



### A STUDY OF THE IMPACT OF GREEN BUSINESS PRACTICES ON CONSUMERS' PERCEPTION

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#### Abstract:

*This research paper explores the impact of green business practices on consumer perception. Examining the growing importance of sustainability, it investigates how eco-friendly initiatives influence consumer attitudes and purchasing decisions. With environmental sustainability becoming a crucial consideration for businesses, this study explores how eco-friendly initiatives influence consumers' attitudes, purchasing behavior, and brand loyalty.*

*Employing a mixed-methods approach, the research combines quantitative surveys and qualitative interviews to delve into the multifaceted relationship between green practices and consumer preferences. Through empirical analysis, the study aims to provide insights into the effectiveness of green practices in shaping positive consumer perceptions and fostering environmentally conscious choices in the marketplace with initiatives that influences consumers' attitudes and purchasing behavior. Investigating the adoption of environmentally sustainable practices by businesses. Through a comprehensive review of literature and empirical research, the paper sheds light on the evolving dynamics between businesses' eco-friendly strategies and consumer perceptions, offering valuable insights for both academia and industry stakeholders. The findings contribute valuable insights to both businesses aiming to adopt sustainable strategies and policymakers seeking to promote environmentally conscious consumerism. Ultimately, the research aims to guide the evolution of green business practices to align more closely with consumer expectations, fostering a sustainable and mutually beneficial relationship between businesses and environmentally conscious consumers.*

**Key words:** *Sustainability, Consumer Perceptions, Insights, Empirical Analysis.*

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#### Introduction:

The concept of “green business” became trending during the end of the 20th century in the wake of gradually increasing civic concern about the sustainability of economic improvement. It took almost 15 to 20 years for any corporate to adapt to the “greening” trends and accept them into its system and practice. The need of the hour is to recognize the truth

that the mother earth’s assets are finite, as population and livelihood activities expand at a swift rate, so does the pressure on earth’s natural resources that remain static in supply. It is not wrong to say that sustainability now has not remain a subject matter of choice but it has to be a part and parcel of life if any business entity wants to survive in long run.

However, even today, the underlying understanding of



the green business concept is rather indistinct as can be seen by the diversity of its definitions that could be found from different sources. The purpose of the present research is to simplify the definition of “green business”, and to test the hypothesis that the green business practices influence consumers’ perception to buy or not to buy specific product. Through empirical analysis, the research aims to provide insights into the effectiveness of green practices in shaping positive consumer perceptions and fostering environmentally conscious choices in the marketplace with initiatives that influences consumers' attitudes and purchasing behavior. The findings contribute valuable insights to both businesses aiming to adopt sustainable strategies and policy makers seeking to promote environmentally conscious consumerism.

The colour green represents progression, prospects, harmonization, and environment in any business. Green is also conventionally associated with money, finances, banking etc. As all business, green business is about making money by sustainably harnessing opportunities that nature holds and without harming the environment. This means entrepreneurs can go green by providing environmentally friendly products or services or with the help of clean technologies which reduce any negative effect of the business. Broadly speaking, an environmentally aware business should be --energy and water efficient both in use and in production, Low emitting, providing Safe and healthy products, Recyclable and/or with recycled content, delivering Durable products, manufacturing Biodegradable products.

Some of the Indian companies that are able to influence consumer perception towards the products by going green include The Tata Group which has been proactively implementing principles of sustainable packaging, waste-to-fertilizer production, and unlocking the value of industrial by-products such as fly ash and road construction or by manufacturing

electric cars (EVs) Mahindra Group has been a vital actor in revolutionising mobility. Consumers today are more apprehensive about environmental degradation as they have realised that it is their consumption and demand patterns that have disturbed more the environment, Thus using green marketing the organizations not only provides an opportunity to meet consumer expectations and address their environmental concerns, but also helps to gain a competitive advantage and a strong consumer base for themselves

### Literature review:

Muhammad Mahboob Ali, et al. (2017) in his research paper titled presents the link between the improved competitiveness due to implementation of green business management practices. He also stated that the trend of green business has been improving gradually and slowly and has lot of scope to improve on the work areas.

Chukwuka and Emmanuel (2018) in his research paper titled “Effect of green business practices on organizational performance of selected manufacturing firms in Nigeria” stated that the green business practices implementation and processes will lead to positive outcome to the organization and the environment.

Chhetri et al. (2018) while presenting his thesis finds out the importance and the possibility of the green business and its marketing. This thesis emphasized on every day increasing competition among entrepreneurs for survival which has created a niche for going green. on the basis of his findings it can be proved that every business is equally responsible and liable towards the environment and it is everybody’s responsibilities to save it for future generation.

Daniele et al. (2019) argues that there is enormous potential for scaling up green business development in Asia and the Pacific. The paper reviews green markets, technologies, and practices with a focus on developing Asian countries, and suggests that



advancing green businesses is a win–win proposition for all stakeholders, but all this will be possible only when vast resources of continuous supply of capital takes place quick change in arranging and installing new technological innovations take place.

