THE ROLE OF ETHICS ON THE GREEN BEHAVIOUR OF ORGANIC FOOD IN INDONESIA: A CASE OF NORTH SUMATERA

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ABSTRACT

This study attempts to construct the role of ethics in strengthening consumer behavior in purchasing organic food. The role of ethics is not an influencing variable but is a moderator variable. The purpose of this research is to create a model of organic products purchases in North Sumatera, Indonesia. In addition, this study aims to understand the consumers' intention of buying organic food. It also explores the moderating effect of ethics on consumer behavior. It is worth noting that the demand for organic food in North Sumatera, Indonesia, is relatively very low. Most efforts in boosting organic product demand focus on introducing these foods to the public. This includes explaining to the masses that consuming organic products will help the environment. Nevertheless, these efforts have shown no impact. The subjects of this study were consumers who purchase organic food in North Sumatera. This study was conducted using a sample of 300 respondents drawn from some local markets that sell organic food in North Sumatera, Indonesia. The results suggested that ethics strengthens attitude, and moderating variables of ethics did not have a significant impact on increasing the subjective norms of the intention in buying organic products.

Keywords: Organic Food, Consumer Behavior, Ethics, Theory of Reasoned Action.

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1. INTRODUCTION

Currently, the great ethical issue in food consumption is focused on caring for nature. One of the solutions is to consume organic food. Today, most consumers have turned to organic food products, where this type of food is organically grown and free from chemicals or genetic modification. A good consumer behavior will reduce carbon footprint and support the local communities. This may encourage ethical behavior toward the environment (Zander & Hamm, 2010). Furthermore, Oroian et al. (2017) in their Rumania case study demonstrated

that consumers who purchase organic products encouraged other people to consume organic products as well. This creates an ethical affection for the environment among consumers or potential consumers (Petrescu & Petrescu-Mag, 2015).

Furthermore, the consumption of organic products shows a global trend due to an increasing awareness of the environment (De Toni., Eberle, Larentis, & Milan, 2018). Organic products are increasingly popular among consumers who are concerned about the sustainability of the environment. Apart from that, it is also important for consumers to evaluate the effects of their purchases on the environment (Follows & Jobber, 2000). Increasing awareness towards the environment and positive attitudes towards organic food will increase the consumption of organic products (Chen, 2007). Moreover, Shaw and Shiu (2003) suggested that ethical concerns can bring to the decision-making process and can impact the ability to act in accordance with their ethical concerns and consumer purchase behavior on consumer decision making. A study by de Magistris and Gracia (2007) analyzed consumers' decision-making processes for organic food produced in Italy using the structural equation modeling (SEM). Their study demonstrated that ethics influenced the purchase of organic food. Another research (e.g, Honkanen, Verplanken, & Olsen, 2006) reiterated this. Their study showed that ethical issues have a direct effect on the intentions of purchasing organic products. This reflects the relationship between attitudes and intentions toward consuming organic food. Apart from that, the environment has a strong influence in shaping the attitudes towards organic food. Those who are concerned about ethics tend to have a more positive attitude towards organic food. There is an observational difference between those in developing countries and those in mature countries; consumers in developing countries care less about the environment compared to mature markets (e.g. Mainardes, Araujo, & Lasso, 2017).

Moving on, this study used ethical variables as moderating variables. This research was based on a model by Chen, Pan, and Pan (2009). The model uses a variable moral as a moderator variable between variable attitudes, subjective norms, and intentions. This study attempted to combine ethics as a moderating variable with the original construct of Theory of Reasoned Action (TRA) by Ajzen and Fishbein (1975).

