

The Impact of ECSR and Innovation on Purchase Intentions: The Moderating Role of Green Corporate Image

Aditya Fajar Rahayu¹⁾; Mas Wahyu Wibowo²⁾

¹⁾ *Aditya.fajar182@gmail.com, Department of Management, Faculty of Economics and Business, Universitas Mercu Buana, Indonesia*

²⁾ *maswahyuwibowo@yahoo.com, Department of Management, Faculty of Economics and Business, Universitas Mercu Buana, Indonesia*

<p>Article Information:</p>	<p><i>Abstract in English</i></p>
<p>Keywords: Keyword 1: Green Innovation Keyword 2: Environmental Corporate Social Responsibility Keyword 3: Service Innovation Keyword 4: Green Corporate Image Keyword 5: Purchase Intention</p>	<p><i>This research examines how Green Innovation, ECSR, and Service Innovation affect Purchase Intention, utilizing Green Corporate Image as a moderator. Quantitative data from 233 procurement experts was obtained. The research analyzed data using SEM-PLS. Service Innovation strongly affects Purchase Intention, but Green Innovation and ECSR do not. However, Green Corporate Image enhances the link between ECSR and Purchase Intention while weakening Service Innovation. These results show that company image is critical to customer choices in sustainability-driven businesses.</i></p>
<p>Article History: Received : February 10, 2025 Revised : March 10, 2025 Accepted : March 28, 2025</p>	<p>Objectives: <i>Sustainability has become a key concern for businesses, particularly in industries that rely on environmental resources. This study aims to explore how Green Innovation, Environmental Corporate Social Responsibility (ECSR), and Service Innovation influence Purchase Intention, with Green Corporate Image acting as a moderating factor. The goal is to provide insights into how companies in the integrated water supply sector can leverage sustainability-driven strategies to enhance consumer decision-making.</i></p>
<p>Cite This Article: Rahayu, A. F., & Wibowo, M. W. (2025). The impact of ECSR and innovation on purchase intentions: The moderating role of green corporate image. <i>Indikator: Jurnal Ilmiah Manajemen dan Bisnis</i>, 9(2), 47–53. doi:http://dx.doi.org/10.22441/indikator.v9i2.32917</p>	<p>Finding: <i>This study uses quantitative Structural Equation Modeling-Partial Least Squares. 233 procurement experts completed a 7-point Likert scale survey. Using SmartPLS 4, the research investigated variable associations for reliability and validity.</i></p> <p>Conclusion: <i>This study provides valuable insights into how businesses in the integrated water supply sector can integrate sustainability and innovation into their marketing strategies. While Service Innovation plays a crucial role, Green Innovation and ECSR require strong corporate branding to influence consumer behavior. Companies should focus on strengthening their environmental image while maintaining service excellence to maximize customer engagement. Future research should explore other moderating factors and examine industry-specific differences to refine sustainability-driven marketing strategies.</i></p>

INTRODUCTION

The increasing awareness of the environmental impact of business operations has driven companies to adopt sustainable practices. Corporate sustainability, aligned with Sustainable Development Goals (SDGs), has become a strategic imperative (Zameer & Yasmeen, 2022). Green Innovation, ECSR, and Service Innovation have been identified as key drivers influencing Purchase Intention (Chen et al., 2021). The moderating influence of Green Corporate Image needs additional study due to inconsistent results. This study analyzes the

direct and moderating impacts of these factors on an integrated water supply firm in Indonesia to address a research gap.

Despite the increasing adoption of sustainable business strategies, many companies struggle to translate environmental responsibility into measurable consumer engagement and purchase behavior. Understanding how Green Innovation and ECSR affect consumer decision-making remains a critical challenge for businesses seeking to align with sustainability goals while maintaining market competitiveness. Previous studies have suggested that Green Innovation and ECSR can drive purchase intentions, yet empirical findings remain inconsistent across different industries and regions. This discrepancy highlights the need for further research to clarify the conditions under which these sustainability-driven factors influence purchasing decisions.

