EPRA International Journal of Environmental Economics, Commerce and Educational Management
Journal DOI: 10.36713/epra0414 |ISI I.F Value: 0.815|SJIF Impact Factor (2026): 8.752 ISSN: 2348 – 814X
Volume: 13 | Issue:6 | June 2026 -Peer Reviewed Journal

GREEN GOVERNANCE AND PURCHASE INTENTION: A REVIEW

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Article DOI: https://doi.org/10.36713/epra28547
DOI No: 10.36713/epra28547

ABSTRACT
Growing concern and understanding of sustainable development have made green governance a crucial component of company strategy. Academicians and practitioners are fascinated in how green governance affects consumer behaviour, specifically purchase intention. This paper conducts a thorough literature analysis to investigate the association between green governance and purchasing intention. The paper is backed by three objectives: to determine whether green governance and purchase intention are related; to determine whether green governance has an influence on purchase intention; and to highlight the challenges in measuring the influence of green governance. The outcome of the study enhances comprehension of how green governance influences consumer purchase intention and the consequences for firms in a market driven by sustainability by combining results from various academic sources.
KEYWORDS: *Green Governance; Purchase Intention; Sustainability; Factors; Environment*

INTRODUCTION

In the face of escalating environmental challenges such as climate change, resource depletion, and pollution, the concept of green governance has gained unprecedented importance. The idea of green governance has emerged as more significant than ever in response to growing environmental issues such as pollution, resource depletion, and climate change. The structures, rules, and procedures that organisations use to manage their environmental effect are referred to as green governance. These practices ensure that legislation is followed, and frequently go beyond simple legal requirements to embrace larger sustainability aims. Understanding green governance's impact on consumer behaviour, especially purchase intention, is essential as it becomes more and more integrated into company plans. Purchase intention, which is the probability that a customer would acquire a specific good or service, has historically been impacted by elements including cost, value, convenience, and brand reputation (Diyah & Wijaya, 2017). But the increasing focus on sustainability has given consumers' decision-making a new angle. Consumers of today are increasingly knowledgeable and aware of the effects their purchases have on the environment and society, which is driving an increase in ethical purchasing.

By reviewing the body of existing studies, present study intends to ascertain the connection between green governance and purchasing intention. The study is organised around three main purposes: first, to determine whether there is an association between green governance and purchase intention, second, to determine whether green governance influences purchase intention and third, to bring into light the challenges of measuring the influence of green governance. This study is intended to give a thorough knowledge of how green governance effects consumer behaviour and the possible ramifications for firms in a market that is concerned with sustainability by reviewing the body of existing research in this area.

Literature Review

The policies, rules, and procedures that organisations put in place to control their environmental effect are all included in the broad idea of green governance (Rajagopal & Behl, 2018). It entails both voluntary efforts to minimise adverse environmental effects and promote sustainability as well as adherence to regulatory regulations. Over time, the idea of green governance has changed, placing more and more focus on the contribution of businesses to the advancement of sustainability initiatives (Post et al., 2011).

Green governance can be categorized into several dimensions, including regulatory compliance, corporate social responsibility (CSR), environmental management systems (EMS), and stakeholder engagement (Lemos & Agrawal, 2006). Every one of these factors is essential in determining how well an organization performs environmentally and, consequently, how they influence the environment. While CSR and EMS are voluntary efforts that companies take on to go beyond compliance and support larger sustainability goals, regulatory compliance is abiding by environmental rules and regulations (Ruan et al., 2022). Green governance has developed to consider both local and global viewpoints, acknowledging that environmental issues are context- and universally-specific. Businesses are realizing the call to coordinate their environmental approaches with global sustainability visions, such as the Sustainable Development Goals (SDGs) of the United Nations, and address local environmental concerns that directly influence their operations and communities. Consequently, the notion of green governance has grown into a complex framework that includes regulatory compliance, CSR, EMS, and stakeholder participation. Integrating these elements enable organisations to effectively lessen their environmental effect, advance

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sustainability, and foster resilience in the face of environmental challenges. Given that companies continue to be major players in green governance, integration of these aspects will be critical to its advancement.