Moreover, Sheppard, Hartwick, and Warshaw (1988) proved that the Theory of Reasoned Action (TRA) is capable of explaining the role of subjective attitudes and norms in influencing intentions and behavior. Furthermore, Sheppard et al. (1988) showed that the Theory of Reasoned Action (TRA) provided a relatively simple basis for identifying where and how to target efforts to change consumer behavior. It is worth noting that the Theory of Reasoned Action (TRA) has been developed by various researchers. Liu (2007) implied that the Theory of Reasoned Action (TRA) model is the best model for predicting the behavior of organic consumers. Sapp (1991) also confirmed that the Theory of Reasoned Action (TRA) can be expanded by adding a wide range of variables to explain consumer behavior. The Theory of Reasoned Action (TRA) is based on the assumption that human beings are rational and use information systematically. In other words, people think about the implications of their actions before they decide to do or not do certain behaviors (Netemeyer Burton, and Johnston, 1991). The Theory of Reasoned Action (TRA) aims to explain consumer behavior initiated by intention. This shows that consumer behaviors are rooted in intention, which is directly influenced by the attitude and subjective norms (Bentler & Speckart, 1979).

2. LITERATURE REVIEW

The Theory of Reasoned Action (TRA) was one of the theoretical perspectives incorporated in this study. The TRA is widely applied to explain the behavior of a particular purchase determined by the individual's intentions (Ajzen & Fishbein, 1975). The variable of attitudes,

subjective norms, and intentions in the Theory of Reasoned Action (TRA) are utilized to gain a greater understanding of the behavior.

Moving on, *attitude* has an important role in consumers' behavior. The attitude variable has become the focus of most consumer behavior researches on green and organic products. Furthermore, Liu (2007) has observed the relationship between attitudes, intentions, and behavior. The observation demonstrated that there was a positive relationship between customers' attitude and their intention in buying organic food. In addition, consumers' positive attitude towards organic products affects the buying decision of customers and influences the success of food products in the food market (Landell, 1992). Tarkiainen and Sundqvist (2005) supported these statements, stating that positive attitude influences people's attention to buying organic products. Based on the discussion above, it is hypothesized that:

H1: Attitude significantly influences consumer's intention to buy organic food, with ethics as a moderated variable.

Moving on, the subjective norm has been researched in marketing and social psychological field (Sheppard, et al., 1988). Sparks and Shepherd (1992) found a relationship between subjective norm and intention. With regard to organic food, Bagozzi, Baumgartner, and Yi (1992) observed the impact of subjective norm in encouraging the intention to buy organic food. In addition, de Magistris and Gracia (2007) in their study on consumers' decision-making process stated that there was a significant relationship between ethics and the intention of purchasing organic products. Moreover, Chen et al, (2009) demonstrated the moral impact of intention and moral judgment as a moderating variable that can strengthen perceived behavior. Based on the discussion above, it is hypothesized that:

H2: Subjective norm significantly influences consumer's intention to buy organic food, with ethics as a moderated variable.

Apart from that, some studies showed that green consumers are aware of the differences between organic consumers and non-organic consumers (e.g. Coleman, Bahnan, Kelkar, & Curry, 2011). In addition, several studies suggested that there is a positive and significant relationship between intentions and organic food purchases (Saba & Messina, 2002; Coleman et al., 2011). Other studies also supported the existence of a relationship between intentions and the purchase of organic food (Sheppard et al., 1988; Tarkiainen & Sundqvist, 2005). Thus, the following hypothesis is derived:

H3: Intention to purchase organic food significantly affect purchasing behavior.

Based on the hypotheses, the conceptual model of the study was constructed as follows:

Figure 1. Research Framework

3. RESEARCH METHODS

This study focused on consumers who buy organic products in North Sumatera, Indonesia. The survey was expected to reveal information that can explain the relationship between the variables. Responses to this questionnaire were measured using the Likert scale ranging from "completely disagree" to "completely agree", represented in scale from 1 to 5. The questionnaires were directed to consumers in North Sumatera who consume organic rice and vegetables. In addition, the population of this study was made of consumers who regularly buy organic food in North Sumatera. The total population in this study was 543, but only 300 random samples were considered.

