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The Influence of Sustainable Consumption Mindset, Brand Trust, and Environmental Concern on Willingness to Pay Premium Prices for Japanese Brands among Indonesian Generation Z: An Islamic Management Perspective

Helma Malini [a,1*]

*[a]Department of Management, Faculty of Economics and Business, Tanjungpura University, Indonesia.
[1]helma.malini@ekonomi.untan.ac.id
*Correspondent Author; helma.malini@ekonomi.untan.ac.id

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ABSTRACT

This study looks at how Indonesian Generation Z consumers' willingness to pay premium prices for Japanese brands is influenced by Sustainable Consumption Mindset, Brand Trust, and Environmental Concern. It also places the discussion within an Islamic management perspective based on Maqasid al-Shariah, specifically the values of Wasatiyyah (moderation), Amanah (trustworthiness), and Khalifah fil Ardh (stewardship of the earth). Data from 150 Indonesian residents between the ages of 18 and 27 who are familiar with Japanese brands like Toyota, Honda, Sony, Panasonic, and Uniqlo were gathered using a quantitative, cross-sectional survey approach. Partial Least Squares Structural Equation Modelling (PLS-SEM) with SmartPLS was used to analyse the data. While the structural model accounted for 50.3% of the variance in Willingness to Pay Premium Prices (R^2 = 0.503), the measurement model showed satisfactory convergent validity, reliability, and discriminant validity. The findings show that Willingness to Pay Premium Prices is significantly positively impacted by Sustainable Consumption Mindset and Brand Trust, with Brand Trust being the strongest predictor. Environmental Concern, on the other hand, has no significant effect, indicating that Gen Z consumers have different attitudes and behaviours. When viewed through the lens of Islamic management, the positive effect of Sustainable Consumption Mindset can be associated with the principle of Wasatiyyah, which encourages balanced and responsible consumption, while the stronger influence of Brand Trust reflects the value of Amanah in building confidence and responsible relationships between consumers and brands. In contrast, the insignificant effect of Environmental Concern suggests that the principle of Khalifah fil Ardh, although emphasizing environmental stewardship, may not directly translate into consumers' willingness to pay premium prices. These findings indicate that Islamic management values are not necessarily reflected uniformly in consumer behaviour, but may operate through different dimensions of consumption and trust. The study makes a theoretical contribution by connecting Islamic management concepts with empirical findings on sustainable consumer behaviour. It also makes a practical contribution by recommending that Japanese firms strengthen sustainability communication and trust signals in ways that are consistent with

responsible and value-based consumption, potentially increasing consumers' willingness to pay premium prices.

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Introduction

The increasing global awareness of environmental sustainability has significantly transformed consumer behavior and purchasing decisions. Consumers are becoming more conscious of the environmental and social impacts of their consumption patterns, leading to a growing preference for products and brands that demonstrate sustainable practices. This shift is particularly evident among Generation Z (Gen Z), a generation characterized by high digital literacy, global connectivity, and strong concern for environmental and social issues. As future dominant consumers, Gen Z plays a crucial role in shaping market demand and influencing corporate sustainability strategies (Alisjahbana & Yusuf, 2004; Rajae et al., 2024)

In Indonesia, sustainability-related issues have gained increasing attention due to environmental challenges such as climate change, waste management problems, and resource depletion. Consequently, Indonesian consumers, especially Gen Z, are increasingly incorporating sustainability considerations into their purchasing decisions. Previous studies suggest that environmentally conscious consumers are more likely to support brands that demonstrate environmental responsibility and ethical business practices (Shafiq et al., 2023). This trend has encouraged companies worldwide to integrate sustainability into their branding and marketing strategies to attract environmentally aware consumers.

Beyond conventional consumer behavior theory, this study also situates its discussion within an Islamic management perspective, given Indonesia's position as home to the world's largest Muslim population. Islamic management views economic and consumption activities as part of a comprehensive way of life governed by the Maqasid al-Shariah, which seeks to preserve wealth, human dignity, and the natural environment for the benefit of society. Core Islamic management values such as Amanah (trustworthiness), Khalifah fil Ardh (stewardship of the earth), and Wasatiyyah (moderation, including the avoidance of israf or wasteful consumption) offer a complementary theoretical lens through which sustainable consumption mindset, brand trust, and environmental concern can be understood among Muslim-majority Gen Z consumers in Indonesia (Fasa, 2016)63.

