

INTI INTERNATIONAL UNIVERSITY

MASTERS BUSINESS ADMINISTRATION

**Consumer's Awareness of Global Warming and Its' Impact on Purchasing
Intention of eco friendly products.**

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Abstract

Human influence of the environment may generate changes that endanger various aspect of life on earth. The implications of reports about global warming and the effect it causes in the entire population is becoming intensely debatable but still awareness of the factors that contributes to global warming is still limited to consumers'. This study was conducted to examine consumers' level of awareness of global warming and the impact on their purchase intentions of eco friendly products. A survey method using self administered questionnaire was use to gather data from consumers'. Result showed that media has a high influence of consumers' awareness of global warming. The result also showed that level of awareness of global warming has a positive influence on consumers purchase intention of eco friendly products. Recommendations and discussion for future study are provided.

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Chapter 1

Introduction

1.0 Chapter summary

This chapter commences with the background of the research, it explains the development and drift in the world concerning environmental changes, and it proceeds to climate changes in Asia and Malaysia alongside the differences in the terminologies such as climate change and global warming. This is subsequently followed by a discussion of the problem statement and the significance of the study. It also includes the research questions, objectives as well as research assumptions, limitations and an outline of the study.

1.1 Background

The world has gone through so much dynamic changes which results have been rated controversially between positive and negative respectively. Globalization is one of the changes that have benefited all part of the world. Through globalization, there has been a lot of transmission in human kind's affairs in terms of exploration, manufacturing, purchasing due to increased consumption in relation to increase population. This has brought about modern technologies which have caused a paradigm shift in ways which many businesses are operated round the world.

Countries are able to manufacture and distribute goods across borders, these goods comes in different sizes, packaging and through different modes of transportation. The efforts put together are as a means of reaching the consumers globally due to the insatiable nature of humans which is growing at an alarming rate. In China it's noticed that consumption increases twice over between 1995 and 2004 (Jacques, R, 2006). As more natural resources are explored in order to meet the needs of the consumers, different gases are released into the environment which are said to contribute to the

depletion of the environment. These gases include CO², NH₃, water vapor, Chlorofluorocarbon (CFC), Methane causing changes in ecological system. The changes around the world have called for concern from different cooperation both governmental and Non- governmental bodies because these issue is viewed as long lasting and equally wide spreading through several countries.

Global warming has changed the way people behave in terms of consumption and way of life. The introduction of this issue now sets alert the way people react to the environment and different policies undertaken in different organizations, countries and amongst individuals.

There are a lot of reasons why people have changed towards the way they behave, the products they consume and their brand choice especially in the developed countries (Todemann. H, 2010).

Firstly, this is due to the environmental hazards happening around the world and within the regions they live in. Besides, the changes in the temperature and climate are viewed as another factor that drives people to change their pattern of life style. Furthermore, there are increasing debates from developed countries about global warming.

However, the rapid growth of issues concerning global warming has accelerated. Global warming is now seen has a weapon my many to penetrate regions politically, globally through business strategies (Stephen, H.S, 1990). Therefore knowing what causes climate change and what does not, will serve as a forerunner of both individual intentions to adopt voluntary actions or support endorsement of new government policies to reduce green house gases.

1.1.1 Climate change in Asia

As the climate changes, it's noticed that in Asia these changes affects different regions in terms of health and natural resources. These puts the people especially from the poor regions at a great risk as these changes impacts the livelihoods and the economic performance in the countries. Asia is predicted to be affected immensely by change in the temperature rise as people struggle to pull through the challenge resulting from degradation in the environment and level of poverty. Asia accounts' for about 89 percent of people affected by disaster round the world. Therefore, Climate change has been identified to represent a critical point in this part of the world.

Furthermore, about 2.2 billion of Asia's population depends on agriculture especially in the developing areas. According to the IFPRI (2009) report; climate change will have a great effect on rice and wheat production in Asia compared to other part of the world and these pose as a trait to the food security in south Asia. Therefore, there is need to instill preventive measure in areas of irrigation expansion because agricultural practices is much dependent on this system.

