

# Green Companies

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# Green Companies and the Millennial Generation as the Spearhead of the Environment

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The environment is one of the concerns of the world community, and continues to be the subject of conversation throughout the world. A company carries out a variety of things including maintaining good business processes and trying to protect the environment from business <sup>20</sup>ivities carried out. Respondents in this study were 206 millennials. Data was collected through questionnaires using questionnaire and interviews. Data was processed using SPSS version 25.0 software. The findings suggested that <sup>2</sup>environmental concern and green company image have a partially significant influence on the purchase intention of green products and simultaneously have significant results. The determination coefficient or R-Square in this study is 44.3%, which means that the <sup>2</sup>reen company image and environmental concern together have an influence on the purchase intention of green products of 44.3% and the remaining of around 55.7% is influenced by factors outside of the variables studied such as prices, social influences, and other factors.

**Key words:** *Millennial, environmental, purchase intention, green product.*

## Introduction

The development of an increasingly advanced development of technology causes loss of boundaries between individuals. The progress of communication technology brings together all humans from all directions. The millennial generation that is loaded with technology is very fast in getting information from around the world. Internet access speeds up the



dissemination of information between individuals. All good or bad information will quickly spread in the community (Saleh, 2001).

Environmental problems are one of the most talked about in online communities. The environment is one of the concerns of the world community, which continues to be the subject of conversation throughout the world. The production of tons of waste every day without the support of good handling creates new problems in the community. Garbage damages the cleanliness of the city, the cleanliness of the beach and damages the marine ecosystem; which is increasingly filled with garbage every day. Many news reports state that the worsened marine ecosystem is due to human activities that produce so much waste and do not manage waste properly (<https://bulelengkab.go.id>, 2019).

Companies that try to increase company profits will always try to maintain a reputation in the community as part of various efforts to survive to stay on the market. The company carries out a variety of things including maintaining a good business process and trying to protect the environment from business activities carried out. The regulation of the United Nations and the environment of each country requires companies to continue to work to improve their companies to continue to care for the environment.

The company is trying to improve all existing systems in the company to become a reputable company. Green company is one of the goals of every company to show that the company is environmentally friendly; this is achieved with a green label on the company. Companies with green labels will be able to compare companies, as companies that care about the environment. The millennial generation are very concerned about the environment (<http://climate.org>, 2019). Companies must strive to be environmentally friendly companies to win the market. Companies must improve themselves to win market competition that is getting tighter and tighter.

Green label companies are not only limited to companies with labels that are the pride of companies with green companies. The company is expected to truly implement environmental concerns starting from the products produced and the processes carried out in producing green products. Companies are not just producers of products that sell well on the market because of the green label, but companies must take concrete steps to participate in improving the environment.

Many examples can be seen in very serious environmental damage from various media. Even our ignorance has a great effect on the environment. Although in fact, the company is not the only party responsible for environmental damage. All levels of society must make the same contribution and the same passion to protect the environment in order to maintain the current condition of the earth.



Government has been very active in socialising the importance of protecting the environment. The Government of Indonesia in recent years has been very active in socialising activities to improve the environment. The Indonesian government has taken some very good steps, in protecting the environment by giving green awards to companies that are capable or have a green industry standard. Business firms are all profit-oriented and continue to grow every year because the goal of a business company is profit.

Companies in Indonesia are invited to not only be profit oriented but try to think more about the sustainability of the earth besides the main goal. Companies are encouraged to continue to improve themselves to reduce environmental damage by paying attention to the company's production activities. Whether it's solid or liquid waste released by the company (<http://bppi.kemenperin.go.id>).

The more intense the ministry of industry is in encouraging companies to adopt green industry standards will be very beneficial to reduce greenhouse gases, toxic waste, or other solid waste without serious treatment. At present the company is very conscious to continue to strive to be an environmentally friendly company and continue to be part of stakeholders that protect the environment but there are still many companies that are not too concerned with environmental issues. We still see these many companies that have problems with environmental matters.

Around 80% of oil palm companies in Indonesia have problems with the main problems such as forest reduction or use of forest land and land fires that greatly disturb the ecosystem. It is important and very urgent that the data shows that 80% of the problematic companies impose sanctions in the form of fines to companies that commit violations. This method is considered effective in reducing violations of the environment (<https://insight.kontan.co.id>).

The government actually continues to try to control and provide sanctions for companies that commit violations. Another decisive action taken by the government against companies deemed damaging to the environment is by starting to revoke mining business licenses in Bangka Belitung by as many as 49 companies. This illustrates that the government is very serious in controlling and paying attention to the environment in Indonesia (<https://insight.kontan.co.id>). The number of companies that received green awards both large, medium and small-sized industries are proof that many companies care about the environment (<https://kemenperin.go.id>). In 2018, the Indonesian Ministry of Industry gave 143 awards to companies engaged in various fields, including fertilizer, textiles, food to automotive (<https://www.liputan6.com>).