Japanese names have been strong in the Indonesian market for a long time. Many people know Toyota, Honda, Sony, Panasonic, and Uniqlo for the high quality of their products, their ability to come up with new ideas, their dependability, and their dedication to always getting better. In the past few years, many Japanese companies have also improved their sustainability efforts by switching to production methods that are better for the environment, cutting down on carbon emissions, and supporting environmentally friendly business practices. These efforts may have a positive effect on how people think about Japanese brands and make them more willing to pay higher prices for their products.

A sustainable consumption attitude is an important factor that affects how people buy premium goods. This idea is about how likely a person is to put environment concerns first when making decisions about what to buy. People who have a strong sense of sustainable consumption are more likely to buy products that are good for the environment and may even be willing to pay more for products that fit with their values. According to research, consumers who care about the climate and society often think that higher prices are a fair trade-off for those benefits.

Trust in the brand is another important factor. Trust is how much people believe that a business will always provide quality, dependability, and value. Many people agree that trusting

a brand is an important factor in determining customer loyalty and buying habits. People who trust a brand are usually more ready to pay more for it because they think the products they buy are safer and better value for money. Because Japanese brands have a good image in Indonesia, consumers may be more willing to pay higher prices if they trust the brand. Concern for the environment is also seen as a strong indicator of sustainable purchasing habits. When people care a lot about the environment, they tend to support businesses that do things to protect and sustain the environment. These kinds of buyers often judge products not only by how well they work, but also by how they affect the environment. Because of this, people who care about the environment might be willing to pay more for items that they think are good for the environment.

Despite the growing interest in sustainable consumption and premium pricing behavior, empirical studies examining the combined effects of sustainable consumption mindset, brand trust, and environmental concern on willingness to pay premium prices remain limited, particularly in the context of Japanese brands and Indonesian Gen Z consumers. Most previous studies have focused on either sustainability-related factors or brand-related factors independently, leaving a research gap regarding their simultaneous influence on premium purchase intentions.

This research gap highlights the need to examine sustainable consumer behaviour from an Islamic management perspective. While previous studies have focused on sustainability, brand trust, and environmental concern, limited attention has been given to how these relationships can be understood through Islamic values such as Wasatiyyah (moderation), Amanah (trustworthiness), and Khalifah fil Ardh (stewardship of the earth). Therefore, this study examines the effects of Sustainable Consumption Mindset, Brand Trust, and Environmental Concern on Indonesian Generation Z consumers' willingness to pay premium prices for Japanese brands, while interpreting the findings through an Islamic management perspective.

Therefore, this study aims to investigate the influence of sustainable consumption mindset, brand trust, and environmental concern on willingness to pay premium prices for Japanese brands among Indonesian Gen Z consumers. By examining these relationships, the study seeks to contribute to the literature on sustainable consumer behaviour and provide practical insights for Japanese companies operating in Indonesia. The findings are expected to help marketers and brand managers develop effective sustainability-oriented marketing strategies that align with the preferences and values of Indonesian Gen Z consumers.

Literature Review

Sustainable Consumption Mindset

Sustainable Consumption Mindset (SCM) refers to an individual's tendency to consider environmental, social, and economic sustainability aspects when making consumption decisions. Consumers with a sustainable consumption mindset are more likely to evaluate products based not only on functional attributes and price but also on the broader consequences of their purchasing behaviour for society and the environment. This mindset reflects a long-term orientation toward responsible consumption and the desire to contribute positively to sustainable development (Dempere et al., 2024; Jia et al., 2023; Scholtens & van't Klooster, 2019; Wright, 2009)

From the perspective of Islamic management, sustainable consumption aligns perfectly with the principles of *Wasatiyyah* (moderation) and the prohibition of *israf* (wasteful or excessive consumption). These principles teach us to exercise caution and moderation in the use of all resources and to avoid excessive consumption, thereby maintaining balance and preserving resources for both present and future generations; this renders sustainability a concept that is not merely secular but also deeply connected to religiosity (Caesaria & Basuki, 2017).

The concept of responsible consumption is rooted in development theory, which emphasizes meeting present needs without compromising the needs of future generations. Individuals with a strong mindset regarding responsible consumption support eco-friendly

products and ethical production processes, and they purchase from socially responsible companies. These consumers prioritize products that minimize environmental impact and promote resource efficiency (Malini, 2021)(Sholikah & Miranti, 2020).

