Effects of Greenwashing Practices on Consumer Behavior

Dr. B. Ganesh  
Director  
Am Maxwell International Institute for Education and Research  
Indo Asian Academy Campus, Bengaluru

R. Lakshmi Priya  
Assistant Professor  
Am Maxwell International Institute For Education and Research  
Indo Asian Academy Campus, Bengaluru

Abstract  
Environment friendly, or green advertising increasingly gained popularity, and businesses are continually looking for the most effective strategies to spread their green message to consumers. Consumers have raised their expectations and begun to take environmental concerns more seriously. Because human demands are limitless and limited resources are available, it is crucial for companies to make effective, waste-free use of resources in order to meet organizational goals. Green advertising is therefore necessary. Evidence from throughout the globe shows that people are concerned about their surroundings and are altering their behavior. The main objective of this study is to evaluate the effects of greenwashing practices on consumer behavior. The study was undertaken with a sample size of 345 respondents. The statistics has been accumulated through questionnaires and analyzed by SPSS and AMOS. Customers are assumed for being aware of greenwashing strategies employed by businesses, which include employing terminology like “herbal”, “organic”, and “natural”, yet when it relates to their behavior, they frequently don’t develop educated decisions and become duped. Consumers who are predisposed to purchase the goods find green persuasive logos, photos, wordings, and package appealing.

Keywords: Greenwashing, Consumer Behavior, Perceived Benefits, Perceived Risk, Subjective Forces

Introduction  
According to Moore (2021), greenwashing seems to be a deceptive strategy used by businesses to look greater environmentally conscientiousness than they actually are in an effort to win over environmentally conscious customers and profit from it. Businesses can be described as healthy, emission reduction, products that are environmentally green, and their goods could be organic, recyclable, thrifted, or eco-friendly, among other terms. Unfortunately, many of these emblems and sustainability assurances are greenwashing, even while certain symbols and assertions are trustworthy. Even though it occasionally happens, it’s also feasible that businesses don’t know what kind of promises are accurate and which are false. Consumers frequently, mistakenly feel that a business, commodity, or service is more ecologically friendly than it truly it.
The characteristics of green marketing always had the biggest impact on customer happiness and customer purchase decisions. This study comes out to fully comprehend the variables that affect customer’s decisions to buy green goods. The study found that socioeconomic characteristics had little impact on consumer behavior to buy green products. A customer’s degree of customer satisfaction and service. Although the environmental worth of the goods seemed to have considerable effect of these factors with certain non-environmental attributes including the consequences of different kinds of viewed principles of eco-friendly goods (such as climate, operational, and fair distribution of resources) into the concept didn’t enhance the convergent validity (Aravind, 2021).

Every day, customers must make several selections while making purchases of items, and from the perspective of the employer, the consumers’ behavior is matters most. So, it is crucial for businesses and organizations to thoroughly investigate these behavioral approaches in order to garner higher knowledge about issues like why, how, how much, where, and when customers make purchases. The purchasing behavior of the ultimate customer when they are acquiring products or offerings for own consumption is a very complex procedure (Kotler & Armstrong 2018).

It is primarily the decision-making that encompasses item conceptualization, acquisition, and use. Kotler and Keller (2016) claim that practically all purchases made by customers include a decision-making process. The five stages of consumer behavior include problem detection, search and evaluation, substitute appraisal, acquisition choices, and post-purchase behavior. The acknowledgement of the issue represents the most important phase in this approach since if the consumer fails to perceive an immediate need or a concern, they would be less inclined to continue contemplating about buying a good (Kotler & Armstrong 2020).

By touting their fictitious environmental initiatives to the community, many businesses want to gain credibility with ethical customers. This is seen as greenwashing and an advertising ploy that gives companies an edge over competitors and makes them seem more environmentally conscious to consumers. As was already said, greenwashing is the practice of deceiving customers regarding a company’s ethical policies or the environmental advantages of a good or offers. Even so, some of these green statements are true and accurately represent the businesses’ environmental actions and endeavors. Greenwashing harms the company’s reputation and prestige is more significant than its financial impact (Delmas & Colgan 2018).