The millennial generation is associated as always caring about current issues, one of which is the environmental issue. At present, so many environmental issues are the subject of discussion on social media. The millennial generation who are very active in social media certainly continue to read information about environmental issues. Many companies receive awards as companies that care about the environment but many companies also damage the environment. In addition to the government that continues to encourage companies to improve the environment and as such, many companies continue to participate in making improvements. However, there are still many companies that do not do repairs. This study aims to see how the millennial generation sees companies that have an image that cares about the environment. The government has issued a certificate showing the companies that cares about the environment. Through this research we want to see how the millennial generation responds to companies that already have a green mark from the government.

Millennials who care about the environment will choose products that care about environment. Companies that are only oriented to profit and do not care about environmental factors will die because they are abandoned by customers.

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## Literature Review

### *Environmental concern*

Environmental concern is the degree of concern for environments ranging from those who do not care to those who are very concerned about the environment (Milfont and Duckitt, 2004). Mostafa (2007) found that environmental concerns have a positive effect on the green purchase attitude and that people who are concerned about the environment will prefer products that are environmentally friendly. The same study also found that people who are concerned about the environment will give attention to products that are environmentally friendly (Ishaswinni and Datta 2011, Royne, Levy, and Martinze 2011). In contrast, Bamberg (2003) argues that public relations are concerned with the environment to not affect behavior directly, however, certain conditions will have an impact on behaviors that will directly affect a person's behavior.

H1: There will be a significant relationship between the environmental concerns toward the purchase intention on green products.

### *Green corporate image*

Corporate image is a picture that appears in the minds of others when hearing the name of the company or in other words a psychological impression that continues to change with the state of the company or influenced by the media (Giovanis et al., 2014). Corporate image has a positive influence on consumer confidence in products sold, the better the image of the



companies, the more people believe in their products (Sallam, 2016). Other research also shows that corporate image has a significant influence on customer satisfaction (Park et al., 2004; Chang and Tu, 2005; Martenson, 2007). Based on research conducted by Chang, N.J., Fong, C.M. (2010) green corporate image has a positive influence on consumer satisfaction with the product. Companies currently have to try to improve their image in the community so that the company cares about the environment and supports the prevention of increasingly bad environmental efforts.

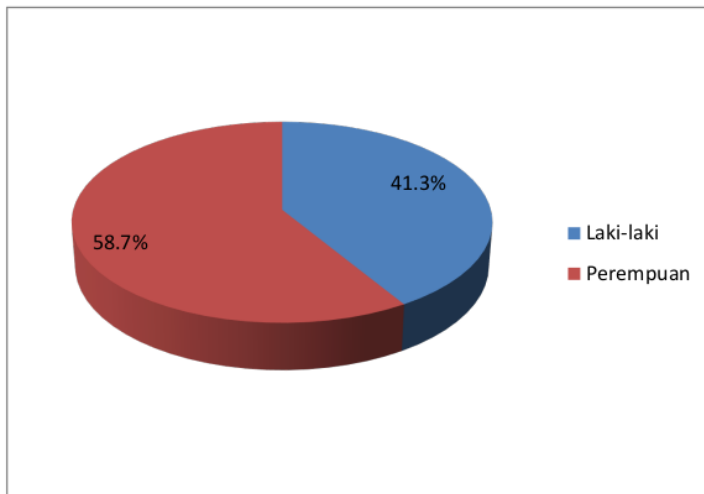
H2: There will be a significant relationship between green corporate image concerns to the purchase intention on green products.

### Research Method

Research variables for environmental concern were adopted from Bamberg (2003) using the Likert scale with 1 = strongly disagree to 5 = strongly agree. It has an alpha value 0.96. Green corporate image adopted from Chang, N.J., Fong, C.M. (2010) using a Likert scale with 1 = strongly disagree to 5 = strongly agree. It has an alpha value of 0.88. Respondents in this study were 206 special respondents aged 17-30 years as representatives of the millennial generation. Data was collected through questionnaires using questionnaire paper and conducting interviews with respondents. Data was processed using SPSS version 25.0 software to see the significance between variables and to see how much influence independent variables have on the dependent variable.

