

Chapter 7

Role of Internal and External Values on Green Purchase

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ABSTRACT

In recent years, consumers' interest has grown for environmental issues and responsible consumption. With the widespread familiarity with sustainable development goals, consumers are making environmentally friendly decisions in their daily consumption practices. The study focuses on the role of internal and external values in building favorable attitude towards green purchase. Two separate studies were conducted on Indian population. The first study examines the impact of internal values on green purchase intention whereas the second study examines the impact of external values on green purchase intention. Study 1 investigates the role of culture on forming attitude that leads towards green purchase intention with mediating variables: attitude, subjective norms, and perceived behavioral control. Study 2 investigates the impact of formal norms on green purchase intention through internal cognition variables which are knowledge, perceived expected outcomes, self-efficacy, and attitude. Findings indicate that internal and external values impact the green behavior.

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INTRODUCTION

Economic growth is considered a boost for the economy and a boost for per capita income. However, economic growth also leads to resource exploitation in the natural environment. With the increase in population and availability of more disposable income, resources are getting exploited at an ever increasing rate. The severity of damage to the environment caused by economic growth is frequently cited in the news media and is considered responsible for environmental disasters (Kumar et al., 2019). The impact of economic growth on the environment presents a paradox.

On one hand, pollution haven hypothesis entails that economic activities such as trade liberalization, open market, multi - national companies and foreign direct investment are considered advantageous for the economy but damages the environment (Kumar et al., 2019). Multinational companies establish their production units in developing countries where they have easy access to cheap labor, low cost land, with less environmental regulations. In the process of establishing manufacturing units, companies inspire the movement of lower technologies and polluting industries with unsound environmental practices to emerging countries. This initiates a race to the bottom in environmental performance for emerging countries (Xing & Kolstad, 2002). Emerging countries usually have lower per capita income and wants to develop their industries to boost the standard of living. Polluting industries in developed countries, found it costly to comply for environmental regulations that developed countries have. They move their polluting businesses to emerging countries which usually have not so strict requirement of compliance on environmental norms. Developing countries such as India have environmental norms and regulations. But the non - compliance of these rules are frequently highlighted in the media. The evidences of degradation in environmental performance can be seen in the decline in the environmental performance index of India from year 2014 to year 2018. The 2014 environmental performance index released by Yale and Columbia Universities along with the World Economic Forum ranked India at the 155th position out of 178 countries (EPI, 2014). After the year 2014, India became more open and liberalized its economy. The inflow of foreign direct investment was welcomed in all sectors and industries. The growth in foreign direct investment was seen within 3 years when the foreign direct investment jumps from \$36 Billion in year 2014 to \$60 in year 2017 (Financial Express, 2017). The economy is expected to grow at a greater pace than before. However, during this period, India has seen degradation in environmental performance index. The 2018 environmental performance index ranked India at 177th position out of 180 countries (EPI, 2018). Despite government's measure and

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