Several companies try to depict themselves as being environmentally responsible by spending a lot of money on marketing their status as eco-friendly companies. But the fact still remains that businesses merely just try to hide their negative environmental effect through selling their products as green ones, rather than truly reducing it (Aggarwal, 2014). As a result, consumers are becoming less certain that marketing is a real form of communication (Obermiller et al., 2005), which makes them wary of it. The green product claims made by the firms are not properly supported by standards or norms. Many people continue to unaware of the benefits of green items. To persuade customers often avoid changing their purchasing habits. If a product satisfies all environmental standards, however, falls short of customer expectations, it loses its value. Thus, the item must meet the requirements for both environmental friendliness and customer behavior (Chhabra, 2017). The visual cues in a green clean marketing tend to draw customers in on account of their [passion for nature, despite the fact that consumers can often discern the goals behind the campaign (Chhabra et al., 2018). Several businesses get well-known celebrities to endorse their brands in order to benefit from their legitimacy. By taking advantage of the consumer’s faith in celebrities, the goal is to engage in the unethical conduct of greenwashing (Bhatnagar, 2019).

The majority of businesses avoid genuinely following the green standards by using greenwashing as a strategy to boost their brand recognition and earnings (Saxena, 2015). To increase their market share, they made exaggerated and unjustified claims that they produced ecologically friendly
goods and offerings (Saxena, 2015). As a result of these unfounded claims, the corporation by its designation of Enviromedia developed the greenwashing index to monitor environmental issues made by businesses. Several businesses are nowadays able to circumvent marketing regulations and promote their goods via greenwashed advertising (Eltell, 2012).

The term greenwashing describes when a business spreads inaccurate or partial facts to give the impression that it is an environmentally conscious entity. The phrase greenwashing which describes the activity of inflating or overstating allegations of environmentalist or viability in an attempt to gain market dominance, has gained widespread acceptance and acknowledgement since the mid-1980s. Every industry, from apparel to healthcare, has a large number of businesses that engage in the trend of greenwashing. Businesses ultimately deceive customers by stating their goods and offerings are environmentally friendly, winning their confidence in the process. Customers are paying more than that for misleading and fake items as a result. An international poll of 18,000 customers in 2014 found that over fifty percent of respondents expressed concern about performance measurement (Globescan, 2014). The phrase greenwashing has risen significantly over the past several years and has gotten more contentious as businesses strive to quickly supply this growing demand for eco-friendly products.

According to the American Marketing Association, “greenwashing” is the practice of promoting goods that are deemed to be environmentally friendly (Elam Rehbar, 2011). Hence, a wide variety of actions are included in green advertising, such as the customization of products, adjustments to the manufacturing process, modifications to labeling, and adjustments towards advertising.

The prevalence of various social, environmental, and commercial connotations related to this phrase is an illustration of how difficult it is to define green marketing since multiple meanings overlap and conflict with one another. (Elam Rehbar, 2011). Environmental advertising and ecosystem marketing are two other phrases with comparable meanings. Green advertising is the art of promoting goods and or offerings based on their favorable effects on the economy. Such a good or service might be created, delivered, or marketed in quite an ecologically responsible manner.

Many outside factors, including culture, have an impact on consumer purchasing behavior. So, a customer’s perspective of a company as well as its brand frequently affects their decision to buy. In addition to the brand itself, additional elements like a company’s area and appearance can affect how customers perceive a product. A worldwide company’s brand image, for instance, might vary between nations. Moreover, socioeconomic characters like sex, or age affect how people perceive a product and how they behave while making purchases. Moreover, experts assert that factors like brand recognition and market share might influence a consumer’s decision making (Hsieh & al. 2004).

In order to pass for green advertising, greenwashing might be portrayed as imprecise, superficial, unclear, or lacking in statistics (Grove & Kangun, 1993). It can also employ imagery, logos and phrases to suggest ecological attributes which don’t appear (Parguel et al., 2015). Moreover, greenwashing accentuates unimportant factors to hide the poor environmental activities, which affects consumers purchasing decisions (Akturan, 2018). The fact that this strategy is tied to longevity and the green economy, which would be gaining steam with customers and providing the impression that “having to look green” is increasingly important, is also very important to notice (Berrone et al., 2015). But too much information may confuse buyers and mislead them (Turnbull et al., 2000). When firms misrepresent their customers about what constitutes a green product, whether due to inconsistency, exaggeration, or a shortage of knowledge experts refers to this as greenwashing (Mitchell et al., 2005).

