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INSIGHT Journal focuses on social science and humanities research. The main aim of INSIGHT Journal is to provide an intellectual forum for the publication and dissemination of original work that contributes to the understanding of the main and related disciplines of the following areas: Accounting, Business Management, Law, Information Management, Administrative Science and Policy Studies, Language Studies, Islamic Studies and Education.

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Selected papers from the 6th IABC 2019



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FOREWORD BY DEPUTY RECTOR OF RESEARCH, INDUSTRIAL LINKAGES & ALUMNI



Since 2018, the INSIGHT JOURNAL (IJ) from Universiti Teknologi MARA Cawangan Johor has come up with several biennial publications. Volume 1 and 2 debuted in 2018, followed by Volume 3 this year as well as Volume 4 with 19 published papers due to the great response from authors

both in and out of UiTM. Through Insight Journal, lecturers have the ability to publish their research articles and opportunity to share their academic findings. Insight Journal is indexed in MyJurnal MCC and abstracted in Asian Digital Library (ADL). Moreover, is is also an international refereed journal with many international reviewers from prestigious universities appointed as

its editorial review board members.

This Volume 6 is the second special issue for the 6th International Accounting and Business Conference (IABC) 2019 held at Indonesia Banking School, Jakarta. The conference was jointly organized by the Universiti Teknologi MARA Cawangan Johor and the Indonesia Banking School Jakarta. Hence, this volume focuses mainly on the accounting and business research papers compiled from this conference, which was considered a huge success as over 66 full papers were presented.

Lastly, I would like to thank the Rector of UiTM Johor, Associate Professor Dr. Ahmad Naqiyuddin Bakar for his distinctive support, IJ Managing Editor for this issue Dr. Noriah Ismail, IJ Assistant Managing Editor, Fazdillah Md Kassim well as all the reviewers and editors who have contributed in the publication of this special issue.

Thank you.

ASSOCIATE PROFESSOR DR. SAUNAH ZAINON Deputy Rector of Research, Industrial Linkages & Alumni *Editor-in-Chief for INSIGHT Journal* Universiti Teknologi MARA Cawangan Johor



Driver and Inhibitor of Organic Food Adoption: A Study on Indonesian Consumers

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Abstract

This study aims to empirically examine the role of health consciousness and environmental concern as a driver of attitudes towards organic food. In addition, this study also tries to empirically test the positive influence of attitudes toward organic food on the intention to buy together with perceived price and perceived availability. The study was conducted through a descriptive research design based on the cross-sectional data, collected from consumer samples in Indonesia. The sample was selected using a convenience sampling technique. The data were collected through online surveys. While Data analysis and hypothesis testing were carried out quantitatively using the Structural Equation Model (SEM) approach. In general, health consciousness, environmental concern, perceived prices, and perceived availability are proved as driving factors of intention to buy in the context of organic food on Indonesian consumers.

Keywords: organic food, sustainability marketing, green purchase, health consciousness, environmental concern.

1. Introduction

Today, the products or services created by promoting social responsibility are increasingly considered important, as evidenced by their growing presence (Tully & Winer, 2014). Related to this condition, organic food is one of the products that get the attention of consumers and marketers as an alternative product that is safer for health and the environment, compared to products produced by food industrialization today (Hughner, McDonagh, Prothero, II, & Stanton, 2007). In the past ten years, consumer demand for organic food has increased compared to conventional food, because it is perceived as healthier and safer for the environment (Yadav & Pathak, 2016). Accordingly, marketers also respond to the evolution of this consumer demand by trying to offer organic alternatives in their product lines. This phenomenon occurs in the network of fast food restaurants (Shin, Moon, Jung, & Severt, 2017), and the retail industry (Daunfeldt & Rudholm, 2014).

Regarding the choice of organic food as an alternative to conventional food, it does not necessarily mean that all consumers switch completely to the choice of organic food. A number of factors such as health, safety, and concern for the environment are driving consumers to prefer organic food. On the other hand, high prices, the unavailability of



supplies and current buying habits, are the inhibiting factors for consumers to switch to organic food alternatives (Hughner et al., 2007). Considering the individual and social benefits of organic food, which is more than conventional food, it is important to examine consumer decision-making processes for organic food choices. A deeper understanding of this decision-making process is expected to encourage faster consumption conversion to alternative organic foods.