Also, the patterns of rainfall across Asia have taken a different turn remarkably. These changes differ in various part of Asia and affect the regions differently especially those dependent on rain for agricultural yields. Indus and Brahmaputra which depends on irrigation for agriculture will be more affected by these climate change as food security of about 4.5% of the entire population will be susceptible due to decrease in availability of water (D. B. Lobell *et al.*2008, S. Siebert *et al.*2005). Importation of food may also be affected as the change in climate also affects different part of the world.

In 2003, Hunter, P.R (2003) in his study stated that results of climate change are heavy rainfall, increased temperature and flooding. These factors are bond to cause infection in developing countries and Shope, R.E (1992) asserted that the pathogens and diseases spread infections through host (such as snails, mosquito, sand flies etc) based on human activities. Oerke EC *et al* (1994) went further to say that although potential impact of pathogens on human has been given considerable attention from various

studies; pathogens also affect plant production in agriculture resulting in decreased production and supply of food.

Climate changes is prone to cause a variation in the pattern by which disease are transmitted in Asia such as Diarrhea, cholera, malaria and dengue. McMichael et al (2004) reported the largest rate of diarrhea, malnutrition and cholera has been attributed to south East Asia due to sea level rise resulting in floods. High Precipitation with increase flood contributes to the pollution and waterborne diseases and it's bound to increase through the years. From empirical model it's projected that dengue and malaria fever is going to increase by 50%(Hale et al,2002) as well as mortality rate in China(Takashi et al,2007) because the vectors that causes this diseases depend on increased temperature (Tong and Ying,2000).

Furthermore, as the region becomes industrialized there is more risk to human health as the air becomes more polluted coupled with increase temperature, mortality is bound to increase due to stress(Patz et al,2000). Therefore, it's believed that proper understanding of the level of awareness of people in this region concerning environmental changes will help policies maker improve the information networking on climate change.

1.1.2 Environmental Changes in Malaysia

With quest to satisfy the needs of the citizen by improving standard of living due to ever increasing wavy demand of human beings, urbanization has increased through the years (Department of statistics, 1996) to about 50.7%. As a result of this rapid change, new jobs, social and cultural facilities have also shifted Malaysia from an agricultural and mining country to an industrial economy. Based on these changes, the physical environment has been explored excessively resulting in environmental degradation (INC, 2000). Climate changes posses as an extra stress to Malaysian environment, which has already been struggling with issues of environmental degradation.

Malaysia is a country situated on the coastal region of Asia, rich in natural resources and biodiversity. Malaysia consists of 14 states with Kuala Lumpur as the federal territory with Sabah and Sarawak as the two major states. Majority of the population is situated in the coastal area, these likely creates sensitivity towards climate change. As several areas are prone to drought and flood since majority of the areas are lowlands and are susceptible to effect of sea level rising.

Ng, M.W et al, (2005) discovered that the temperature in cities in Malaysia is rising especially that of Kuala Lumpur from the rate of 0.99 to 2.69%/100yrs due to deforestation for high density built houses as a result of increased population. High rate of gas emission was attributed to cause urban heat island and global warming.

In addition, practices such as Agriculture is seen to have a direct effect on the environment in relation with climate change as more forest area are clear in order to cultivate the land especially palm oil plantation has contributed to increase emission of the GHG due to deforestation. The economy of Malaysia like every other developing country is still dependent of Agriculture and long standing developed countries like USA are still placing emphasis on agriculture under the circumstances of present rise in food crisis globally.

Producing more food to meet the increasing demand contributes to the advancement of agricultural sector through the years. As food production increases, it creates increase depletion in the environment, excess exploration of natural resources and land degradation (UN, 1997), this gave birth to sustainable agriculture (Lancker and Nijkamp, 2000). But, for an effective sustainable agriculture climate plays a vital role as it consist of temperature, humidity, rainfall, period of sunshine. Climate change possess as a threat on food security not only in Malaysian economy even though it varies globally (Chamhuri.S et al, nd).