Before the data were analyzed, the validity and reliability tests were conducted. Reliability was measured using the Construct Reliability (CR) test, which must be greater than 0.5. Furthermore, the measurement model was considered to be of good validity when the t-value of the loading factor was greater than 1.96. The measurement model was of good validity when the Standard Loading Factor was greater than 0.5 (SLF > 0.5) (Igbaria et al., 1993).

Moreover, the data were analyzed using the Structural Equation Modelling (SEM) with the help of Lisrel 8.5 calculations. Structural Equation Modelling (SEM) is a multiple regression application that uses path diagram to test the hypothesis. In addition, Path Analysis was used to test the causal relationship based on knowledge, theories, and assumptions. It can also be used to test the hypotheses. Structural Equation Modelling (SEM) analysis is a method to study the effect of the independent variable on the dependent variable. Moreover, there were evaluations on the suitability of the model criteria, i.e.: p-value, RMSEA, NFI, NNFI, CFI, IFI, RFI, and GFI.

4. RESULT & DISCUSSION

The 300 sample respondents were between 21 and 68 years old, with 72% being female and 28% being male. This was somewhat predictable given that females are typically the main food purchaser in a family. In addition, 96% of the respondents had a college education, and about 3% graduated from high school. About 41% of the respondents earned a monthly income between Rp 5,000,000-8,000,000, and 24% earned Rp 8,000,000 or more. More than half of the respondents (55%) lived with families of more than three members, more than a quarter had two to three family members, about 5% lived alone, and 95% of the respondents were married.

4.1. Validity Measurement

An evaluation was conducted on each measurement model relationships between a latent variable and some variables. The variables were observed separately throughout the evaluation process. Note that the measurement results were considered to be reliable if the value was greater than 1.96. The measurement results can be seen in Table 1.

Table 1 Standard Loading Factor (SLF),

	Latent Variable			Evaluation
		SLF	t-value	
Attitude (X1)	X11	0.55	8.82	Good
	X12	0.70	11.50	Good
	X13	0.49	7.77	Good
Subjective Norm (X2)	X21	0.75	12.84	Good
	X22	0.64	14.89	Good
	X23	0.69	11.75	Good

	Latent Variable			Evaluation
		SLF	t-value	
Intention (Y2)	Y21	0.34	5.27	Good
	Y22	0.46	7.21	Good
	Y23	0.76	11.83	Good
Organic Behavior (Y1)	Y11	0.31	4.90	Good
	Y12	0.99	11.99	Good
	Y13	0.22	3.59	Good
Ethics (X3)	X31	0.63	11.02	Good
	X32	1.00	14.95	Good
	X33	1.00	19.35	Good

4.2. Reliability Measurement

The evaluation of validity (validity) in Table 1 indicated a factor loadings standard (Standard Loading Factor, SLF). From the table, it can be said that a measurement model has good validity value when Standard Loading SLF factor ≥ 0.50 (Wijanto, 2008).

Table 2 demonstrates the processing of data. Most of the constructs utilized in constructing the research model had fulfilled the requirements of the goodness of fit. Moreover, the result of goodness and fit on the score of chi-square, RMSEA, CFI, IFI, and GFI met the recommended level of acceptable fit. The estimation of the SEM was to test whether the research instrument was valid or reliable in explaining or reflecting the latent variables.

Table 2. Construct Reliability, Reliability Model Stability Alienation

Variable	CR	Evaluation
Subjective Norm (X2)	0.61	Good
Attitude (X2)	0.81	Good
Intention (Y2)	0.50	Good
Organic Behavior (Y1)	0.69	Good
Ethics (X1)	0.61	Good

Figure 2. The Structural Equation Model of the Application of Research Model

4.3. Model Compatibility Testing

The result of model compatibility testing using chi-square, p-value RMSEA, NFI, NNFI, CFI, IFI, RFI, Std. RMR, and GFI is summarized as follows:

Table 3 The Measurement Model Goodness Of Fit Index (GOFI)