Previous studies have shown that sustainability-oriented consumers are more willing to support brands that align with their environmental and ethical values. Consumers who strongly embrace sustainability frequently perceive environmentally responsible products as offering additional value beyond functional benefits. Consequently, they may be willing to pay higher prices for products that contribute to environmental preservation and sustainable development (Addai & Arthur, 2020; Atz et al., 2021; Michelon & Parbonetti, 2012; Pandey et al., 2018)

In the context of Japanese brands, sustainability initiatives implemented by companies such as Toyota, Honda, Sony, and Uniqlo may strengthen positive consumer perceptions among environmentally conscious consumers. Therefore, consumers with a stronger sustainable consumption mindset are expected to demonstrate a greater willingness to pay premium prices for Japanese brands that are perceived as sustainable.

Sustainable Consumption Mindset and Willingness to Pay Premium Prices

The willingness to pay a premium price depends on a consumer's readiness to pay more for products offering superior value, quality, and desirable attributes. Sustainability has emerged as a key factor influencing premium purchasing decisions, as consumers who prioritize eco-friendly products enhance their public image (Tayob, 2021; Wang et al., 2022; Wilson & Liu, 2010)

Several studies have reported a positive relationship between sustainable consumption orientation and consumers' willingness to pay premium prices (Alisjahbana & Yusuf, 2004; Elhady & Shohieb, 2025; Rajae et al., 2024) When consumers believe that their purchases contribute to sustainability objectives, they tend to view additional costs as acceptable. Accordingly, this study proposes that sustainable consumption mindset positively influences willingness to pay premium prices for Japanese brands.

Brand Trust

Brand trust refers to consumers' confidence in a brand's reliability, credibility, and ability to consistently deliver promised value. Trust is considered one of the most important determinants of consumer-brand relationships because it reduces perceived risk and uncertainty during the purchasing (Barišić, 2014; Heidarzadeh et al., 2010; Thompson & Arsel, 2004)

In Islamic management, brand trust closely parallels the concept of Amanah (trustworthiness), a foundational value in Islamic business ethics (mu'amalah) that requires sellers to be honest (sidq) and to fulfil their commitments (wafa bil-'ahd) to consumers. A brand perceived as upholding Amanah is expected to earn greater confidence and loyalty from Muslim consumers, reinforcing trust as both a marketing and a moral construct (Auda, 2008).

Based on relationship marketing theory, trust is developed through positive experiences, consistent product performance, and brand reputation. Consumers who trust a brand remain loyal, engage in repeat purchases, and recommend the brand to others. Furthermore, trusted brands enjoy a competitive advantage because consumers perceive them as reliable and associated with lower risk compared to competitors (Hamdan et al., 2013).

Japanese products are consistently associated with high quality, technological innovation, durability, and reliability. These characteristics contribute to the reputation of Japanese brands in international markets, including Indonesia. Consequently, this fosters consumer confidence in Japanese products, driven by their performance and reputation.

Brand Trust and Willingness to Pay Premium Prices

A premium price does not merely represent the highest price point; rather, it reflects the trust consumers place in a product due to their confidence in its performance. The assurance

of quality and high perceived value make consumers willing to pay a higher price (Shafiq et al., 2023; Sharma & Jain, 2019; Soleh et al., 2021)

Previous research suggests that trusted brands can command higher prices because consumers perceive them as offering superior quality and lower purchase risk. In the context of Japanese brands, strong brand trust may encourage Indonesian Gen Z consumers to pay premium prices due to confidence in product quality, reliability, and long-term value. Therefore, brand trust is expected to positively influence willingness to pay premium prices.

Environmental Concern

A company's moral responsibility, along with the strategic measures it takes regarding the environment and potential environmental issues, reflects how the company positions itself within the environmental landscape. The concept of environmental concern in this context encompasses not only the allocation of funds for environmental purposes but also the strategic direction of business development, ensuring that the company's business strategy is environmentally oriented (Majeed et al., 2022; Rehman Khan & Yu, 2020; Saxena et al., 2022). Within Islamic management thought, environmental concern is closely linked to the concept of Khalifah fil Ardh, or humankind's role as vicegerent and steward of the earth, which carries a religious responsibility (hifz al-bi'ah) to protect natural resources and prevent ecological harm (fasad fil ardh). Environmental concern is thus framed not only as a personal attitude but as an act of religious accountability.

Consumers with high environmental concern tend to be more conscious of the environmental consequences of their consumption activities. They often seek information about product sustainability, support environmentally responsible companies, and prefer products that minimize ecological harm (WY Wong et al., 2014). Environmental concern has become increasingly important as global challenges such as climate change, pollution, biodiversity loss, and resource depletion continue to intensify.