Over time, green marketing has undergone changes. Peattie (2001) identified three stages in the development of green advertising. The first stage was known as “ecological”, and all advertising
operations during a certain time were focused on addressing environmental issues and offering solutions. The second was “environmental”, when the emphasis turned to clean technology and the creation of novel new goods to address difficulties with contamination and waste. The third stage of green marketing is “healthy”. Throughout the latter half of the 1990s and early 2000s, it gained popularity.

**Objectives of the Study**
- To comprehend the idea of greenwashing from the perspective of the consumer
- To determine the impact of greenwashing on customer behavior
- To examine consumer attitudes towards items with green claims
- Seek to analyse the impacts of greenwashing on customer behavior
- Determine the implications of the effects have on a customer’s buying habits for goods and services
- To measure consumer knowledge of eco-friendly products.
- To examine consumer attitudes and habits regarding the use of green products

**Review of Literature**

Harsh Mankodi (2018) in the essay headlined “Green washing or green marketing”? When considering the economy, greenwashing has detrimental impacts on customers and manufacturers. Hence, it is everybody’s duty to protect the economy, avoid abusing the privilege that has been given to all of us, and behave in an additional professional manner that will be advantageous in the long run. Paço, A. M. F. & Reis, R., (2012) consumer behavior of the green allegations made in countless adverts have grown more clouded as green marketing gains popularity. The lack of generally agreed definitions for popular allegations made by advertising, which including “environmentally friendly”, “recyclable”, “ecological”, “atmospheric friendly,” etc., is one of the main causes of the misunderstanding.

Green marketing, according to Prakash (2002), is an ecologically friendly marketing scheme in which only pertinent data on environmental features is disseminated at various scales, including the corporate, commercial, and manufacturing levels. Welford (2000), on the other hand, views green advertising as a development tool which may be employed to foresee customer demands, meet those wants, and be viable, environmentally benign, and lucrative without undermining the customer’s ecosystem functions.

Green marketing, as described by Dhalstorm and Ottman (2011), is the fusion of promotional and environmental considerations. Their definition took into account factors such as pricing, production, location, advertisement, and brand management. Green marketing has been characterized in a wide range of manners throughout the years, and though each of them significantly varies from one another, those who ultimately have the same basic concept: enhancing a share profitability, appearance, reputation, and competitive while enhancing its environmental and ethical responsibilities.

The terms “green brands” or “environmental products” are frequently used to refer to goods that have specific qualities and were produced using environmentally friendly methods, or in other words, in a way that has the least negative influence on the economy. Some of its characteristics include preserving the economy and using less resources. The connected operations have a tendency to reduce or eliminate the usage of trash, degradation, and harmful goods that pose a risk to the environment. The development, green marketing must integrate organic production version, boost growth and the utilization of resources, and dematerialize by using less material (Singh and Pandey 2012).

According to Kotler and Keller (2009), businesses should place a higher value on customer
happiness than market dominance because both moves hand in hand. Customer retention has been viewed as relying heavily on consumer delight. It has been designed so that it can monitor and analyze the various advertising concept-related activities. There are certain statistics that show customer satisfaction increases customer loyalty. The cost of acquiring new customers is somewhere between five and ten higher than the cost of keeping the ones you have had. Every year, businesses lose between 10% and 30% of their clients. Businesses may raise their earnings by 25% to 85% when this rate is cut by 5%. Over a client’s lifetime as a preserved consumer, their profitability rises. In order to get greater assurance and confidence from customers, businesses should promote high levels of client happiness once it occurs.

Most frequently, both internal organizational considerations and external aspects of marketing, which including investment opportunities, customer requirements and intense competition, push firms to engage in greenwashing. Companies are mounting pressure to seem environmentally friendly in their operations as customers and financiers demand them to be more viable. Together with employer and customer pressure, firms are frequently facing scrutiny to become ecologically responsible because of their concern for falling beyond their rivals (Delmas & Burbano 2011). The consumer awareness of the consequences of their own actions is amongst the most common determinants of green buying behavior, according to Gleim and Lawson’s (2014) research. The likelihood that perhaps a person will buy environmentally friendly items decreases if they believe their own preferences are unimportant (Gleim and Lawson’s, 2014). Hence, greenwashing would have a major consequence on customers who want to buy eco-friendly items and believe that their personal choices have an impact on the economy.

