

THE EFFECT OF GREEN INNOVATION AND FINANCIAL PERFORMANCE ON FIRM VALUE

Risna Marsadena¹⁾, Moh. Ubaidillah²⁾, Maya Novitasari³⁾

¹Faculty of Economics and Business, Universitas PGRI Madiun
email: risnamarsadena@gmail.com

²Faculty of Economics and Business, Universitas PGRI Madiun
email: mohubaidillah@unipma.ac.id

³Faculty of Economics and Business, Universitas PGRI Madiun
email: maya.novitasari@unipma.ac.id

Abstrak

Penelitian ini bertujuan untuk menguji secara empiris pengaruh *green innovation* dan *financial performance* terhadap *firm value*. Penelitian ini menggunakan 133 perusahaan sektor *consumer non-cyclical* yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2021 hingga 2025. Pengambilan sampel dengan metode *purposive sampling* sehingga diperoleh 545 data observasi. Pendekatan yang digunakan dalam penelitian ini adalah kuantitatif dengan data sekunder yang diperoleh dari *annual reports*, *sustainability reports*, dan *financial statements*. Analisis yang digunakan adalah regresi linier berganda dan alat analisis data menggunakan perangkat lunak SPSS 26. Hasil penelitian menunjukkan bahwa *green innovation* tidak berpengaruh terhadap *firm value*, sedangkan *financial performance* berpengaruh positif signifikan terhadap *firm value*.

Kata Kunci: *Green Innovation, Financial Performance, dan Firm Value*

Abstract

This study aims to empirically test the effects of green innovation and financial performance on firm value. The study uses data from 133 companies in the non-cyclical consumer sector listed on the Indonesia Stock Exchange (IDX) from 2021 to 2025. Sampling was conducted using purposive sampling, resulting in 545 observations. The study employs a quantitative approach using secondary data obtained from annual reports, sustainability reports, and financial statements. The analysis utilizes multiple linear regression analysis and data analysis was conducted using SPSS 26 software. The results indicate that green innovation has no effect on firm value, while financial performance has a significant positive effect on firm value.

Keywords: *Green Innovation, Financial Performance, and Firm Value*

A. INTRODUCTION

Firm value is an important indicator of a firm's ability to enhance shareholder value (Rosalina et al., 2025). A high firm value can increase investor confidence in investing in the company. Investors use firm value as a consideration when making investment decisions. Investors are becoming increasingly selective in how they respond to available financial information regarding stock price movements. Stock prices in the capital market reflect firm value in terms of the firm's capacity to accomplish its goals and meet investor expectations over the long term (Alfinur & Hidayat, 2021).

The non-cyclical consumer sector in Indonesia have not fully kept pace with market growth, as evidenced by the index's 8,58% gain compared to the IHSG's 20,59% gain year-to-date. This situation is reflected in the fluctuations in stock prices across companies, for example PT Wahana Interfood Nusantara Tbk saw an increase, while PT Sariguna Primatirta Tbk experienced a decline of up to 20% due to weakening purchasing power (IDX Channel, 2025). Nevertheless, PT Sariguna Primatirta Tbk continued to innovate by launching Cleo Eco Lite, which features lighter, eco-friendly packaging, and managed to maintain a profit of Rp305,12 billion through the third quarter (Pambudi, 2025).

Firm value can be enhanced through the implementation of green innovation. Green innovation encompasses to the transformation of systems, practices to reduce the impact of environmental damage while achieving strategic goals in a sustainable manner (Dewi & Rahmianingsih, 2020). The development of green innovation helps firms increase productivity and explore new markets by developing innovative products for long-term corporate investment (Intari & Khusnah, 2023).

Firm value can also be increased by strengthening financial performance. Financial performance is a key indicator used to assess a company's level of success (Hardianti et al., 2023). Financial performance can be strengthened through profitability, which reflects a company's ability to generate profits based on its capital. High profitability drives increased sales, company growth, and stock prices (Khajen et al., 2025).