Environmental concern is steadily rising among Gen Z, a generation that has grown up in an environment with a high level of environmental awareness. Compared to previous generations, Gen Z has had significantly greater exposure to environmental issues. Their strong engagement with digital media and social networking provides them with greater access to information and discussions regarding environmental sustainability. Consequently, environmental values play a crucial role in shaping Gen Z consumer attitudes and purchasing decisions, particularly when evaluating products and brands (Zhao et al., 2023).

Environmental Concern and Willingness to Pay Premium Prices

People who care about the environment are more likely to buy certain things. People who really care about the environment are ready to buy products that will last and are good for the environment. People often think that getting these items is an eco-friendly way to help protect the world. When people care about the environment, they are more likely to pay more for things that are good for the environment. It is thought that customers will be more willing to pay more for Japanese goods if companies talk about their commitments and environmental worries. This is really important for people who care a lot about the world.

Willingness to Pay Premium Prices

Willingness to Pay Premium Prices (WTPP) is the most that people are willing to pay more than the normal market price for goods that have qualities that they want, like high quality, a good brand reputation, being environmentally friendly, or being socially responsible. People's reactions to premium pricing show whether they think the extra benefits of a product are worth the higher price (Chang et al., 2019; Hertwich, 2011). Maqasid al-Shariah can also be used to look at willingness to pay higher prices from the point of view of Islamic management. If customers think that a higher price helps with hifz al-mal (preserving wealth through responsible spending) and hifz al-bi'ah (protecting the environment), they may see it as a valid,

value-based investment instead of just a financial burden (Janib et al., 2022; Marazziti et al., 2021; Shin et al., 2015)

From the perspective of consumer value theory, the willingness to pay a premium price is influenced by the value consumers perceive in a product—specifically regarding emotional, social, and environmental benefits—which drives their willingness to pay more. In contemporary markets, sustainability attributes are linked to perceived value and premium purchasing behavior (Kumar & Prakash, 2019).

For Indonesian Gen Z consumers, willingness to pay premium prices may be influenced by multiple factors, including sustainability orientation, trust in brands, and concern for environmental issues. Understanding these factors is important for companies seeking to develop effective marketing strategies and strengthen their competitive position in sustainability-oriented (Astuti et al., 2022).

Islamic Management Perspective on Sustainable Consumption Behavior

In addition to traditional theories of sustainable consumer behaviour, Islamic management offers a framework built on values. Based on the Maqasid al-Shariah, Islamic management stresses that all economic activity, including consumption, should protect faith (hifz al-din), life (hifz al-nafs), intellect (hifz al-'aql), lineage (hifz al-nasl), wealth (hifz al-mal), and the environment (hifz al-bi'ah) alongside these goals. In this context, a sustainable consumption mindset shows that people value moderation and don't waste things; brand trust shows that people value honesty, which is an important part of Islamic business ethics; and caring about the environment shows that people value Khalifah fil Ardh, which means taking care of the earth as a community (Abuznaid, 2009; Balla et al., 2016)

Taken together, these Islamic management constructs suggest that Indonesian Gen Z Muslim consumers may evaluate Japanese brands not only through a secular sustainability lens but also through a faith-based value system in which trustworthiness, moderation, and environmental stewardship are religiously mandated behaviors. This perspective reinforces, rather than replaces, the conventional theoretical foundation of this study and provides additional grounding for the hypothesized relationships presented below.

Hypotheses Development

Based on the theoretical framework and previous empirical findings, the following hypotheses are proposed:

H1: Sustainable Consumption Mindset positively influences Willingness to Pay Premium Prices for Japanese brands among Indonesian Gen Z consumers.

H2: Brand Trust positively influences Willingness to Pay Premium Prices for Japanese brands among Indonesian Gen Z consumers.

H3: Environmental Concern positively influences Willingness to Pay Premium Prices for Japanese brands among Indonesian Gen Z consumers.

Methodology

Research Design

This study uses a quantitative method to look at how a sustainable consumption mindset, trust in brands, and concern for the environment affect Generation Z consumers' willingness to pay more for Japanese brands. It is thought that a quantitative method is best because it lets you measure and analyse statistically the relationships between variables by getting numbers from respondents. A cross-sectional survey design is used for the study, and a structured questionnaire is used to get information from people who fill it out. This design lets the researcher find out how people think, feel, and plan to act about Japanese brands and issues related to sustainability.

Population and Sample

Participants in this study are Indonesians from Generation Z who are familiar with or have used Japanese brands before. People from Generation Z are those who are between the ages of

18 and 27. This group was chosen because Gen Z consumers are becoming more aware of global brand issues, digital consumer culture, and sustainability issues. This makes them a good group to study how people behave when they buy things that are good for the environment. Purposive sampling is used to choose respondents who meet certain criteria that are important to the research goals. Respondents must meet the following conditions:

1. Be between 18 and 27 years old (Generation Z).
2. Currently reside in Indonesia.
3. Be familiar with or have purchased products from Japanese brands such as Toyota, Honda, Sony, Panasonic, Uniqlo, or similar brands.