Definition of green marketing therefore be covered before considering the topic of greenwashing. According to Martinez et al., (2019), there is no one definition of green advertising, also known as eco- advertising, brand management, marketing communications, biological marketing, end longevity marketing. The integration of environmental consciousness in advertising messaging, therefore, is a feature shared by all of the formulations (Martínez et al., 2019).

Green marketing, according to Paço et al. (2009), is a method that blends prosperity with durability through identifying, addressing, and foreseeing societal and customer demands. Green marketing’s goal is to highlight the significance of ecological safeguards in the context of consumer behavior in the future (Moravčíková et al., 2017). According to Polonsky (2011), among some other thoughts, green advertising aims to enhance the organic ecosystem while enhancing consumer health and their standard of living. This is done to help customers comprehend the issues with product use and grasp that they can reduce environmental degrading by changing the way they consume. Green marketing also raises consumer knowledge of environmental stewardship, which expands the advantage of the environment as a whole (Fliegelman, 2010).

Nguyen et al. (2019) claim that customers have grown less trustworthy of businesses continue to focus on the green trend. The primary issue with today’s green advertising is a decline in customer loyalty in the environmental facts that businesses provide (Chen and Chang, 2013). According to Furlow (2010) greenwashing can significantly undermine customer trust in eco-friendly products, harming the promotion of eco-friendly goods and offerings. Consumers are concerned about the disparity seen between the impression and realities of green marketed goods, which makes it hard for green firms in a saturated commercial due to the abundance of bogus green advertising promises (Nguyen et al. 2019).

Many of the claims made in green advertising are false and unclear (Chen and Chang, 2013). Consumers, according to Hamann and Kapelus (2004), rely on the economic information given by the marketing and sales messaging. Chen and Chang (2013), contend that since consumers neither appreciate a commodity or a firm if the promises are believed towards being false, they
will not initiate a purchase choice. As a result, consumers are becoming less sympathetic of green advertising, which might prove extremely damaging to the entire green market (Hamann and Kapelus 2004). Hence, it is even suggested that greenwashing would ruin the green market by making consumers doubtful about green goods (Polonsky et al, 2010).

One of the key cognitive indicators for predicting green consumer behavior is an environmental issue (Jaiswal and Kant 2018). Customers that care about the economy are more likely to seek out green items and are frequently ready to pay extra for them (Gyader et al, 2017). Customers looking for eco-friendly items may be particularly vulnerable to greenwashing because their only source of knowledge is the firm’s communications (Hamann and Kapelus, 2004). Yet, if customers believe that a firm is engaging in greenwashing, their decision to make a purchase as well as their perception of the firm are both negatively impacted (Parguel et al, 2011). This raises the likelihood that the consumer won’t be able to make a transaction choice (Chen and Chang 2013).

Due to the emergence of environmental challenges like environmental issues, buyers have realized they need to adjust their purchasing habits and adopt more ecologically friendly practices (Chen and Chang, 2013). The goal of a green customer is to purchase a brand that satisfies the standards they have set for environmental qualities. According to Chen and Chang (2013), as the green movement has spread, consumers are more concerned about the environmental effects of their purchase, which results in a larger estimated risk of going green. The consumer’s inability to trust the veracity of the green promises and the brand’s ability to meet their environmental demands as a result of greenwashing increases the potential risk associated with going green (Gillespie, 2008).

According to Chen and Chang (2013), greenwashing poses a danger to the growing green sector since it undermines customer’s faith in environmental stewardship. According to Horiuchi and Schuchard (2009), quoted in Chen and Chang (2013), greenwashing makes it difficult for consumers to understand how their behavior affects the environment since its falsely claims that the consequences are less severe than they actually are. As a result, the buyer who chooses to trust the bogus green promises believes that their purchase will have a larger positive effect than it actually does. By flooding the market with false green marketing, greenwashing reduces market dominance of authentic green businesses and delays the transition to a greener marketplace (Polonsky et al. 2010).

Greenwashing makes people skeptical of environmental data that businesses disclose (Self et al. 2010). Skepticism also has a connection towards the ideas of low reputation and mistrust (Nguyen, 2019). The fundamental tenet of trust, according to Hart and Saunders (1997), is the positive expectation of the other party’s behavior. Trust is the readiness to embrace the susceptibility brought on by the other party’s actions exceeding one’s expectations (Rousseau et al. 1998). Also, when someone relies someone, they make that decision with the conviction that they will be dependable, upright, and able to behave in a fiduciary capacity (Ganesan, 1994).