Empirical evidence has demonstrated the potential of sustainability initiatives to enhance corporate reputation and consumer trust (Lee & Kim, 2020). However, a key limitation in prior research is the lack of focus on the moderating role of Green Corporate Image in shaping these relationships. While corporate image has been extensively studied in general marketing contexts, its specific impact within the domain of green marketing and sustainability initiatives remains underexplored. Addressing this gap, this study examines whether a strong Green Corporate Image enhances or dampens the effect of Green Innovation, ECSR, and Service Innovation on consumer Purchase Intention.

The significance of this research lies in its contribution to both theoretical and managerial perspectives. From a theoretical standpoint, the study integrates Stakeholder Theory and the Diffusion of Innovation Theory to provide a comprehensive framework for understanding consumer responses to sustainable business practices. On a managerial level, the findings offer valuable insights for businesses in the integrated water supply sector on how to optimize their sustainability initiatives to drive market engagement effectively.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Sustainable Development Goals and Triple Bottom Line

Elkington's (1997) Triple Bottom Line blends economic, social, and environmental sustainability. SDG 6 (Clean Water and Sanitation) and SDG 12 (Responsible Consumption and Production) emphasize sustainable company activities (Jacobs, 2024).

Stakeholder Theory (Freeman et al., 2010) suggests that corporate success depends on meeting the expectations of various stakeholders, including consumers, employees, and environmental advocates. In the context of sustainability, firms that integrate stakeholder concerns into their strategies tend to enhance brand loyalty and corporate reputation (Bhattacharya & Korschun, 2008).

Meanwhile, Diffusion of Innovation (DOI) Theory (Rogers, 2003) explains how sustainable practices and green innovations spread across industries. DOI Theory categorizes adopters into innovators, early adopters, and the majority, highlighting the role of awareness and perceived benefits in influencing adoption rates (García-Avilés, 2020).

The substance of this sub-Literature Review in generally includes the following:

1) Purchase Intention (Y)

Purchase Intention is defined as an individual's likelihood of buying a product or service based on personal judgment and external influences (Ajzen, 1991; Kotler & Keller, 2016). Prior research suggests that environmental consciousness significantly shapes consumer purchase decisions, especially in sustainability-driven industries (Saad et al., 2012).

2) Green Corporate Image (Moderating Variable)

Green Corporate Image is customers' view of a company's environmental responsibility (Alam & Islam, 2021). Sustainability-focused companies get confidence and brand preference from eco-conscious customers (Chen, 2008). This moderating variable strengthens the effect of ECSR and Service Innovation on Purchase Intention (Wang et al., 2018). According to Waris et al. (2024), Environmental Corporate Social Responsibility boosts Green Corporate Image. Exploring Green Corporate Image as a Moderating Variable suggests further study.

3) Green Innovation (X1) and Its Impact on Purchase Intention

Green Innovation includes both Green Product Innovation and Green Process Innovation, focusing on minimizing environmental impact through sustainable production and services (Meidute-Kavaliauskiene et al., 2021). Studies indicate that firms implementing Green Innovation enhance their market differentiation and attract environmentally conscious customers (Zhang et al., 2019). However, its direct impact on Purchase Intention remains debated, requiring further examination (Hart, 1995).