Consumer Behaviour and Purchase Intention: A Theoretical Overview

Consumer behaviour refers to the processes and activities individuals engage in when selecting, purchasing, and using products or services. The probability that a customer will purchase a specific good or service is known as purchase intention, and it is a indispensable aspect of consumer behaviour (Ajzen & Fishbein, 1980). Price, quality, brand reputation, and individual tastes have all historically had an impact on consumers' purchasing intentions. But due to increased knowledge of social and environmental concerns, there are signs of discernible shift in consumer behaviour in recent years towards ethical purchasing (Lemos & Agrawal, 2006). Buying goods and services that are created in a way that is socially and ecologically responsible is known as ethical consumerism. This shift in consumer behaviour bears noteworthy ramifications for businesses, as it implies a growing significance of social and ecological factors as predictors of purchase intentions. A multitude of conceptual frameworks have been formulated to elucidate the conduct of consumers, specifically concerning ethical consumption. One of the most popular models in this field is Ajzen's (1991) Theory of Planned Behaviour (TPB). In line with the TPB, a person's behaviour is impacted by their perceptions of behavioural control, subjective norms, and attitudes towards the behaviour. Higher purchase intentions in the backdrop of ethical consumption can be attributed to favourable views towards environmental sustainability, societal norms that encourage ethical consumption, and an association of control over one's purchase decisions. The Value-Belief-Norm (VBN) theory is another pertinent theoretical structure that entails that individual's environmental behaviour is influenced by their values, beliefs, and norms (Ajzen, 1991). As per the VBN theory, strong pro-environmental values and beliefs are associated with a higher likelihood of engaging in ecologically responsible behaviours, such as ethical consumption.

Research consistently demonstrates a favourable correlation between purchasing intention and green governance. Customers are more prone to see companies that practice sustainability favourably, which increases their propensity to make a purchase. This is especially true in areas like food and beverage, fashion, and automobile where customers are highly conscious of the environment. Customers are more prone to buy items from businesses that show a strong commitment to environmental sustainability, based on research carried out in 2006 by Hartmann and Ibáñez. Conforming to the survey, individuals are more prone to make a purchase when they believe these businesses to be comparably ethical, responsible, and trustworthy. Identically, Gupta & Mason, (2014) investigated the association between consumer behaviour and green governance transparency. They uncovered that individuals tend to be more susceptible to support organisations that are upfront about their environmental performance and policies. Openness fosters trust, and customers turn more susceptible to buy a company's goods when they feel confident in it.

Objectives of the Study

(a) To establish an association between green governance and purchase intention.
(b) To assess whether green governance impacts purchase intention.
(c) To highlight the challenges in measuring the impact of green governance.

Methodology

The methodology of present study is rooted on a scientific literature review, which entails the identification, selection, and analysis of relevant academic sources that address the association between green governance and purchase intention. The review process followed several key steps:

(a) ***Identification of Sources***: The first step involved identifying academic articles, books, and reports that discuss green governance, consumer behaviour, and purchase intention. Online databases such as Google Scholar, and Scopus were utilised to locate relevant literature. The search was conducted using keywords such as "green governance," “green governance,” "purchase intention," "sustainability," "corporate social responsibility," and "consumer behaviour."

(d) ***Selection of Literature***: The identified sources were then screened for relevance based on their titles, abstracts, and keywords. Articles that directly addressed the association between green governance and purchase intention were selected for further analysis. Preference was given to peer-reviewed journal articles and research studies published in the last two decades to ensure the relevance and currency of the findings.

(e) ***Analysis and Synthesis***: The selected literature was analyzed to extract key themes, concepts, and findings related to the research objectives. The analysis focused on understanding the theoretical frameworks, empirical evidence, and key drivers of the association between green governance and purchase intention.