The study targets a minimum sample size of 150 respondents. This sample size is considered adequate for multivariate statistical analysis and Structural Equation Modeling using Partial Least Squares (PLS-SEM).

Data Collection Procedure

Primary data were collected via online questionnaires distributed through digital platforms such as Google Forms, social media networks, university communities, and other online channels frequently used by Gen Z. Before completing the questionnaire, respondents were required to answer screening questions to ensure they met the established criteria.

Measurement of Variables

The questionnaire consists of four constructs measured using multiple indicators adapted from previous studies on sustainable consumption behavior, brand trust, environmental concern, and willingness to pay premium prices. All items are measured using a five-point Likert scale ranging from:

1 = Strongly Disagree
2 = Disagree
3 = Neutral
4 = Agree
5 = Strongly Agree

The variables and measurement indicators are presented as follows:

Sustainable Consumption Mindset (SCM)

Sustainable Consumption Mindset is the way people tend to think about sustainability when they are making buying choices. This variable is measured by six things: a preference for eco-friendly products (SCM1), how sustainability affects buying decisions (SCM2), support for brands that use sustainable business practices (SCM3), efforts to cut down on waste through consumption choices (SCM4), a willingness to change one's lifestyle to support sustainability (SCM5), and thinking about how products affect the environment before buying them (SCM6).

Brand Trust (BT)

Brand Trust shows how much Japanese consumers trust that Japanese companies are trustworthy. Six indicators are used to measure this variable: trust in the quality of Japanese brands (BT1), the belief that Japanese brands are trustworthy (BT2), the maintenance of a good reputation by Japanese brands (BT3), the delivery of products that live up to their promises (BT4), consumers' confidence when buying from Japanese brands (BT5), and the belief that Japanese brands are more trustworthy than many other brands (BT6).

Environmental Concern (EC)

Environmental Concern shows how aware and worried people are about problems that affect the long-term health of the environment. This variable is measured by six things: concern about environmental issues (EC1), the importance of environmental sustainability (EC2), support for companies that do less damage to the environment (EC3), the belief that climate change is a big problem that needs to be fixed (EC4), the belief that consumers should buy from

companies that care about the environment (EC5), and a sense of personal responsibility to help protect the environment (EC6).

Willingness to Pay Premium Prices (WTPP)

Willingness to Pay Premium Prices is the measure of how willing people are to pay more for Japanese names they know they can trust. These six indicators show how much people are willing to pay for six different types of products: products that are good for the environment (WTP1), trusted Japanese brands (WTP2), products that are sustainable (WTP3), believing that product sustainability justifies higher prices (WTP4), spending more on Japanese brands with strong sustainability commitments (WTP5), and continuing to buy sustainable Japanese brands even if prices go up a little (WTP6).

Data Analysis Technique

The gathered data are examined by Partial Least Squares Structural Equation Modelling (PLS-SEM) utilising SmartPLS software. PLS-SEM is chosen due to its appropriateness for predictive research frameworks that encompass several latent variables and its lack of stringent prerequisites about data normality.

The data analysis process has two phases:

Measurement Model Evaluation (Outer Model)

The measurement model is evaluated to assess the reliability and validity of the constructs using:

1. Indicator Reliability (Outer Loading ≥ 0.70)
2. Internal Consistency Reliability:
   - Cronbach's Alpha ≥ 0.70
   - Composite Reliability ≥ 0.70
3. Convergent Validity:
   - Average Variance Extracted (AVE) ≥ 0.50
4. Discriminant Validity:
   - Fornell-Larcker Criterion
   - Heterotrait-Monotrait Ratio (HTMT)

Structural Model Evaluation (Inner Model)

The structural model is assessed to examine the relationships among variables through:

1. Coefficient of Determination (R^2)
2. Effect Size (f^2)
3. Predictive Relevance (Q^2)
4. Path Coefficients
5. Hypothesis Testing using Bootstrapping Procedures

The hypotheses are accepted when the t-statistic exceeds 1.96 and the p-value is less than 0.05 at a 95% confidence level.

Research Model

This study's conceptual framework posits that Sustainable Consumption Mindset, Brand Trust, and Environmental Concern function as independent variables that impact Willingness to Pay Premium Prices, the dependent variable.