K. Susmitha (2018) with the help of a questionnaire, he tries to figure out how consumers feel and think about green marketing and the goods and services it promotes. In metropolitan states, people have a high level of information and knowledge regarding green marketing strategies and products and therefore very conscious in their purchasing decisions.

Linu James (2021) aims to examine consumers' knowledge of and interest in eco-friendly goods even if he will have to pay more. Percentage analysis, a chi-square test, and a Friedman test were used to examine the data that shows in today's context going green especially in FMCG products makes sense to satisfy the contributory feeling of consumers and deriving loyalty towards brand.

Deshmukh, P., & Tare, H. (202) through their research paper titled "The effects of green marketing practices on consumer behavior in India: A case study of consumer durable goods" emphasised on difficult aspects of green marketing in India as consumers and market both are in its infancy stage slowly and gradually developing and understanding the importance of going green.

### Research Design:

1. Type of Research – Empirical
2. Time – 1 month
3. Area – Mumbai & Thane
4. Sampling – 50 heterogeneous consumers
5. Primary data was collected through questionnaires. The questionnaire contained 14 items asking questions like your purchase decision is affected by green marketing activities of the company, repurchase decision is affected or not, how much extra you are ready to pay etc. Likert scale was used

in most of the questions. The secondary data was also accumulated from the various authentic sources. Then the data was subjected to various statistical tools like Percentage analysis, a chi-square test for verification and interpretations. A Random sampling strategy was carried out. A survey of about 50 consumers belonging to Mumbai and Thane district of Maharashtra region was done.

### 6. Importance of Research:

- a) This research will enable companies to align their strategies with environmental concerns.
- b) It will help corporates build trust and cater to growing demand for sustainable products and services.
- c) Additionally, the research contributes to development of responsible business practices and fosters a more sustainable and environmentally conscious marketplace.
- d) It helps businesses understand how eco-friendly initiative influence consumer behaviour.

### 7. Objectives:

- a) To identify the familiarity of consumer towards the concept of green business practices
- b) To identify the extent of consumers who actively sought information about business adopting green business practices
- c) To study the number of times consumer considers company's environmental practices for making purchase decision
- d) To find if consumers identify the impact of green business practices on the price of the product
- e) To know the environmental benefits of green business practices.
- f) To identify the challenges, the business face when implementing green practices
- g) To understand the acceptance of business to communicate green initiative transparently to consumers.

h) To suggest measures to make green business practices more popular.

### 8. Limitations of the study:

- The study catered to a limited geography area.
- The time constraint contributed to a limited data collection.

### Hypothesis

H0: Consumer Perception towards green business practices are independent of gender.

H1: Consumer Perception towards green business practices are influenced by gender.

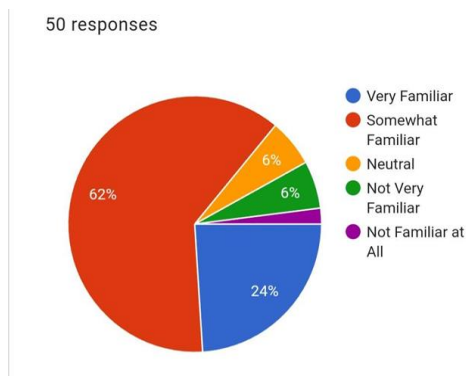
### Data interpretations:

#### 1. Respondents Profile:

The data was collected through a heterogeneous group belonging to different gender, age group, educational qualification, occupation and location. Data was successfully received majorly from College Students, Service Community with higher educational qualifications.

#### 2. Primary Data findings:

##### a) Familiarity with the concept of green practices:



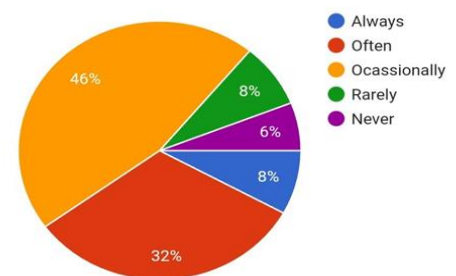
Around 24% of the respondents were very familiar about the concept of green business practices because many of them are young consumers and awareness lacks among them whereas 12-15% respondents are still unaware of such practices; as India lacks wide-scale publicity and adoption by popular business houses.

##### b) Business adopting green practices:

Consumers are not too enthusiastic to find and gather information about such practices as lack of awareness and the younger generation and services oriented consumers are not interested in knowing about such practices.