(f) ***Presentation of Findings***: The findings from the literature review are presented in a structured manner, corresponding to the three research objectives. The paper discusses the established association between green governance and purchase intention, followed by an assessment of whether green governance impacts consumer purchase intentions and also highlights the challenges in measuring the impact of green governance.

RESULTS AND DISCUSSION

Theoretical Perspectives on the Association between Green Governance and Purchase Intention

The association between green governance and purchase intention can be understood through several theoretical lenses. One of the most prominent theories in this regard is the Stakeholder Theory, which posits that organizations are liable not only to their shareholders but also to a broader range of stakeholders, including customers, employees, and the micro and macro environment (Freeman, 2018). According to this theory, organizations that prioritize green governance are more inclined to gain the trust and support of their stakeholders, including consumers. From a consumer behaviour perspective, the association between green governance and purchase intention can be elucidated by means of the Theory of Planned Behaviour (TPB). As mentioned earlier, the TPB suggests that consumer attitudes, subjective norms, and perceived behavioural control influence their purchase intentions. In the context of green governance, positive consumer attitudes towards a company's environmental practices, social norms that favour sustainability, and a sense of control over ethical consumption decisions can all enhance purchase intentions.

Another relevant theoretical perspective is the Signaling Theory, which suggests that organizations use green governance as a signal to communicate their commitment to sustainability to consumers (Spence, 1973). By adopting strong green governance practices, organizations can signal their environmental responsibility to consumers, thereby enhancing their brand reputation and increasing purchase intentions.

Empirical Evidence on the Association

Empirical studies have consistently demonstrated a favourable association between green governance and purchase intention. Countless studies reveal that consumers are highly prone to purchase acquire from brands or companies that exhibit strong green governance. A study by Yu et al., (2021) uncovered that consumers are more probable to support companies that engage in environmentally responsible practices, particularly when these practices align with their values. Another study by Iraldo et al., (2011) examined the footprint of environmental management systems (EMS) on consumer behaviour. The study revealed that companies that implemented EMS and publicly disclosed their environmental performance enjoyed greater consumer trust and loyalty, leading to higher purchase intentions. The findings suggest that green governance can enhance consumer perceptions of a company's credibility and trustworthiness, which in turn influences purchase intentions. Moreover, a meta-analysis by Haws et al., (2014) identified that corporate environmental responsibility is a significant predictor of purchase intention across various product categories. The analysis revealed that consumers are willing to pay a premium for products from companies with strong environmental credentials, particularly in industries where environmental concerns are prominent, such as the food and beverage, fashion, and automotive sectors.

Brand image and reputation are critical mediators in the association between green governance and purchase intention. Companies with strong green governance are often perceived as ethical and socially responsible, which can augment their brand image and reputation. This, in turn, can positively influence consumer purchase intentions, as consumers are more presumed to trust and support organisations with a positive brand image. A study by Hartmann & Ibáñez, (2006) found that consumers' perceptions of a company's environmental responsibility significantly influenced their purchase intentions. The study identified that companies with a strong environmental image were more probable to attract eco-conscious consumers, who are motivated by a desire to support ethical and sustainable businesses. Similarly, a survey by Cone Communications (2017) found that 87% of consumers would purchase a product from a company that advocates for an issue they care about, with environmental sustainability being a top concern. The survey also disclosed that consumers are comparatively inclined to trust and remain loyal to companies that demonstrate a commitment to green governance.