The putative hypotheses are:

H1: Sustainable Consumption Mindset positively influences Willingness to Pay Premium Prices.

H2: Brand Trust positively influences Willingness to Pay Premium Prices.

H3: Environmental Concern positively influences Willingness to Pay Premium Prices.

Results and Discussion

Respondent Profile

A total of 150 valid responses were obtained from Indonesian Generation Z consumers who met the screening criteria, which included being between the ages of 18 and 27, residing in Indonesia, and being familiar with or users of Japanese brands such as Toyota, Honda, Sony, Panasonic, and Uniqlo. Subsequently, the data were subjected to Partial Least Squares Structural Equation Modelling (PLS-SEM) analysis using SmartPLS software.

Measurement Model Assessment

To guarantee that the indicators accurately measured their respective latent constructs, the measurement model was subjected to tests of discriminant validity, convergent validity, and construct reliability.

Convergent Validity

Outer loadings and the Average Variance Extracted (AVE) were employed to evaluate convergent validity. Outer loading values should exceed 0.70, and AVE values should be greater than 0.50, as per Hair et al. (2021). The findings suggest that all indicators exceeded the prescribed threshold of 0.70 in terms of outer loading values. The outer loadings for the Brand Trust construct varied from 0.765 to 0.919. The indicators of Environmental Concern ranged from 0.836 to 0.917, the indicators of Sustainable Consumption Mindset ranged from 0.733 to 0.863, and the indicators of Willingness to Pay Premium Prices ranged from 0.821 to 0.869. Consequently, the convergent validity of all indicators was adequate. In addition, the AVE values for Brand Trust (0.745), Environmental Concern (0.755), Sustainable Consumption Mindset (0.645), and Willingness to Pay Premium Prices (0.714) exceeded the recommended threshold of 0.50. These results confirm that each construct possesses adequate convergent validity, as it explains more than 50% of the variance of its indicators.

Reliability Assessment

Cronbach's Alpha and Composite Reliability were implemented to assess reliability. Hair et al. (2021) suggest that values exceed 0.70. It is evident from the findings that each construct demonstrates exceptional reliability. Brand Trust obtained a Composite Reliability of 0.946 and a Cronbach's Alpha of 0.931. The values of Environmental Concern were 0.935 and 0.949, respectively. Willingness to Pay Premium Prices achieved values of 0.920 and 0.937, while Sustainable Consumption Mindset recorded values of 0.889 and 0.916. As a result, all constructs can be regarded as internally consistent and reliable.

Discriminant Validity

Discriminant validity was assessed through the application of the Fornell-Larcker Criterion and the Heterotrait-Monotrait Ratio (HTMT). The HTMT results suggest that all inter-construct values are below the threshold of 0.90. The Sustainable Consumption Mindset and Environmental Concern exhibited the highest HTMT value (0.875), which is still within the acceptable range. These results suggest that discriminant validity is satisfactory. In the same vein, the Fornell-Larcker evaluation indicates that the square root of AVE for each construct surpasses its correlations with other constructs. For instance, the square root of AVE for Brand Trust was 0.863, which is higher than its correlations with Environmental Concern (0.509), Sustainable Consumption Mindset (0.516), and Willingness to Pay Premium Prices (0.633). Consequently, the discriminant validity requirement was satisfied. In general, the measurement model exhibits satisfactory reliability and validity, which enables the analysis to advance to the structural model assessment.

Table 1. Construct Reliability and Validity

Variable	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	AVE
Brand Trust	0.931	0.934	0.946	0.745
Environmental Concern	0.935	0.936	0.949	0.755
Sustainable Consumption Mindset	0.889	0.892	0.916	0.645
Willingness to Pay	0.920	0.922	0.937	0.714

Hair et al. (2021) say that an Average Variance Extracted (AVE) value of above 0.5 is good and that a Cronbach's Alpha value of above 0.7 is good for each variable. The findings show that all variables have Cronbach's Alpha, Composite Reliability, and AVE values above these levels. This means that all constructs meet the criteria for reliability and convergent validity.

Table 2a. Heterotrait-Monotrait Ratio (HTMT)

Variable	Brand Trust	Environmental Concern	Sustainable Consumption Mindset	Willingness to Pay
Brand Trust				
Environmental Concern	0.546			
Sustainable Consumption Mindset	0.566	0.875		
Willingness to Pay	0.674	0.532	0.656	

Table 2b. Fornell-Larcker Criterion

Variable	Brand Trust	Environmental Concern	Sustainable Consumption Mindset	Willingness to Pay
Brand Trust	0.863			
Environmental Concern	0.509	0.869		
Sustainable Consumption Mindset	0.516	0.799	0.803	
Willingness to Pay	0.633	0.499	0.599	0.845

The HTMT discriminant validity test shows that all inter-construct correlation values are less than 0.90. This means that each construct clearly measures its own variable. The Fornell-Larcker criterion backs this up. It says that the square root of AVE for each variable (the diagonal values) must be higher than the correlations between that variable and the other constructs in the same rows and columns. These results show that all of the study model's constructs meet the criteria for discriminant validity. This means that the model can move on to structural model (inner model) testing.