Until now, there has been a considerable amount of research conducted to examine the processes and driving factors of consumer decision making related to the adoption of organic food. Health and safety aspects become one of the important drivers of consumer choice for organic food (Padel & Foster, 2005; Tarkiainen & Sundqvist, 2005; Yadav & Pathak, 2016). The aspects of concern for environmental sustainability are also considered to be the main driver of consumer choice for organic food (Lee & Yun, 2015; Shin et al., 2017; Yadav & Pathak, 2016). Meanwhile, aspects of price and availability, to a certain extent, are inhibiting factors for the adoption of organic food (Hughner et al., 2007; Tarkiainen & Sundqvist, 2005). In previous studies, the drivers of adoption of organic food and the inhibiting factors for the adoption of new organic foods were partially examined. This study seeks to examine these two streams, driving the adoption of organic food along with its inhibiting factors, in a more comprehensive empirical model in order to get a more comprehensive picture of how consumer intention to choose organic foods is formed.

2. Literature Review and Hypotheses

Health consciousness can be interpreted as a high degree of low attention and integration of health aspects in the daily life of an individual (Jayanti & Burns, 1998). One of the main motivations that encourages consumers to buy organic food is because organic food is perceived as healthier (Hughner et al., 2007; Tarkiainen & Sundqvist, 2005). Consumers also perceive that organic food is more reliable (Shin et al., 2017). Consumers who care about health aspects, including in terms of choosing food, tend to be more positive towards organic food (Yadav & Pathak, 2016).

H1. Health consciousness has a positive effect on attitude toward organic food

Environmental concern is the degree of one's awareness of environmental problems and their support for efforts to resolve them (Yadav & Pathak, 2016). Environmental concern is one of the factors forming a positive attitude towards organic food (Hughner et al., 2007). Environmental concern is one aspect that influences one's view of how he will behave in relation to the potential impact on the environment (Leary, Vann, Mittelstaedt, Murphy, & Sherry, 2014). Someone with a high level of environmental concern tends to be more positive about organic food (Yadav & Pathak, 2016).

H2. Environmental concern has a positive effect on attitude toward organic food

Attitude towards organic food can be interpreted as the level of support or agreement someone has towards organic food (Yadav & Pathak, 2016). The higher the level of one's approval of organic eating, the higher the tendency to buy organic food (Tarkiainen & Sundqvist, 2005). In line with Theory of Planned Behaviour, someone with a high level of positive attitude towards organic food tends to have a higher intention to buy organic food



(Yadav & Pathak, 2016), and even to a certain degree is willing to buy it at a higher price (Shin et al., 2017).

H3. Attitude towards organic food has a positive effect on intention to buy

One aspect that prevents a person from choosing organic food compared to food in general is the relatively higher price (Hughner et al., 2007). The level of perception of the price of organic food will slightly affect one's view of the choice of organic food (Lee & Yun, 2015). The problem of high prices is a barrier for someone to choose to buy organic food, especially for consumers with lower income levels (Tarkiainen & Sundqvist, 2005). Consumers with these conditions are faced with a choice of trade-offs between choosing organic foods that are seen as healthier and safer for the environment with the opportunity to save money for other needs. In the reverse viewpoint, there are consumers who feel that the price of organic food is reasonable if associated with its benefits (Laroche et al., 2001). At this point of view, the more the price can be received by consumers, the higher their desire to buy organic food.

H4. Perceived price has a positive effect on intention to buy

Another aspect that prevents a person from adopting the choice of organic food is its availability, or the level of ease of obtaining it (Hughner et al., 2007). Perception will be difficult to get organic food that makes consumers feel uncomfortable will make them maintain their habits, buy conventional food products (Padel & Foster, 2005). In the opposite perspective, the easier organic food is obtained, the more likely consumers are prone to buy organic food (Vermeir & Verbeke, 2007).