Perceived value, which refers to the consumer's evaluation of the benefits of a product relative to its costs, is vital to the association between green governance and purchase intention. When companies adopt strong green governance practices, they often position their products as being of higher value due to their ethical and sustainable attributes. This perceived value can significantly influence consumer purchase intentions, especially among consumers who prioritize sustainability. Hartmann & Ibáñez, (2006) emphasized that environmentally conscious consumers tend to perceive products from companies with strong green governance as offering greater value. This is because these consumers associate sustainability with higher product quality, better corporate ethics, and a positive environmental impact. The perception that environmentally responsible companies produce higher-quality products can enhance purchase intentions, as consumers believe they are moulding a superior and ethically sound choice. Oliver & Lee, (2010) further explored the connection between perceived product quality and green governance. Their research suggested that consumers often equate environmentally friendly practices with superior product quality. This perception can be a powerful motivator for purchase, particularly in markets where consumers are highly aware of and concerned about environmental issues. The idea that "green" products are inherently better aligns with broader consumer trends towards health, wellness, and sustainability, further strengthening the link between green governance and purchase intention.

Assessing the Impact of Green Governance on Purchase Intention

To assess whether green governance impacts purchase intention, it is essential to consider both direct and indirect effects. Direct impacts occur when green governance practices directly influence consumer behaviour, such as through the enhancement of brand image or the promotion of ethical consumerism. Indirect impacts, on the other hand, may occur through intermediary factors such as social norms, peer pressure, and media influence.

Direct Impacts: The direct impact of green governance on purchase intention is well-documented in the literature. Studies have consistently shown that consumers are more susceptible to purchase from companies that demonstrate a strong commitment to environmental sustainability. This commitment can be communicated through various channels, including corporate social responsibility (CSR) reports, sustainability certifications, and eco-labeling. A study by Trudel and Cotte (2009) disclosed that consumers are more susceptible to purchase products from organisations or brands that are open about their environmental practices. Transparency in green governance, such as the public disclosure of environmental performance and sustainability goals, can enhance consumer trust and positively influence purchase intentions.

Indirect Impacts: Indirect impacts of green governance on purchase intention are often mediated by social and cultural factors. Social norms, for instance, can be vital in shaping consumer behaviour. When sustainable consumption becomes a widely accepted social norm, individuals may feel compelled to align their purchasing behaviour with these norms, even if they are not personally committed to environmental causes. The influence of peer pressure is another indirect antecedent that can augment the impact of green governance on purchase intention. Research by (White et al., 2019) highlighted that individuals are comparatively prone to engage in environmentally responsible purchasing behaviour when they perceive that their peers are doing the same. This social influence can amplify the effects of green governance, as consumers seek social approval and acceptance by making eco-friendly purchasing decisions.

Factors Mediating the Association

Brand Reputation: Green governance can significantly enhance a company's brand reputation. Consumers tend to associate environmentally responsible companies with higher quality and ethical standards. This positive brand image can mediate the association between green governance and purchase intention, as consumers are more prone to buy from companies they perceive as reputable.

Perceived Value: The perceived value of a product is another key factor that mediates this association. When companies adopt strong green governance practices, consumers often perceive their products as having higher value. This is especially true among consumers who prioritize sustainability and ethical consumption.

Consumer Trust: Trust plays a crucial role in mediating the association between green governance and purchase intention. Businesses that exhibit responsibility and are open about their environmental policies are more liable to win over customers trust. This trust, in turn, increases the likelihood that consumers will purchase their products.

Social Influence: Social influence, including peer pressure and social norms, can also mediate the association between green governance and purchase intention. When sustainable consumption becomes a social norm, individuals are comparatively susceptible to align their purchasing behaviour with this norm, particularly if they are influenced by peers or social networks.
The mediating factors are presented in Fig1 below.