Table 3. R-Square

Variable	R-square	R-square Adjusted	Category
Willingness to Pay	0.503	0.494	Moderate

The R-square value tells us how much outside factors affect the internal factor. Values above 0.75 are considered substantial, values between 0.5 and 0.75 are considered middling, values between 0.2 and 0.50 are considered weak, and values below 0.25 are considered very weak (Hair et al., 2021). It turns out that Willingness to Pay has a moderate R-square value of 0.503. This means that Brand Trust, Environmental Concern, and Sustainable Consumption Mindset can explain 50.3% of the variation in Willingness to Pay. Other variables outside of this research model can explain the other 49.7%.

Table 4. F-Square

Variable	Willingness to Pay	Category
Brand Trust	0.288	Medium
Environmental Concern	0.003	No effect
Sustainable Consumption Mindset	0.122	Small

The effect size (f^2) test was used to find out how much each exogenous variable changed the R-square value of the endogenous variable. Hair et al. (2021) suggested that a f^2 value of less than 0.02 means there is no effect, 0.02-0.14 means there is a small effect, 0.15-0.34 means there is a medium effect, and ≥0.35 means there is a big effect. It turns out that Brand Trust has a medium effect on Willingness to Pay (0.288) and Sustainable Consumption Mindset has a small effect (0.122). Environmental Concern, on the other hand, has almost no effect (0.003).

Table 5. Q-Square

Indicator	Q^2predict
WTP1	0.398
WTP2	0.323
WTP3	0.314
WTP4	0.375
WTP5	0.266
WTP6	0.257

The predictive usefulness was tested using the Q-square (Q^2) value that was found by hiding parts of the structural model and then analysing them. If the Q^2 value is higher than zero, it means that the model can predict the endogenous variable indicators. If it is zero or less, it means that it can't (Hair et al., 2021). All of the indicators for the Willingness to Pay variable have Q^2 values greater than zero. This means that the study model is a good one for making predictions

Table 6. Model Fit

Criterion	Saturated Model	Estimated Model
SRMR	0.078	0.078
d_ULS	1805	1805
d_G	0.813	0.813
Chi-square	695401	695401
NFI	0.801	0.801

The model fit evaluation was conducted to determine the extent to which the structural model corresponds to the empirical data. An acceptable SRMR value is below 0.08, and an acceptable NFI value is close to or above 0.8 (Hair et al., 2021). The results show an SRMR value of 0.078 and an NFI value of 0.801, both of which fall within acceptable ranges, indicating that the structural model in this study fits the data well and is suitable for further analysis.

Table 7. Hypothesis Testing Results (Path Coefficient)

Hypothesis	Original Sample (O)	Sample Mean (M)	STDEV	T Statistics	P Values	Result
Brand Trust -> Willingness to Pay	0.450	0.451	0.075	5.960	0.000	Supported
Environmental Concern -> Willingness to Pay	-0.064	-0.068	0.103	0.628	0.530	Not Supported
Sustainable Consumption Mindset -> Willingness to Pay	0.419	0.431	0.105	4.001	0.000	Supported

Hypothesis testing was conducted by examining the T-statistics and P-values, where a hypothesis is considered supported if the T-statistics value is greater than 1.96 and the P-value is less than 0.05 (Hair et al., 2021). The results show that Brand Trust has a positive and significant effect on Willingness to Pay ($\beta = 0.450$; $T = 5.960$; $p = 0.000$), and Sustainable Consumption Mindset has a positive and significant effect on Willingness to Pay ($\beta = 0.419$; $T = 4.001$; $p = 0.000$), so both hypotheses are supported. In contrast, Environmental Concern does not have a significant effect on Willingness to Pay ($\beta = -0.064$; $T = 0.628$; $p = 0.530$), so the hypothesis regarding the effect of Environmental Concern on Willingness to Pay is not supported.