Resource-Based View Theory

According to Wernerfelt's (1984) resource-based view, a firm's resources are a key factor in creating competitive advantage. This theory was further developed by Barney et al. (2021), who explained that the creation of economic value and sustainable competitive advantage is determined by the effectiveness of a company in managing and enhancing resources that are valuable, rare, difficult to imitate, and irreplaceable. Within the resource-based view framework, firms may gain additional value by developing green innovation as part of their strategic assets and competitive advantage, thereby increasing firm value. The increase in profits a company receives from effectively managing these resources results in strong financial performance, which enhances investor appeal and drives an increase in firm value.

Firm Value

Firm value reflects the condition of a firm (Sari et al., 2022). Firm value plays an important role in assessing a company's success, as an increase in firm value is accompanied by an increase in shareholder welfare. Investors' assessment of a firm's resource management can be reflected in its firm value, which is represented by the firm's share value throughout the capital market at the end of the year. Firm value indicates the extent to which stakeholders trust the company organization, which is built by means of its operational processes related to the firm inception to the present. Firm value is determined by the stock price and through the dynamics of buying and selling in the stock market (Samhadi et al., 2024).

Green Innovation

Green innovation is an important strategy for companies to adopt. Implementing green innovation has the potential to increase firm value. Higher levels of green innovation tend to correlate with increased firm value and lower corporate risk. Green innovation impacts environmental conditions because it focuses on increasing productivity through the effective and efficient use of environmentally friendly technologies and resources, thereby

reducing negative environmental impacts, minimizing operating costs, and contributing to increased corporate profits (Nirwansyah et al., 2025). Based on research by Hellenikapoulos & Supramono (2024), which states that adoption of environmentally friendly innovations can enhance firm value, particularly among companies that actively incorporate green practices in their processes and products have the potential to gain recognition from investors, as reflected in the company's stock price.

H1: Green innovation has a significant positive effect on firm value

Financial Performance

Financial performance serves as the basis for investors in assessing a company's condition and performance. It provides insight into the potential profits and risks a company may face in the future. A company's financial performance is one of the key indicators that prospective investors consider when making investment decisions regarding stocks (Widodo et al., 2023). Based on research by Pasaribu et al. (2025) shows that higher firm value is often associated with sound financial performance, as it demonstrates how efficiently an organization utilizes its resources to produce earnings while strengthening its potential for future growth.

H2: Financial performance has a significant positive effect on firm value

B. METHOD

Research Approach

This research adopts a quantitative method to examine the relationships among the variables under investigation. Multiple linear regression is applied as the primary statistical technique for data analysis. The study relies on secondary information collected from annual reports, sustainability reports, and financial statements available on the IDX platform or company's official websites. The research population comprises 133 companies classified within the consumer non-cyclical sector on the IDX during the 2021–2025 period. The observations included in the study were determined through a purposive

sampling from the Indonesia Stock Exchange and SPSS 26 software. Consequently, the sample consisted of 545 observations. The following requirements were applied when selecting the research sample: (1) Not yet listed on the IDX and subject to suspension by the IDX; (2) Did not submit an annual report, sustainability report, financial statements, and Incomplete data.

Operational Definition of Variables

Tabel 1. Operational Definition of Variables

No	Variable	Formula	Scale
1	Firm value	$\text{Tobin's Q} = \frac{\text{Equity market value} + \text{Total debt}}{\text{Total assets}}$ (Govindan et al., 2021)	Ratio
2	Green innovation	$\text{GI} = \frac{\text{Total disclosed items}}{\text{Total indicators}}$ (Novitasari & Agustia, 2022)	Ratio
3	Financial performance	$\text{ROA} = \frac{\text{Net income after tax}}{\text{Total assets}}$ (Huang & Lau, 2024)	Ratio

C. RESULTS AND DISCUSSIONS

Descriptive Statistics

Tabel 2. Descriptive Statistics
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
GI	282	0,00	1,00	0,7048	0,21703
FV	282	0,52	1,54	0,9749	0,24306
FP	282	-0,21	0,34	0,0288	0,06829

Source: SPSS 26

Table 2. descriptive statistics shows that the minimum and maximum values are 0,00 and 1,00 for green innovation, 0,52 and 1,54 for firm value, and -0,21 and 0,34 for financial performance. The means for green innovation and firm value are greater than their standard deviations, indicating that the data are clustered or lack variation. In contrast, the mean for financial performance is smaller than its standard deviation, indicating that the data are not clustered and exhibit variation.