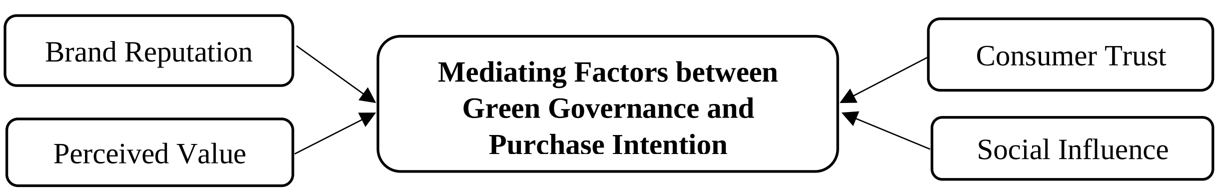

Fig1: Mediating Factors between Green Governance and Purchase Intention

Factors Moderating the Association

Cultural and Regional Differences: The impact of green governance on purchase intention can vary across different cultural and regional contexts. In markets where environmental awareness is high, such as in Europe and North America, the association is stronger. In contrast, in regions where environmental concerns are less prominent, the impact may be weaker.

Consumer Awareness and Education: The degree of consumer awareness and education about environmental issues can moderate the association between green governance and purchase intention. Consumers who are more informed about green governance are more likely to consider it in their purchasing decisions.

Transparency and Accountability: Transparency and accountability are critical factors that moderate this association. Consumers are more encouraged to support companies that are open about their environmental practices and hold themselves accountable for their impact.

In recent years, digital and social media platforms have become powerful tools for shaping consumer perceptions of green governance. Companies can use these platforms to communicate their sustainability efforts, engage with consumers, and build a positive brand image. Social media also allows consumers to share their experiences and opinions, which can influence the purchasing decisions of others. Companies that actively engage with consumers on social media and provide regular updates on their environmental initiatives are likely to see a positive impact on purchase intentions. Consumers appreciate transparency and engagement, and social media offers a platform for companies to demonstrate their commitment to green governance. The moderating factors are presented in Fig2 below.

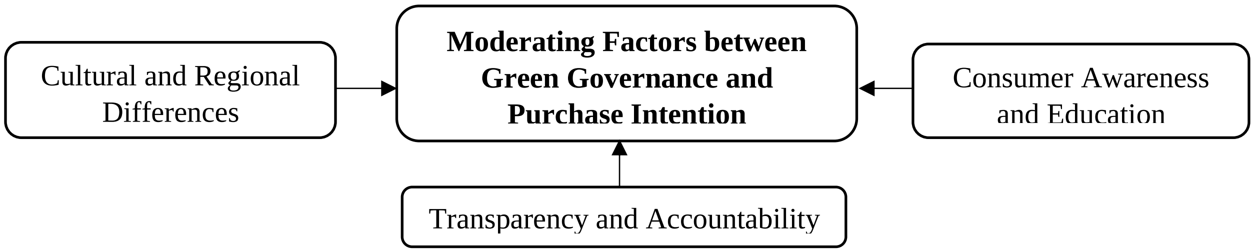

Fig2: Moderating Factors between Green Governance and Purchase Intention

Challenges in Measuring the Impact of Green Governance

While the positive association between green governance and purchase intention is well-documented, there are challenges in measuring this impact. One challenge is the potential for "green-washing," where companies exaggerate or falsely claim environmental practices to attract consumers. Green-washing can undermine consumer trust and weaken the association between green governance and purchase intention. Another challenge is the diversity of consumer preferences. Not all consumers prioritize green governance in their purchasing decisions, and some may be more influenced by factors such as price, convenience, or brand loyalty. This diversity makes it difficult to generalize the footprint of green governance across all consumer segments. Finally, the effect of green governance can be influenced by external factors such as economic conditions, regulatory changes, and global environmental events. These factors can either amplify or diminish the association between green governance and purchase intention, making it difficult to isolate the effects of environmental practices. The challenges have been presented in Fig3 below.

