Green Process Innovation and Financial Performance with Green Product Innovation as A Mediating Variable

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Abstract

This study aims to assess the influence of green process innovation on financial performance and to explore the potential mediating role of green product innovation in this relationship. The research utilizes purposive sampling, drawing data from 230 observations across 60 manufacturing firms listed on the Indonesia Stock Exchange (IDX) and participating in the PROPER program between 2017 and 2021. Analytical methods employed include multiple linear regression and path analysis. Financial performance serves as the dependent variable, while green process innovation is the independent variable. Green product innovation is considered as a mediating variable, with company size and age included as control variables. Findings suggest that green process innovation, company size, and age positively influence financial performance. Moreover, the analysis reveals that green product innovation mediates the impact of green process innovation on financial performance.

Keywords: Green Process, Green Product, Financial Performance, Innovation