services with an idea of minimal harm to the natural environment. Some free market advocates claim that the market automatically gives people all the choices, want and all the information they need, but what consumers are demonstrating is that they are more environmentally acceptable choices than the market has been delivering, and more worthy information about the social and environmental impact of the products they might buy.

Need for the Study

Businesses use “green” as a symbol to sustain within the public relation opportunity. They use green as a brand positioning strategy such as energy efficient, organic and eco-friendly (Parker et al., 2009). Chen et al. (2006) found that the competitive advantage of the business depends upon the green product as well as green innovation. The sustainable businesses depend on the way how to tackle the environmental