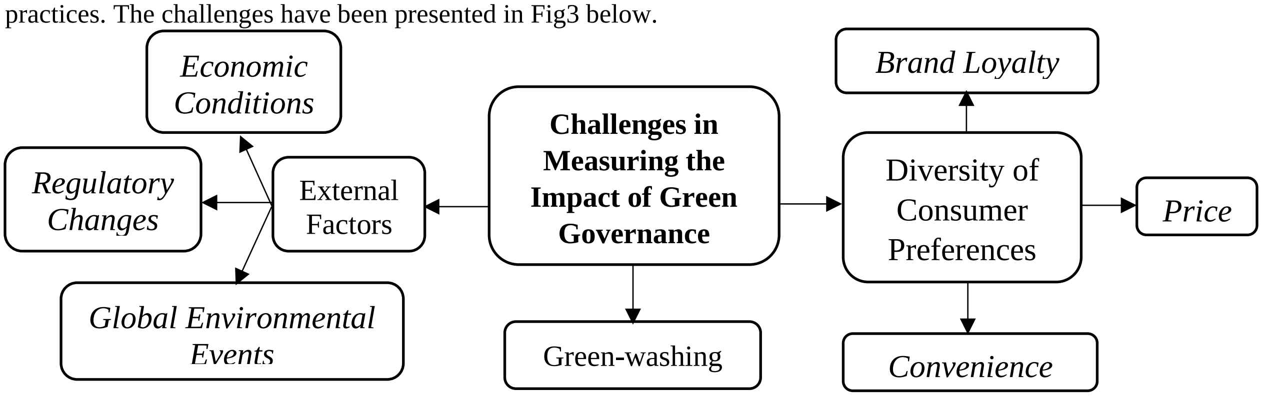

Fig3: Challenges in Measuring the Impact of Green Governance

Practical Implications

For businesses, the insights from this paper underscore the importance of integrating green governance into corporate strategy. Companies that prioritize sustainability and effectively communicate their environmental initiatives are more liable to attract and retain consumers. Transparency and accountability should be central to a company's green governance strategy, as these factors significantly influence consumer trust and loyalty. Moreover, businesses should take into account the impact of regional and cultural variances in shaping consumer behaviour. In markets where environmental awareness is high, companies should emphasize their green governance practices as a key differentiator. In emerging markets, businesses can play a proactive role in educating consumers about the worth of sustainability and the benefits of environmentally responsible products. Marketing efforts should focus on highlighting the ethical and environmental benefits of products, as consumers are increasingly motivated by these considerations. Companies can leverage eco-labels, sustainability certifications, and CSR reports to communicate their commitment to green governance and enhance their brand image. Furthermore, businesses should recognize the indirect impacts of green governance on purchase intention, such as the influence of social norms and peer pressure. By fostering a culture of sustainability within their customer base and broader community, companies can create a positive feedback loop that reinforces ethical consumption and strengthens the footprints of their green governance practices.

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Future Research Directions

While this study has provided valuable insights into the impact of green governance on purchase intention, there are several areas for future research. One area of interest is the quantification of this impact across different industries and consumer segments. Quantitative studies that measure the strength of the association between green governance and purchase intention in various contexts would provide more precise data for businesses and policymakers. Another area for future research is the exploration of the long-term effects of green governance on consumer behaviour. Longitudinal studies that track changes in consumer attitudes and behaviours over time would provide insights into how the impact of green governance evolves and how businesses can adapt to these changes. Additionally, future research could investigate the role of digital and social media in shaping consumer perceptions of green governance. As these platforms continue to grow in importance, understanding their influence on consumer behaviour will be critical for businesses looking to enhance their green governance strategies.

Conclusion

Current paper has explored the impact of green governance on purchase intention, drawing on a comprehensive review of existing literature. The findings suggest that strong green governance positively influences consumer purchase intentions, particularly among environmentally conscious consumers. Green governance plays a vital role in shaping consumer purchase intentions, with companies that prioritize sustainability often enjoying enhanced brand reputation, consumer trust, and perceived value. While the association between green governance and purchase intention is generally positive, it is influenced by various mediating factors such as cultural context, consumer awareness, and social norms. However, challenges like green-washing and diverse consumer preferences complicate the measurement of this impact. As sustainability continues to gain importance in consumer decision-making, businesses must navigate these complexities to effectively leverage green governance in their strategies.

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