According to Blackwell, Miniard, and Engel (2005), consumer behavior is defined by the direct engagement of consumers in the acquisition, use and disposal of goods and offerings. According to Budica, Puiu, and Budica (2010), a network or an organization can have an impact on a consumer’s behavior (for example, friends can have an impact on the sort of apparel they choose). As consumer behavior could have a significant influence on society, the nation, and the environment, they view it as crucial.

According to Ajzen (1991) and Chuttur (2009), subjective forces indicate the sense of emotional constraint people may feel in reaction to their conduct. This is also influenced by how important a person is in a group and whether or not other people find their behavior to be acceptable (Zhan and he, 2012). This would prompt customers to consider whether society supports their decision to buy environmentally friendly products. According to Chen and Chang (2013), a person or a group who has a favorable link with greenwashing will be seen negatively by society.
According to Ko, Hwang, and Kim (2013), customer retention and behavior have the most impacts on customers experience a firm. They contend that a strong brand reputation can influence consumer decision to purchase goods from a certain business. Moreover, doing so may result in more content and devoted clients (Kim, Galliers, Shin, Ryoo, & Kim, 2012). Oliver (1999) defined behavior and retention as the resolve to consistently acquire a good or service notwithstanding the effect of circumstances and advertising initiatives that encourage behavioral changes. Chang, Lv, Chou, He, & Song (2014) claim that goods with protection and customer confidence promote better pleasure and contribute to a beneficial link amongst the customer and the good or service in terms of beliefs and opinions due to the greenwashing phenomenon.

Customers demand a brand’s total benefit to include not just their happy with how it works along with any other positive impacts (Drennan, Sullivan Mort, & Previte, 2006). The perceived benefit (PB) is divided into six components by Chandon, Wansink, and Laurent (2000): financial savings, clarity, efficiency, significance, expressiveness and amusement. From the viewpoint of the customer, Babin, Darden, and Griffin (1994) discuss four conceptualizations of economic usefulness: values refer to the cost, how much we attain beyond that we keep giving, the exchange between apparent value and cost, and along with all the personal and professional aspects establishing the full buying process. According to Mitchell, Walsh, and Yamin (2005), consumers' inability to comprehend the numerous choices to goods and offerings from the statistics provided in the procurement paradigm is a sign of the condition of perplexity. Due to the confusing nature of the data, it could influence consumer’s capacity to make judgements.

Conceptual Framework

The link between the variables, or the traits or features we want to investigate, is represented by a conceptual framework. Conceptual frameworks are often created using a literature analysis of previous studies on the particular issues. It can be textual or visually presented. The author’s summation of the literature pertaining to the explanation of an occurrence is represented by a theoretical foundation. With on a prior understanding of some of the other researcher’s points of view and personal insights on the topic of the research, it lays out the steps that must be taken over the course of the study. The conceptual framework is made up of a number of connected principles and objectives. The objectives specify the aims and goals in addition to the fundamental ideas that support achieving those achievable.

![Figure 1 Conceptual Framework](image)

Hypothesis

- Hypothesis 1: There is a relationship between control process and greenwashing practices
- Hypothesis 2: There is a relationship between subjective forces and greenwashing practices
- Hypothesis 3: There is a relationship between perceived benefits and greenwashing practices
- Hypothesis 4: There is a relationship between perceived risk and greenwashing practices
- Hypothesis 5: There is a relationship between controlled behavior & decision power and greenwashing practices

Research Methodology
The data collection process took place in Salem districts and 217 samplings were collected from employees through questioner later which was tested by AMOS software to validate the structural equation model. Control forces, subjective forces, perceived benefits, perceived risk and controlled behavior and decision power were involved in the model. The methodological approach of this research study allowed the researcher to explore research questions being presented and evaluate and analyze data with respect to the research hypotheses.

Results and Discussion
All components have been exposed to confirmatory factor analysis (CFA) to evaluate the measurement model (maximum likelihood estimation) using AMOS 22.0 and SPSS 25 was used for other analysis. The resulting fit statistics were all above the minimum acceptable level. Chi-square/degree of freedom (CMIN/df) = 2.344; comparative fit index (CFI) = 0.994; incremental fit index (IFI) = 0.994; root mean square of error of index (RMSEA) = 0.079; Tucker-Lewis index (TLI) = 0.978; and goodness of fit index (GFI) = 0.986. All the factor loadings are above 0.5 (as shown in Table).

