

The Effect of Green Innovation in Influencing Sustainable Performance: Moderating role of Managerial Environmental Concern

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Abstract— The objective of the current examination lies in identifying the association between green innovation, managerial environmental concerns (henceforth, MEC) and manufacturing industry of Malaysia. In particular, the current study seeks to investigate the role of MEC in moderating the impact of green innovation in driving performance. The uniqueness of the current study held in identifying the moderating effect of MEC on innovation-performance nexus using two forms of green innovation. In addition, the novelty of existing study lies in investigating multiple measures of performance. Hence, instead of evaluating the single measure of firm performance (Tang, et al., 2018), the current study analyzed the impact of MEC in moderating the effect of green product and process innovation on two vital proponents of performance, i.e. economic performance and environmental performance of manufacturing firms in Malaysia. We use PLS-SEM to examine the involvement of green innovation in effecting sustainable performance. The outcomes of the examination confirm that economic performance and environmental performance have positive and significantly influenced by green product innovation and green process innovation. The results further confirm that managerial environmental concern has positively and significantly moderates the relationship of green product innovation and green process innovation with environmental performance however, we do not find any evidence of moderating relationship of managerial environmental concern between green process innovation and economic performance and green product innovation and economic performance in Malaysia manufacturing firms.

Keywords— Green innovation, sustainable performance, managerial environmental concern, Malaysia.

1. Introduction

At present, governments and businesses are facing severe concerns of future stability due to growing environmental degradation and global warming [1]. The emergence of industrial developments has extensively

contributed in enhancing ecological burden [2]. In the current time period, the rapid upsurge in deteriorating environments as a result of excessive wastes disposal's, toxic emissions, resource depletion, energy dependency are disastrous for environmental health causing severe damage to the prospect of mankind future growth and survival [3], [4], [5].

Considering the importance of better environment, the focus of modern businesses is directed in transferring their business methods towards green operations [6]. The inspiration of organizations in attaining green label is motivated by several reasons. First, it is based on firm's personal preference of adopting eco-friendly procedures to fulfil their environmental responsibility [7]. Second, it relies on organizational responsiveness towards customers' rising demand for sustainable goods and services to intensify the notion of customer-driven business ideology [8]. Third, it is directed to correspond with governments and foreign markets regulations of ensuring sustainable business growth [9]. Therefore, in acquiescence with the general appreciation for green economies, business enterprises are esteemed to assimilate environmental goals in their organizational objectives that subsequently given rise to academic studies linking sustainability to performance [10]. Hence, many studies opted to analyze what role does sustainable development play in influencing firm performance by utilizing different measures of performance including economic performance, social performance, environmental performance, however, failed to reach a consensus regarding the specific link of sustainable practices with firm's performance [11], [12], [13] providing room for future investigation using multiple performance indicators.

As indicated by earlier studies, the association of sustainability in driving firm's performance depends on numerous drivers of sustainability. In includes numerous green practices, activities and organizational culture that respond in multiple ways with firm's performance and competitiveness. In this context, the importance of green innovation is crucial to discuss [14]. Given the inevitable role of technological advancements in today's business that is driven by inventive expertise in the form of skills, methods and technology, the