##### c) Influence of business environment practices on purchase decision:

50 responses



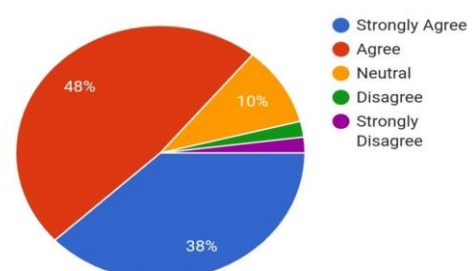
40% of the consumers do consider making purchases from business who are environmentally conscious whereas a similar percentage of consumers who are unaware do not make such good choices.

##### d) Decision of switching loyalties with Company who have environmentally friendly practices:

Majority of consumers i.e. 62% say they have shifted loyalties because of the Company's environmentally friendly practices. The same is found due to growing consciousness of sustainability.

##### e) Perception of Consumers about the Impact of sustainability on daily life:

50 responses

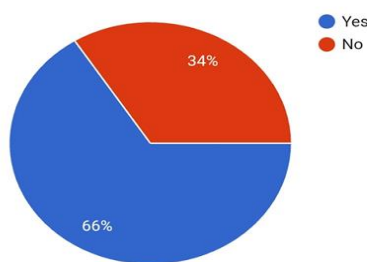




Except for 14% of Consumers, others all felt that sustainability practices have a direct impact in our daily life especially climatic changes, rate of spread of illnesses, etc.

### f) Changes in availability or pricing of eco-friendly products or services:

50 responses



66% of the respondents feel that eco-friendly products at local area have an impact as eco conscious consumers are ready to pay a higher price for eco-friendly products. Higher Education qualifications prompts consumer consciousness towards such products.

### g) Benefit of business practices:

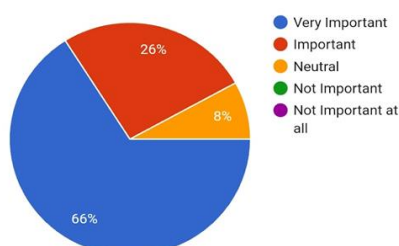
Though there are plentiful benefits of business practices but majority feel sustainability is highly achieved with such practices. Similarly, less wastes can help to attain sustainability.

### h) Challenges faced by businesses:

Biggest challenge in having Green Business practices - Ignorant Consumers have perception towards higher prices and this leads to fall in demand. Others bring wrong perceptions.

### i) Important to Communicate green initiatives to Consumers:

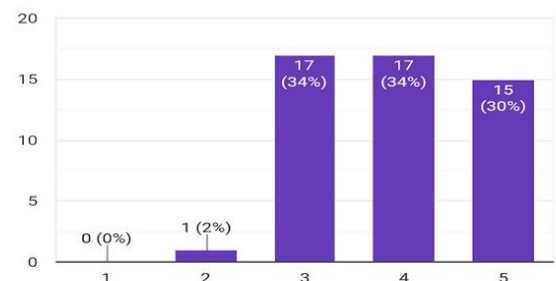
50 responses



66% feel very important to communicate and 26% feel it is important to communicate. India is changing and young Indians feel it is absolutely essential for all businesses to transparently communicate the green initiative which could change the inclination of the consumers and myth.

### j) Support to Green Business:

50 responses



The Support is recorded on a scale of 1 to 5, where 5 being maximum. It is found young, educated Indian consumers are thinking of sustainability and therefore support will be high.

### Testing of hypothesis:

H0: Consumer Perception towards green business practices are independent of gender

H1: Consumer Perception towards green business practices are influenced by gender

The above hypothesis was tested with the parametric test of Chi Square as the distribution is not a normal one. It is observed that the value of Chi Square calculated is 0.4252 whereas under one degree of freedom with 0.05 error we have tabulated Chi Square as 3.841.

Chi Square calculated < Chi Square tabulated, we do not reject H0

Thus we reject H1 and accept H0 i.e.

**Consumer Perception towards green business practices are independent of gender**

**Conclusion and Suggestions:**

Green marketing concept is simple to understand but might be difficult for organizations to implement as it is in its infancy stage in India. The Urban consumer of today is more literate, aware, capable and conscious towards clean and healthier goods for consumption, but the rural consumer needs to be informed and made aware about the health problems associated with inferior quality of raw material, non-biodegradable packaging or emission of pollutants from processing units. The green movement must reach the general public explaining how to identify and what are the advantages of buying green products. This may result in customer switching to green products as well as ready to pay even the premium price to have it, in between all this care must be taken that if the prices of green goods are too high they may lose their market acceptability. At the same time organisations must not forget to assure transparency and genuineness of their commitments towards environment to their customers.

**Suggestions:**

1. More awareness about such healthy practices among consumers is needed.
2. Government should provide financial incentives to firms and motivate them and others to take up such green practices.
3. Sustainability will enhance More demand with a larger customer base and higher profit.
4. Research and development to be initiated to bring out new packaging materials which as environment friendly.

Today younger generation is more aware and concerned about the planet and sustainability better marketing strategies and competitive pricing can make such businesses very popular among the consumers.

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