Normality Test

Tabel 3. Normality Test
One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			282
Asymp. Sig. (2-tailed)			0,000 ^c
Monte Carlo Sig. (2-tailed)	Sig.		0,055 ^d
	99% Confidence Interval	Lower Bound	0,049
		Upper Bound	0,061

Source: SPSS 26

Table 3. on the normality test shows that the Monte Carlo significance value (two-tailed) is 0,055 (Sig. > 0,05), suggesting that the data meet the assumption of normality.

Multicollinearity Test

Table 4. Multicollinearity Test

Coefficients ^a		
Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
GI	0,952	1,051
FP	0,952	1,051

a. Dependent Variable: FV

Source: SPSS 26

Table 4. multicollinearity test shows that all variables record tolerance values $> 0,1$ and VIF (Variance Inflation Factor) values < 10 , this result confirms that the explanatory variables are not affected by multicollinearity within the regression model.

Heteroscedasticity Test

Table 5. Park Test

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	-4,597	0,504		0,000
	GI	0,959	0,698	0,084	0,171
	FP	-1,426	2,218	-0,039	0,521

a. Dependent Variable: LnU2i

Source: SPSS 26

Table 5. park test shows that the green innovation and financial performance variables have significance level of 0,171 and 0,521 (Sig. > 0.05). Therefore, the regression model satisfies the homoscedasticity assumption.

Autocorrelation Test

Table 6. Autocorrelation Test

Model Summary ^b	
Model	Durbin-Watson
1	1,953

a. Predictors: (Constant), FP, GI

b. Dependent Variable: FV

Source: SPSS 26

Table 6. autocorrelation test shows a Durbin-Watson value of 1,953. With a sample size (n) of 282 and k=3, the dU value is 1,78970 and the dL value is 1,81846. The results show that $1,78970 < 1,953 < 2,047$ ($dU < DW < 4-dU$), these findings indicate that the regression model is free from autocorrelation.

F Test

Table 7. F Test

ANOVA ^a						
		Sum of				
Model		Squares	df	Mean Square	F	Sig.
1	Regression	0,937	2	0,469	8,349	0,000 ^b

a. Dependent Variable: FV

b. Predictors: (Constant), FP, GI

Source: SPSS 26

Table 7. F test shows a significance level of 0,000 (Sig. < 0,05). Therefore, the findings indicate that the regression model is considered a good fit and is appropriate for further analysis.

T Test

Table 8. t Test

Coefficients ^a			
Model		t	Sig.
1	(Constant)	19,068	0,000
	GI	0,692	0,489
	FP	3,777	0,000

a. Dependent Variable: FV

Source: SPSS 26

Table 8. t test shows relationship between green innovation and firm value is 0,692 with a significance level of 0,489 (Sig. > 0,05), indicating that green innovation has no effect on firm value. Therefore, **H1 is rejected**. These results differ from the resource-based view perspective, which considers green innovation as an important strategic asset capable of provides added value, strengthens competitive advantage, and enables firms to differentiate themselves from competitors, thereby potentially increasing firm value. The companies have yet to fully adopt green innovation been optimized as a strategic resource capable of eliciting a positive response from investors, because green innovation has not yet been able to demonstrate tangible results from innovation and thus has not had a direct

impact on increasing firm value. The empirical evidence suggests obtained in this research are consistent with the evidence reported by Astuti & Ahmar (2025), who explain that green innovation has no effect on firm value.

The relationship between financial performance and firm value is 3,777 with a significance level of 0,000 (Sig. < 0,05), indicating that financial performance has a significant positive effect on firm value. Therefore, **H2 is accepted**. This finding is consistent with the resource-based view theory, which posits that green innovation functions as a value-adding strategic resource capable of generating competitive advantage and, in turn enhancing firm value. Companies with relatively low risk that are able to maintain strong financial performance are more attractive to investors, thereby increasing demand for their shares, which ultimately boosts the firm value. The empirical evidence suggests obtained in this research are consistent with the evidence reported by Pasaribu et al. (2025), which show that financial performance has a significant positive effect on firm value.