Fit Index	The Fit Criteria	Result Model	Evaluation
RMSEA	$RMSEA \leq 0.08$	0.076	Good Fit
NFI	$NFI \geq 0.90$	0,85	Marginal fit
NNFI	$NNFI \geq 0.90$	0.85	Marginal fit
CFI	$CFI \geq 0.90$	0.90	Good Fit
IFI	$IFI \geq 0.90$	0.90	Good Fit
RFI	$RFI \geq 0.90$	0.78	Marginal fit
GFI	$GFI \geq 0.90$	0.92	Goodl fit

Table 4 The result of regression quality between the latent variable

No.	Hypothesis	t-Value	Conclusion
Hypothesis 1	Attitude significantly influences consumer's intention to buy organic food	5.21	Significant
Hypothesis 2	Subjective norm significantly influences consumer's intention to buy organic food	1.64	Not Significant
Hypothesis 3	Intention to purchase organic food significantly affect purchasing behavior	3.33	Significant

Table 5 The result of regression quality between latent variable with ethics as moderating variable

No.	Hypothesis	t-Value	Conclusion
Hypothesis 1	Attitude significantly influences consumer's intention to buy organic food with ethics as moderating variable	5.20	Significant
Hypothesis 2	Subjective norm significantly influences consumer's intention to buy organic food with ethics as moderating variable	2.00	Significant
Hypothesis 3	Intention to purchase organic food significantly affect purchasing behavior	3.37	Significant

5. DISCUSSION

Based on the theory of reasoned action (TRA), humans tend to behave according to the information available to them and the possible consequences of their actions (Fishbein and Ajzen, 1975). Society was expected to act in accordance with its intention of buying organic products. The findings of this study agreed with some studies (Magnusson et al., 2001; Tarkiainen and Sundqvist, 2005). It demonstrated that customers who were interested in organic foods had a positive attitude towards organic food, which leads to actual purchasing action. The better the consumer's attitude towards the product, the higher the likelihood that the consumer will buy the product. In addition, consumer attitudes affect their decision-making, strengthening their intentions to buy organic products. Consumers with a good attitude towards organic products were easier to introduce to other organic products. From the experience of several organic consumers, many organic consumers were familiar with organic products and had a good attitude. Nonetheless, a good attitude toward organic products did not directly form consumer behavior.

This study adopted a different research framework from previous researches. With regard to this model, ethics were capable to strengthen the influence of consumer attitudes towards buying organic products. Ethical variables were considered as one of the main factors driving the purchase of organic food. This is because consumers in North Sumatera Province feel ethically obligated to choose organic food products. Furthermore, ethics were crucial in the purchase of organic products as consumers were aware of the role of farmers in preserving the environment.

Moving on, this study also explained that organic consumers can obtain information about organic products from word of mouth and the information can encourage the intention of buying organic products. Regular consumers may also introduce the products to their family, colleagues, and peers. When these potential consumers become aware of the benefits of organic products, they may consider purchasing the products from themselves. Apart from that, subjective norms had a lower impact than the attitudes towards organic products, and the former cannot be strengthened by ethical variables.

6. CONCLUSION

This study contributes to the role of ethical variables in conscious behavior of consumption ethics. It adapted existing research frameworks and applied them to individual contexts that were significantly different from the previous researches. In this study, ethical variables were able to strengthen the influence of attitudes on organic products, consequently on the formation of the intent of purchasing organic products. Meanwhile, the moderating variables of ethics had less influence over the subjective norms on the intention of buying organic products. Ethical variables were considered as one of the main factors driving the purchase of organic food. This was because consumers feel ethically obligated to choose organic food products. Any effort to increase the number of organic consumers must consider the dimensions of knowledge on organic products in shaping the consumers' attitudes. In addition, both the non-governmental organizations and the government must continuously improve the information by strengthening the community and consumer networks through the introduction of environmental ethics. In addition, ethical aspects need to be improved to strengthen consumers' intention in buying organic products. All organic foods purchases should be focused on consumer awareness and public consciousness.

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APPENDIX

The Structural Equation Model of the Application of Research Model