<table>
<thead>
<tr>
<th>SL.No</th>
<th>Latent Variables and Items</th>
<th>Factor Loading</th>
<th>Cronbach’s Alpha</th>
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<tr>
<td>1</td>
<td>Control Forces</td>
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<tr>
<td></td>
<td>CF1</td>
<td>0.872</td>
<td></td>
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<tr>
<td></td>
<td>CF2</td>
<td>0.546</td>
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<td></td>
<td>CF3</td>
<td>0.510</td>
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<td>Subjective Forces</td>
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<tr>
<td></td>
<td>SF1</td>
<td>0.863</td>
<td>0.797</td>
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<tr>
<td></td>
<td>SF2</td>
<td>0.622</td>
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<td></td>
<td>SF3</td>
<td>0.656</td>
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<td>3</td>
<td>Perceived Benefits</td>
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<td></td>
<td>PB1</td>
<td>PB1</td>
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<td></td>
<td>PB3</td>
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<td></td>
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### Controlled Behavior and Decision Power

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<th>CB1</th>
<th>CB2</th>
<th>CB3</th>
<th>CB4</th>
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<tr>
<td>5</td>
<td>0.664</td>
<td>0.641</td>
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#### Structural Equation Modelling

![Diagram](image)

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<th>Path Way</th>
<th>Standardized Estimate</th>
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<tr>
<td>Control Forces → Green Consumption Confusion</td>
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<tr>
<td>Subjective Forces → Green Consumption Confusion</td>
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<tr>
<td>Perceived Benefits → Green Consumption Confusion</td>
<td>0.717</td>
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<tr>
<td>Perceived Risk → Green Consumption Confusion</td>
<td>0.869</td>
</tr>
<tr>
<td>Controlled Behavior and Decision Power → Greenwashing</td>
<td>0.583</td>
</tr>
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</table>

Above table shows causal relationships between greenwashing customer behavior variables with control forces, subjective forces, perceived benefits, perceived risk, and controlled behavior and decision power. From table the beta value, error value and t-value corresponding to the causal relationship between greenwashing customer behavior variables with control forces, subjective forces, perceived benefits, perceived risk, and controlled behavior and decision power.

All the customer behavioral intentions variables (control forces, subjective forces, perceived benefits, perceived risk, and controlled behavior and decision power.) have positive impacts on green consumption confusion and their beta values are 0.662, 0.723, 0.717, 0.869 and 0.583 respectively.
Model fit indicate the Bentler and Bonnet (1980) study indicated that the model fit can be checked by RMSEA (Root Means Square of Approximate) which is less than 0.08, has a good fit and less than 0.05 has a closer fit. The Joreskog and Sorbom (1988) study proposed that GFI (Goodness of Fit Index) should be above 0.9 and AGFI (Adjusted Goodness of Fit Index) should be above 0.80. Bentler study suggested that CFI (Comparative Fit Index) should be greater than 0.9. The value of GFI (0.986) and CFI (0.994) indicate the adequate between the structural model and sample data. The RMR of 0.025 and RMSEA of 0.079 revealed the goodness of fit. This confirms that the available data set moderate the fits into the proposed structural model.

Conclusion

The respondents of this study were generally well-known about the practices of greenwashing. Several people also had examples of the occurrences that had been, in certain circumstances, fairly precise. The user’s willingness to mention particular examples suggests that they had been completely conscious of the greenwashing phenomena and that were capable of describing commercials they thought was greenwashed or reports of green promises that were later proven to be false. Few of the respondents, maybe because they were unaware of the practice, we’re unable to provide any specific examples of greenwashing.

In the practice of greenwashing, businesses attempt to boost their reputation and enhance their product strategy. Yet, the fact is that if the misleading statements are exposed, the company faces as a higher danger of harming the brand’s reputation and destroying the customer confidence that has been developed over time, as occurred in the instance, which might also result in ethical issues. Therefore, it is essential that businesses operate naturally and that customers are knowledgeable and make sensible purchasing decisions, like as ensuring that perhaps the marketing materials includes a complete list of components, checking the information on the company’s site and ensuring that the component has been approved by a legitimate state entity.

References

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