Coefficient of Determination (R^2)

Table 9. Coefficient of Determination (R^2)

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,238 ^a	0,056	0,050	0,23695

a. Predictors: (Constant), FP, GI

b. Dependent Variable: FV

Source: SPSS 26

Table 9. coefficient of determination (R^2), shows that the adjusted R-squared value is recorded at 0,050, indicating that green innovation and financial performance collectively account for approximately 5% of the changes observed in firm value. The other 95% may be attributed to additional factors that fall outside the scope of this research.

D. CONCLUSIONS

The results of this study indicate that green innovation has no effect on firm value. Green innovation has not yet been able to demonstrate tangible results that investors can directly assess, as its benefits are still long-term in nature. Furthermore, financial performance has a significant positive effect on firm value. Favorable financial outcomes will appeal to investors as it is seen as indicating a promising future and has the potential to drive up share prices, which in turn increases the firm value.

E. SUGGESTIONS

Further research is recommended to include moderating or mediating variables and control variables to strengthen the dependent variable. It is also recommended to examine business sectors other than the non-cyclical consumer sector and to extend the observation period to broaden the scope of the research findings.

REFERENCES

- Alfinur, & Hidayat, C. W. (2021). Firm Size, Sales Growth, Profitability dan Firm Value pada Sektor Basic Industry and Chemical. *MBR: Management and Business Review*, 5(1), 85–92. <https://doi.org/10.21067/mbr.v5i1.5545>
- Astuti, T., & Ahmar, N. (2025). Effects of Green Intellectual Capital, Green Accounting, and Green Innovation on Firm Value: The Moderating Role of Return on Assets. *Environmental Economics*, 16(1), 1–12. [https://doi.org/10.21511/ee.16\(1\).2025.01](https://doi.org/10.21511/ee.16(1).2025.01)
- Barney, J. B., Ketchen, D. J., & Wright, M. (2021). Resource-Based Theory and the Value Creation Framework. *Journal of Management*, 47(7), 1–20. <https://doi.org/10.1177/01492063211021655>
- Dewi, R. R., & Rahmianingsih, A. (2020). Meningkatkan Nilai Perusahaan Melalui Green Innovation dan Eco-Effisiensi. *Ekspansi: Jurnal Ekonomi, Keuangan, Perbankan Dan Akuntansi*, 12(2), 225–243. <https://doi.org/10.35313/ekspansi.v12i2.2241>
- Govindan, K., Kilic, M., Uyar, A., & Karaman, A. S. (2021). Drivers and Value-relevance of CSR Performance in the Logistics Sector: A Cross-country Firm-level Investigation. *International Journal of Production Economics*, 231(107835), 1–14. <https://doi.org/10.1016/j.ijpe.2020.107835>
- Hardianti, S., Eka, Rina, Latif, A., & Asriany. (2023). Pengaruh Kinerja Keuangan terhadap Nilai Perusahaan dengan Good Corporate Governance sebagai Variabel Moderasi pada Perusahaan Food and Beverage yang Terdaftar di Bursa Efek Indonesia. *Owner: Riset & Jurnal Akuntansi*, 7(2), 1434–1447. <https://doi.org/10.33395/owner.v7i2.1393>