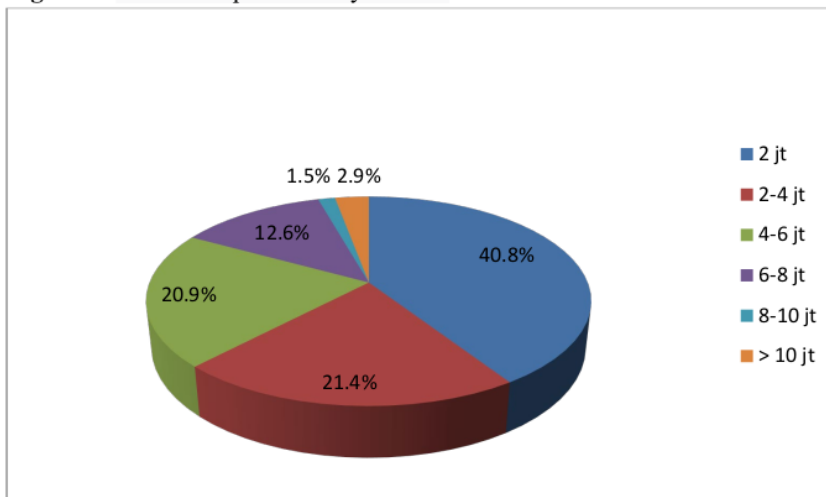
### Result

Figure 1. Data of respondents by gender



Based on figure 2, it can be seen that out of 206 respondents surveyed, 85 people (41.3%) were male and 121 people (58.7%) among them were women. This shows that the majority are female respondents.

**Figure 2.** Data of respondents by income



From figure 2, it can be seen from the income of respondents, the majority of respondents have an income of 2 million, which is for as many as 84 people (40.8%), who have income of 2-4 million and 4-6 million, respectively 44 people (21.4%) and 43 people (20.9%), while they have income of 6-8 million, 26 people (12.6%).

### Regression test

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**Table 1:** Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666 <sup>a</sup>	.443	.439	.82743

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Based on the test results in Table 1, it can be seen that the determination coefficient or R-Square in this study is 44.3%, meaning that the environmental concern and green company image together have an influence on the purchase intention of the green product of 44.3%. The remaining around 55.7% is influenced by other factors outside of the variables studied.



### ANOVA Test

**Table 2: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	161.679	2	80.839	118.074	.000 <sup>b</sup>
	Residual	203.341	297	.685		
	Total	365.019	299			

a. Dependent Variable: Purchase Intention

b. Predictors: (Constant), Environmental concern, Green Company Image

The ANOVA Test results in Table 1 show the results of the F-test significant value 0.000 < 0.05 so it can be concluded that the green company image and environmental concern have a significant difference. This test also shows that H<sub>0</sub> is rejected, meaning that the mean between groups is different so it requires further testing.

### Significance test

**Table 3: coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	(Constant)	.268	.311		
	.159	.050	.153	3.165	.002
	.740	.061	.583	12.077	.000

a. Dependent Variable: Purchase Intention

b. Predictors: (Constant), Environmental concern, Green Company Image

From the results of the coefficient test in table 3, it shows that the environmental concern and green company image have a significant influence on the purchase intention on green products. From table 3 it can be seen that the constant value is 0.268, the environmental concern regression coefficient is 0.159 and the green company image regression coefficient is 0.740.

$$Y = 0.268 + 0.159X_1 + 0.740X_2.$$





## Conclusion

The environmental concern and green company image have a partially significant influence on the purchase intention of green products and simultaneously have significant results. Environmental concern has a positive influence on purchase intention, this is in line with research conducted by IshaSwinni and Datta (2011), Royne, Levy, and Martin (2011) and other studies conducted by other researchers. Green corporate image also has a positive influence on the intention to buy green products in line with research conducted by Chang, N.J., Fong, C.M. (2010). The determination coefficient or R-Square in this study is 44.3%, which means that the green company image and environmental concern together have an influence on the purchase intention on green products of 44.3% and the remaining around 55.7% is influenced by factors others outside of the variables studied such as prices, social influences and other factors.

Millennials who care about the environment will also consider companies that are care about the environment. Green corporate image has an influence on consumer decisions in buying products. Companies must improve the company to show that their company is pro-environment.

## Implications

For the company it is time to try to become a green company. Today so many companies have competed to care about the environment. The company does not only think about profit issues to survive in the market. Now it is time for companies to think about their respective contributions to environmental improvements to win consumers' hearts. Consumers who buy their products follow a good company image. For the government, it must continue to socialise the importance of concern for the environment not only to large companies but also to all business actors. Consumers also have important people to think about the environment so that it will force companies to be more concerned about the environment.

## Limitation

The limitations of this research being carried out that could be done in the next research is to add the price variable. Consumers are very sensitive to prices, especially green products that have prices above the price of conventional goods.



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