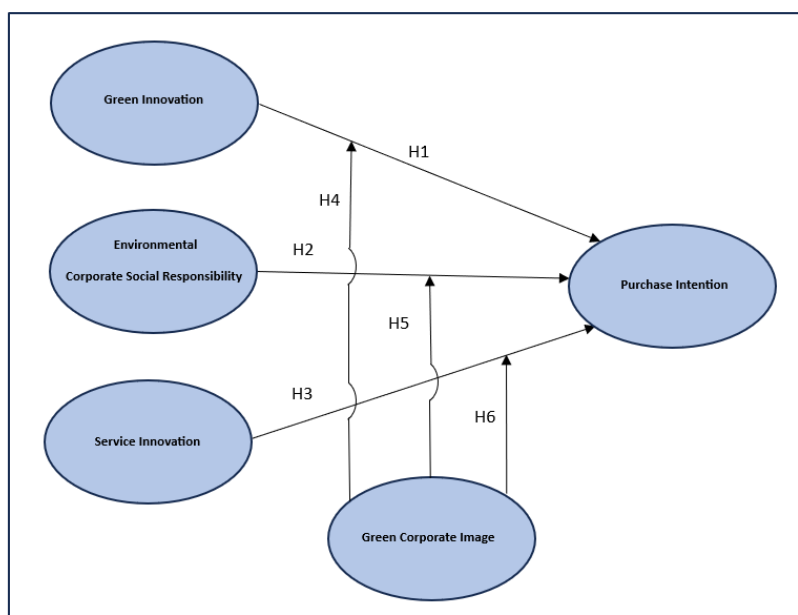
4) Environmental Corporate Social Responsibility (ECSR) (X2) and Its Impact on Purchase Intention

ECSR refers to corporate initiatives aimed at environmental preservation, beyond regulatory compliance (Rahman & Post, 2012). Research suggests that ECSR initiatives enhance consumer trust and brand loyalty, which in turn influence purchase behavior (Zameer & Yasmeen, 2022). However, some findings indicate that ECSR alone may not be sufficient to drive Purchase Intention, highlighting the importance of additional reinforcing factors such as corporate image (Gürlek et al., 2017).

5) Service Innovation (X3) and Its Impact on Purchase Intention

Service Innovation involves enhancing service quality, integrating new technologies, and adapting to consumer expectations (Ordanini & Parasuraman, 2011). The literature emphasizes that companies investing in service differentiation tend to foster higher consumer engagement and market competitiveness (Gallouj & Savona, 2009). In sustainability-driven markets, Service Innovation plays a crucial role in driving Purchase Intention, particularly when aligned with green initiatives (Yusheng & Ibrahim, 2019).

6) Hypotheses Development



Notes : GI = Green Innovation; ECSR = Environmental Corporate Social Responsibility; SI = Service Innovation; GCI = Green Corporate Image; PI = Purchase Intention

H1: Green Innovation positively influences Purchase Intention.

H2: ECSR positively influences Purchase Intention.

H3: Service Innovation positively influences Purchase Intention.

H4: Green Corporate Image moderates the relationship between Green Innovation and Purchase Intention.

H5: Green Corporate Image moderates the relationship between ECSR and Purchase Intention.

H6: Green Corporate Image moderates the relationship between Service Innovation and Purchase Intention.

RESEARCH METHOD

This study employs a quantitative research approach to systematically examine the relationships between Green Innovation, Environmental Corporate Social Responsibility (ECSR), and Service Innovation on Purchase Intention, with Green Corporate Image as a moderating variable. The research aims to quantify the impact of these independent variables on consumer purchasing behavior within the business-to-business (B2B) context at Integrated water supply company in Indonesia.

The research tests hypotheses and evaluates Green Corporate Image's direct and moderating impacts using Structural Equation Modeling-Partial Least Squares (SEM-PLS). This methodology allows for robust statistical analysis, particularly in examining complex relationships between multiple latent variables.

Table 1. Measuring items sources

<i>Variables</i>	<i>No. of items</i>	<i>Sources</i>
Green Innovation	6	Zameer & Yasmeen (2022)
ECSR	7	Arachchi, (2023)
Service Innovation	6	Chang & Lee (2020)
Green Corporate Image	6	Deng & Yang (2022)
Purchase Intention	6	Bianchi et al. (2019)

The population of this study consists of procurement professionals and decision-makers from various industries operating in Cilegon city and surrounding areas, who are directly involved in purchasing industrial water products from Integrated water supply company. Given their expertise and role in purchasing decisions, these respondents provide valuable insights into the factors influencing their intention to purchase sustainable water supply services.