H5. Perceived availability has a positive effect on intention to buy



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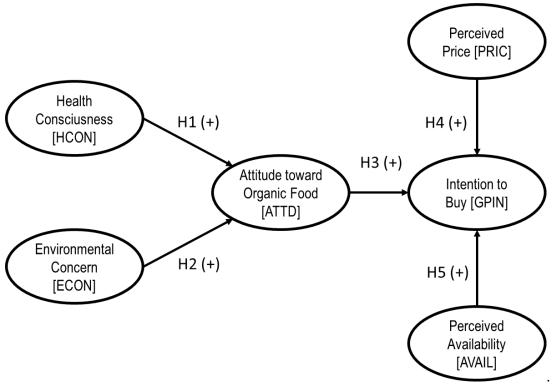


Figure 1: Research Model

3. Research Methodology

Data collection in this study was carried out through online survey techniques. Collection of field data produced 173 data of respondents aged 26 years and above. Hypothesis test analysis was modelled through the Structural Equation Modeling (SEM). This study involved four exogenous variables and two endogenous variables. Exogenous variables consist of Health Consciousness, Environmental Concern, Perceived Price and Perceived availability. Meanwhile, what acts as an endogenous variable is Attitude towards organic food and Green Purchase Intention.

Data were collected by capturing respondents' responses through a Likert scale 1-7. Health Consciousness and Attitude variables toward organic food were measured by 3 indicators adopted from the previous studies (Yadav & Pathak, 2016). Environmental Concern was measured by 4 combined indicators from two previous studies (Shin et al., 2017; Tsarenko, Ferraro, Sands, & McLeod, 2013). Perceived Price was measured by 3 indicators from the previous studies (Laroche et al., 2001). Purchase Intention was measured by 3 indicators from the previous research (Mostafa, 2009). Meanwhile Perceived availability was measured by 3 indicators from previous studies (Vermeir & Verbeke, 2007).



4. Result

Based on the estimation on the measurement model, the standardized loading factor of all indicators was above the cut-off value of 0.5. In most models the standardized loading factor of 0.5 or more can still be accepted to be said to have a fairly good level of validity (Wijanto, 2008). The value of average variance extracted (AVE) of each variable was above the value of 0.5, while the composite reliability (CR) of each variable was above the cut-off value of 0.7. The estimation results of the structural model indicate the normed chi-square value is 2,621 (good fit), RMSEA is 0.097 (marginal fit) and CFI is 0.904 (good fit), thus it can be concluded that overall, the research model has an adequate goodness of fit.

Table 1: Hypothesis Test Results					
Path	Coefficient	P-value	Conclusion		
HCON → ATTD	0.46	0.000	H1 supported		
ECON \rightarrow ATTD	0.43	0.000	H2 supported		
ATTD \rightarrow GPIN	0.59	0.000	H3 supported		
PRIC \rightarrow GPIN	0.28	0.000	H4 supported		
AVAIL → GPIN	0.19	0.003	H5 supported		

Based on the summary in the Table 1, it can be concluded that in general, all proposed hypotheses are proven based on the data collected. In terms of the order of importance it is seen that in general, a positive attitude towards organic food is a dominant factor in order to encourage the intention to buy organic food, followed by a price factor and finally the problem of the availability of organic food in the eyes of consumers. This is relevant to the Theory of Reasoned Action (TRA) and Theory of Planned Behaviour (TPB) that attitudes are antecedents of intention. Another alternative explanation for this dominance is that for consumers in big cities such as Jakarta, the price of organic food is considered reasonable and it is quite easy to obtain.

On the side of forming attitudes towards organic food, it appeared that the aspect of Health Consciousness plays a role that is slightly more prominent than the Environmental Concern. This is quite logical considering the majority of consumers will tend to think of direct benefits for themselves and then think of benefits for aspects other than themselves. As a practical implication for marketing managers, in order to encourage consumer adoption of organic food, it can provide a major emphasis on the health aspects of marketing communication efforts undertaken. The next thing is the aspect of concern for environmental sustainability, followed by aspects of price and availability.

5. Conclusions

Broadly speaking, this study found several things. First, this research proves that health consciousness and environmental concern are the dominant drivers of attitude formation toward organic food. Second, this study empirically proves the impact of attitude toward organic food on intention to buy. Third, this study also empirically confirms the role of perceived price and perceived availability as aspects that have the potential to inhibit intention to buy for organic food.



Departing from the findings in this study, there are still opportunities for conducting further studies to strengthen and expand the results of this study, especially in terms of the research context. This research was carried out limited to adult consumers in one of the major cities in Indonesia. Research on other age groups, such as adolescents, as well as research on cities with consumer purchasing power that is not as large as Jakarta consumers, is expected to open a deeper understanding of consumer adoption behaviour towards organic food.

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