

CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

Based on the test results that have been carried out, the following research findings are obtained:

1. At $t + 1$ green product innovation affects firm performance. At $t + 2$ green product innovation has a positive effect on firm performance, while at $t + 3$ green innovation has no effect. It can be concluded that green innovation only affects firm performance at $t+1$ and $t+2$. The direction of influence at $t+1$ is positive. This presents that the higher consumer interest in environmentally friendly products will affect the increase in profits and firm performance. At $t+2$, green prober has a significant and negative effect on firm performance. This represents that production to improve the quality of environmentally friendly goods continues to incur considerable costs, resulting in high prices for these products. The high price of the product does not match the public's desire to buy, thus making the company's performance proxied by ROA decrease.
2. Green process innovation of manufacturing sector companies in Indonesia, as measured by energy expenses and raw material expenses, has no significant effect on firm performance. This presents good or worse green process innovation will not affect the company's performance, because the use of environmentally friendly production methods has not been able to support the increase in company profitability.

5.2 Research Limitations and Suggestions

Researchers realize that there are limitations in conducting this research including:

1. The research object used in this study is a company engaged in manufacturing, so it cannot represent all companies listed on the Indonesia Stock Exchange. Future researchers are expected to add research objects in other sectors on the Indonesia Stock Exchange and add a period of observation years.
2. The measure for firm performance in this study is ROA. While Meanwhile, there are still many measures to measure firm performance. Future researchers are expected to measure firm performance with variables other than ROA, such as sales growth and market share.
3. The measure for green product innovation in this study is net cash flow operation. While green product innovation can be measured by other variables, further researchers are expected to measure green product innovation with other variables such as R&D Expense.