A purposive sampling technique was used to select respondents based on specific criteria, ensuring that they possess relevant knowledge and decision-making authority regarding water supply services procurement. The final sample size consisted of 233 respondents, which meets the minimum requirements for SEM-PLS analysis.

RESULTS AND DISCUSSION

Results

The measurement model was validated and reliable using SmartPLS 4.0. All indicators had factor loadings over 0.7 and AVE values above 0.5, showing that the constructs explain a considerable amount of variation. Each construct was shown to be unique using Fornell-Larcker Criterion, HTMT Ratio (<0.90), and Cross Loadings, demonstrating discriminant validity. Cronbach's Alpha and Composite Reliability showed that all variables were above 0.7, indicating internal consistency.

The structural model was evaluated through R², predictive relevance (Q²), and effect size (f²). The R² value for Purchase Intention (0.630) indicates a moderate explanatory power of Green Innovation, ECSR, Service Innovation, and Green Corporate Image. The predictive relevance test (Q² = 0.359) confirms the model's strong predictive capability. Effect size (f²) results indicate that Service Innovation (0.037) and Green Corporate Image's interaction with ECSR (0.059) and Service Innovation (0.117) have meaningful influences on Purchase Intention. These findings reinforce the moderating role of Green Corporate Image and highlight the importance of service and corporate environmental strategies in shaping purchasing behavior.

The inner model was tested using path analysis and hypothesis testing via bootstrapping. The results indicate that Service Innovation positively influences Purchase Intention (t = 0.252, p = 0.012), while Green Innovation and ECSR do not have a direct impact. Green Corporate Image moderates the effect of ECSR on Purchase Intention (t = 0.228, p = 0.034) strengthening its influence. Conversely, it weakens the relationship between Service Innovation and Purchase Intention (t = 3.131, p = 0.001) These findings emphasize the critical role of Green Corporate Image in shaping consumer decision-making in sustainability-driven industries.

Table 2. Hypotheses testing

<i>Hypotheses</i>	<i>Beta</i>	<i>t-value</i>	<i>p-value</i>	<i>Decision</i>
<i>H1:GI → PI</i>	-0.022	0.241	0.405	Not Supported
<i>H2:ECSR → PI</i>	-0.061	0.510	0.305	Not Supported
<i>H3:SI → PI</i>	0.201	2.252	0.012	Supported
<i>H4:GCI x GI → PI</i>	0.004	0.044	0.483	Not Supported
<i>H5:GCI x ECSR → PI</i>	0.228	1.832	0.034	Supported
<i>H6:GCI x SI → PI</i>	-0.387	3.131	0.001	Supported

Source : Author own creation

Discussion

Green Innovation, Environmental Corporate Social Responsibility (ECSR), and Service Innovation affect Purchase Intention, moderated by Green Corporate Image. Service Innovation positively affected Purchase Intention, whereas Green Innovation and ECSR did not. However, Green Corporate Image strengthened the relationship between ECSR and Purchase Intention, underscoring its role in enhancing consumer perceptions of sustainability. Conversely, it moderated the effect of Service Innovation negatively, suggesting the need for strategic

alignment between service improvements and green branding. The model's predictive relevance ($Q^2 = 0.359$) and moderate R^2 (0.630) validate its robustness, confirming the explanatory power of independent variables. These insights emphasize the strategic importance of sustainability-driven innovation and corporate image management in fostering consumer trust and purchase intent, particularly in the water supply industry. Future research could explore additional moderating variables to refine the model's predictive capacity.