However, Agricultural practices/systems is said to affect the climate even as the climate affects it (Socolow, 1999, Timan et al, 2002). For instance Increase in temperature due to GHG affects the availability of water in the soil because of evaporation; this will in turn alter the crop growth especially in non-irrigated areas. A reduction in food production is the effect as the case in Malaysia's rice production. According to Al-Amin

and Siwar,(2008) Malaysia has experience a decrease in its rice production stated at 4.6-6.1% due to increase temperature and level of CO₂ in the region.

Malaysia still struggles with the issues of environmental law as there is an overlapping in the State and Federal government establishment of Laws in the country causing in appropriate implementations of environmental policies (Jamaluddin, M.J, et al, 2009) and poor adoption of environmental practices by citizens.

1.1.3 Global Warming

Global warming is now a name synonymous with human depletion of the environment through involvement in various activities both locally and globally. It's rated as the most liberal environmental trait facing humanity presently. Global warming has been defined in different way. According to Houghton.J, (2005) it can be defined as the overall activities (such as removal of natural vegetation, burning of fossil fuel which include coal, gas and oil) undertaken by human to create an effect on the climate. These activities have grown a great deal since the eras of industrial revolution presently resulting in the excessive release of different gases into the environment. Carbon dioxide, methane, Nitrous oxide, water vapor and chlorofluorocarbon are growing in an increasing rate for some time now. These gases are referred to as green house gases (GHG) because as the green house where the heat is trapped, throughout the day the earth radiates heat which are absorbed by these gases because they act as a cover while some of the heat escape back into the space, these gases although necessary in that they prevent freezing of the environment during the night. But, where they are available in excess, they are known to be detrimental to the environment.

While, many are in agreement that human contribute greatly to the changes experienced in the climate through activities which release enormous CO₂ (regarded as the dominant gas causing global warming) into the environment. (Parry et al.2007; Philander 2008, Bi and Parton 2008) stated that increase level of CO₂ results in increase temperature which leads to melting of the ice caps in turn causing an increase

of sea level. Studies by (Vaughan, 1996) through the global warming debate attest that increase CO₂ through human activities such as burning of fossil fuel through industrial actions and individual activities (driving of personal cars) encourages plant growth resulting in the greening of the earth. Ziska, L (2005) states that increase CO₂ is most unfavorable for the growth of native plant through seen to increase the growth of noxious and invasive plants within the ecosystem.

Invasive and noxious plants are referred to plants that that through carelessness or accidents are allowed into the native environment which causes harm to both human and livestock and changing the ecosystem through reducing biodiversity, alternating soil characteristics, altering hydrologic conditions thereby affecting agricultural productivity. An estimate shows that in U.S approximately \$123 billion are lost in the economy due to damages and loss caused by invasive and noxious plants. (Mark .C; James D, Everett B; Michael V, 2009). An alternative study by Hansen J; Sato, M; Ruedy R; Lacis, A and Oninas,V, 2009) argues that the increase in global warming is cause mainly by non GHG(chlorofluorocarbons,CH₄ and N₂O) which are not caused by burning of fossil fuel and a reduction in these gases will lead to a decrease in the rate of global warming. These goes on to question the basis of predictions of both rising levels of CO₂, and its effect on climate, whether the input figures are correct and whether the prediction models used are valid in relation to evidence of rising sea-levels due to the melting of the ice caps. This may have signaled that the global warming issue seems to be slipping down the political agenda as gloomy predictions fail to materialize.

In the present day society, the built environment accounts for 10% of global economic activities and makes use of 40% of the global material and energy produced. In addition, it accounts for 70% of the fresh water consumed and utilizes 25% of the annual global wood harvest. The world we live has become a consumer driven world. For social sustainability of humans, all of society's capital, population and technology have to be molded for sufficient and secure living standards (Chukwuma, 1998). With the world population at 6.0 billion people at the turn of the last millennium, the need to satisfy humans in terms of products and services has become a profitable agenda for the corporate world. It is estimated that at least 6 million containers or TEUs