Discussion

The findings suggest that the willingness of Gen Z consumers in Indonesia to pay a premium price is positively influenced by a sustainable consumption perspective. These results indicate that consumers prioritise particular factors when making purchasing decisions, which results in their acceptance of premium pricing. The study corroborates prior research that suggests sustainability-conscious consumers frequently associate sustainable products with long-term value and advantages. The propensity to pay a premium price is significantly predicted by brand trust. This discovery emphasises the significance of trust in the formation of purchasing decisions. The perception of Japanese brands as reliable, reputable, and capable of consistently delivering high-quality products by Indonesian Gen Z consumers suggests that they are willing to pay higher prices. This relationship is positively influenced by the robust reputations of Japanese brands, including Toyota, Honda, Sony, and Uniqlo.

In contrast to our expectations, the willingness to pay for premium products was not significantly influenced by environmental concern. Despite the fact that respondents expressed concern about environmental issues, this did not translate into their purchasing decisions for Japanese products. The most probable explanation is a "attitude-behavior gap," in which consumers in principle endorse environmental protection but are still concerned with price when making actual purchases. These results indicate that environmental awareness is insufficient to induce the acquisition of premium products, particularly when factors such as product value, quality, and brand credibility are considered.

Interpreted via the prism of Islamic management, these results possess further significance. Brand Trust, conceptually linked to Amanah, has surfaced as the most significant indicator of willingness to purchase premium products, indicating that Indonesian Gen Z consumers highly value a brand's reliability and integrity, in accordance with Islamic business principles that emphasise honesty and the fulfilment of commitments as essential for legitimate commerce. In a same vein, the beneficial impact of a Sustainable Consumption Mindset underscores the significance of Wasatiyyah as a behavioural framework to combat excessive consumption. Nonetheless, the minimal impact of Environmental Concern, despite its theoretical connection to Khalifah fil Ardh, indicates that religiously motivated environmental accountability has not yet been effectively converted into tangible consumer behaviour within this demographic, reflecting the wider attitude-behavior discrepancy previously mentioned.

The research underscores that values related to sustainability-focused consumption and brand trust are more significant factors in the readiness to pay a premium price than mere environmental concern. These results hold significant consequences for Japanese brands functioning in Indonesia. Organisations ought to enhance their sustainability messaging while concurrently upholding product excellence, dependability, and brand integrity to foster consumers' readiness to pay higher costs.

Conclusion

This study looked at how Indonesian Generation Z customers' attitudes toward sustainable consumption, trust in brands, and concern for the environment affect their willingness to pay more for Japanese goods. The data show that a Sustainable Consumption Mindset and Brand Trust have a big and positive effect on customers' willingness to pay more. On the other hand, Environmental Concern has no significant effect. The results show that Indonesian Gen Z consumers are more likely to buy Japanese brands when they trust those brands and when they are using sustainability-focused principles to guide their buying decisions. Brand Trust emerged as the most important factor in predicting the willingness to pay higher prices among the variables that were studied.

This study adds to the body of research on sustainable consumer behaviour by showing that, from a theoretical point of view, choices about premium pricing are more affected by sustainability-focused consumption values and trust-based evaluations than by environmental concern alone. The small impact of Environmental Concern also supports the idea that there is a gap between attitudes and actions. This shows that being aware of the environment does not

always lead to actual buying intentions. The results suggest that Japanese brands can build trust with Generation Z customers by talking about sustainability efforts that are in line with their values. At the same time, they should make sure that their products are trustworthy, clear, and of high quality. This is from the point of view of a manager. Sustainability messages that highlight the benefits of the product and build trust in the brand are important for getting people to be ready to pay higher prices.

This study adds to the body of research in more ways than one. It does this by looking at sustainable consumption, brand trust, and environmental worry from the point of view of Islamic management. The study shows that ideas like Wasatiyyah, Amanah, and Khalifah fil Ardh can be used with mainstream customer behaviour theory in a market where Muslims are the majority. To better connect with Indonesian Gen Z Muslim customers, Japanese companies doing business in Indonesia might do well to use clear Amanah-based trust signals, like being open and honest about product claims, along with sustainability efforts that are explained in a way that is relevant to Islamic values. From a managerial point of view, this method might be good.

This study has some good points, but it also has some problems. This study only looks at three factors that affect people's willingness to pay more for something. This means that the model can't fully explain things or be used with Indonesian Generation Z consumers. In addition, cross-sectional survey data can't show how consumer behaviour changes over time. So, it is suggested that future research look into a range of demographic groups, product categories, and cross-national settings. It should also include more variables, such as perceived quality, green perceived value, brand image, and social impact. Longitudinal and comparative study can also help us learn more about the factors that make people willing to pay more for environmentally friendly brands.

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