CONCLUSION

This study examines the impact of Green Innovation, Environmental Corporate Social Responsibility (ECSR), and Service Innovation on Purchase Intention, moderated by Green Corporate Image. The findings reveal that Green Innovation and ECSR do not directly influence Purchase Intention, indicating that sustainability efforts alone are insufficient to drive consumer purchase decisions. However, Service Innovation has a significant positive effect, emphasizing the critical role of customer-centric innovation in influencing purchasing behavior.

Green company Image does not increase the influence of Green Innovation on Purchase Intention, but it positively moderates the association between ECSR and Purchase Intention, emphasizing the relevance of company branding in sustainability communication. Surprisingly, Green Corporate Image negatively moderates the effect of Service Innovation, suggesting that consumers may hold higher expectations for service innovations from environmentally responsible companies.

These findings highlight the need for companies to enhance consumer awareness and effectively communicate the value of green innovation. Future research should explore alternative mediators or moderators, such as consumer trust and perceived value, to better understand the dynamics of sustainability-driven purchasing behavior. Additionally, businesses should balance their green initiatives with service excellence, ensuring alignment between sustainability commitments and customer expectations to foster long-term consumer engagement.

REFERENCE

- Arachchi, H. A. D. M. (2023). Influence of corporate social responsibility and brand attitude on purchase intention. *27*(3), 389–406. <https://doi.org/10.1108/SJME-12-2021-0224>
- Bhattacharya, C. B., & Korschun, D. (2008). Stakeholder marketing: Beyond the four Ps and the customer. *Journal of Public Policy & Marketing*, *27*(special issue), 113–116.
- Chen, L., Qie, K., Memon, H., & Yesuf, H. M. (2021). The empirical analysis of green innovation for fashion brands, perceived value and green purchase intention-mediating and moderating effects. *Sustainability (Switzerland)*, *13*(8). <https://doi.org/10.3390/su13084238>
- Chen, Y. S. (2008). The driver of green innovation and green image - Green core competence. *Journal of Business Ethics*, *81*(3), 531–543. <https://doi.org/10.1007/s10551-007-9522-1>
- Elkington, J. (1997a). *Cannibals with forks: The triple bottom line of the 21st-century business*. New Society Publishers.
- Elkington, J. (1997b). *Cannibals with forks: The triple bottom line of the 21st-century business*. Capstone.
- Elkington, J. (1998). *Cannibals with forks: The triple bottom line of 21st-century business*. Oxford: Capstone.
- Elkington, J. (2006). Governance for sustainability. *Corporate Governance: An International Review*, *14*(6), 522–529.
- Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & De Colle, S. (2010). *Stakeholder theory: The state of the art*. Cambridge University Press.

- García-Avilés, J. A. (2020). Diffusion of Innovation. In *The International Encyclopedia of Media Psychology* (pp. 1–8). Wiley. <https://doi.org/10.1002/9781119011071.iemp0137>
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). *A primer on partial least squares structural equation modeling (PLS-SEM)* (3rd ed.). SAGE Publications.
- Jacobs, B. L. (2024). From CSR and TBL to ESG and the SDGs: Roots from resistance to regularization. *Louisiana Law Review*, 84(4), 1251–1262.
- Ringle, C. M., Wende, S., and Becker, J.-M. 2024. "SmartPLS 4." Bönningstedt: SmartPLS, <https://www.smartpls.com>.
- Rogers, E. M. (2003). *Diffusion of innovations* (5th ed.). New York, NY: Free Press.
- Waris, I., Suki, N. M., Ahmed, A., & Barkat, W. (2024). Environmental corporate social responsibility initiatives and green customer citizenship behavior in tourism industry: the mediating roles of green trust, customer-company identification and green corporate image. *Social Responsibility Journal*, 20(6), 1138–1156. <https://doi.org/10.1108/SRJ-07-2023-0378>
- Zameer, H., & Yasmeen, H. (2022). Green innovation and environmental awareness driven green purchase intentions. *Marketing Intelligence and Planning*, 40(5), 624–638. <https://doi.org/10.1108/MIP-12-2021-0457>.