- Hellenikapoulos, M., & Supramono. (2024). Green Innovation, Environmental Management Accounting, dan Nilai Perusahaan: Mampukah Reputasi Perusahaan Berperan sebagai Pemediasi? *Perspektif Akuntansi*, 7(3), 231–252. <https://doi.org/10.24246/persi.v7i3.p231-252>
- Huang, Y., & Lau, C.-W. (2024). Can Digital Transformation Promote the Green Innovation Quality of Enterprises? Empirical Evidence from China. *PLoS ONE*, 19(3), 1–26. <https://doi.org/10.1371/journal.pone.0296058>
- IDX Channel. (2025). *Kinerja Sektor Konsumer Primer 2025: Saham Kecil Reli, Emiten Besar Tertekan*. IDX Channel. <https://www.idxchannel.com/playlists/kinerja-sektor-konsumer-primer-2025-saham-kecil-reli-emiten-besar-tertekan>
- Intari, A. P. N., & Khusnah, H. (2023). Pengaruh Green Innovation Terhadap Kinerja Keuangan dengan Kinerja Lingkungan sebagai Mediasi. *Jurnal Ilmiah Akuntansi Dan Keuangan*, 21(2), 149–160. <https://doi.org/10.32639/jiak.v12i2.805>
- Khajen, Simanjuntak, D. A., & Ariesa, Y. (2025). Analisis Kinerja Keuangan terhadap Nilai Perusahaan dengan Struktur Modal Sebagai Variabel Mediasi pada Perusahaan Sektor Pertambangan di Bursa Efek Indonesia Periode 2019-2023. *JMASSBI: Journal of Strategic Management and Business Simulation*, 6(1), 59–71. <https://doi.org/10.25077/mssb.6.1.59-71.2025>
- Nirwansyah, M., Susandra, F., & Anwar, S. (2025). The Influence of Green Corporate Social Responsibility and Green Innovation on Company Value. *Jurnal Ilmiah Akuntansi Kesatuan*, 13(2), 269–282. <https://doi.org/10.37641/jiakes.v13i2.3156>
- Novitasari, M., & Agustia, D. (2022). The Role of Green Supply Chain Management and Green Innovation in the Effect of Corporate Social Responsibility on Firm Performance. *Gestão & Produção*, 29(117), 1–19. <https://doi.org/10.1590/1806-9649-2022v29e117>
- Pambudi, T. S. (2025). *Lampaui Industri, CLEO Catat Penjualan Rp2,09 Triliun di Sembilan Bulan 2025*. SWA Online. <https://swa.co.id/read/466720/lampaui-industri-cleo-catat-penjualan-rp209-triliun-di-sembilan-bulan-2025>
- Pasaribu, A. M., Safrida, E., Sibarani, J. L., & Putri, A. (2025). Pengaruh Struktur Modal dan Kinerja Keuangan terhadap Nilai Perusahaan dengan Ukuran Perusahaan Sebagai Moderasi. *Owner: Riset & Jurnal Akuntansi*, 9(4), 3391–3404. <https://doi.org/10.33395/owner.v9i4.2827>
- Rosalina, Waskito, J., & Utami, Y. (2025). Firm Value dan Faktor Penentunya di Sektor Energi: Peran Strategis Komisaris Independen. *Jurnal Alwatzikhoebillah: Kajian Islam, Pendidikan, Ekonomi, Humaniora*, 11(2), 648–659. <https://doi.org/10.37567/alwatzikhoebillah.v11i2.4029>
- Samhadi, Roekhudin, & Iqbal, S. (2024). The Moderating Role of Good Corporate Governance in The Relationship Between Green Innovation, Environmental Disclosure and Firm Value. *Jurnal Reviu Akuntansi Dan Keuangan*, 14(03), 553–569. <https://doi.org/10.22219/jrak.v14i3.33925>
- Sari, D. K., Hermawan, S., Fitriyah, H., & Nurasik. (2022). Does Profitability, Firm Size, and Intellectual Capital Affect Firm Value? *Jurnal Riset Akuntansi Terpadu*, 15(2), 195–209. <https://doi.org/10.35448/jrat.v15i2.16813>
- Wernerfelt, B. (1984). A Resource-based View of the Firm. *Strategic Management Journal*, 5(2),

171–180. <https://doi.org/10.1002/smj.4250050207>

Widodo, S. H., Asyik, N. F., & Mildawati, T. (2023). The Effect Of Financial Performance, Institutional Ownership, And Intellectual Capital On Firm Value, With Corporate Social Responsibility Disclosure As Moderating Variable. *Ekonika: Ekonomi Universitas Kadiri*, 8(2), 223–247. <https://doi.org/10.30737/ekonika.v8i2.4426>