CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.1. Conclusion

This study aims to examine the impact of environmental strategies, consisting of Green Human Resource Management, Green Supply Chain Management, and green production practices, on corporate environmental performance, as well as to analyze the role of the Board Sustainability Committee as a governance mechanism in strengthening and mediating these relationships across different industrial sectors in Indonesia.

1. Environmental strategies collectively have a significant positive effect on corporate environmental performance, although their complementary effect is only partially supported. Among the environmental strategy dimensions, operational environmental strategies, particularly environmental supply chain management, demonstrate the strongest and most consistent influence on environmental performance. This finding indicates that environmental capabilities embedded in core operational processes generate more immediate and measurable performance outcomes compared to administrative or behavioral environmental initiatives. In contrast, human resource–based environmental strategies and certain green production practices show weaker and statistically insignificant effects, suggesting that internal environmental capabilities require longer implementation periods to mature and produce observable performance impacts.

2. The effectiveness of environmental strategies differs significantly across industrial sectors. Environmental strategies are more strongly associated with environmental performance in non-financial sectors, particularly in energy, industrial, and basic materials industries, which face higher environmental exposure and stronger regulatory pressures. In contrast,

environmental strategies in the financial sector tend to be implemented in administrative and disclosure-oriented forms due to indirect environmental impacts and institutional requirements focused primarily on sustainability reporting. These findings reflect the importance of sector-specific institutional contexts, where differences in regulatory intensity, operational risk, and environmental exposure shape the effectiveness of environmental strategy implementation.

3. The Board Sustainability Committee plays a significant role in strengthening the relationship between environmental strategies and environmental performance. As a governance mechanism, the sustainability committee enhances monitoring, coordination, and accountability within corporate environmental management, thereby ensuring that environmental initiatives are effectively translated into measurable performance outcomes. The presence of sustainability committees reduces the gap between environmental strategic intentions and actual implementation, indicating that governance structures are critical in improving the effectiveness of corporate environmental strategies.

4. The mediating role of sustainability committees varies across sectors, with stronger effects observed in non-financial industries compared to financial institutions. This finding suggests that governance mechanisms become more influential in sectors facing higher environmental risks and stronger regulatory and stakeholder pressures. In non-financial sectors, sustainability committees actively oversee environmental risk management and operational sustainability practices, whereas in financial firms, their role tends to be more compliance-oriented and focused on legitimacy and disclosure requirements.

5. From a theoretical perspective, this study contributes to the Natural Resource-Based View (NRBV) by demonstrating that environmental

strategies function as strategic organizational capabilities that influence environmental performance through both operational implementation and governance mechanisms. In addition, the findings extend institutional theory by highlighting the role of sector-specific regulatory pressures and legitimacy demands in shaping the effectiveness of environmental strategies and sustainability governance structures.

6. From a practical perspective, the results suggest that firms should prioritize integrating environmental strategies into core operational activities while strengthening sustainability governance mechanisms, particularly board-level sustainability committees, to enhance environmental performance outcomes. Furthermore, policymakers are encouraged to design sector-specific environmental regulations and governance frameworks to ensure that environmental strategies produce substantive sustainability impacts rather than merely symbolic compliance.

5.2. Research Implications

This study provides important managerial implications for companies in implementing environmental strategies. The findings indicate that firms should prioritize integrating environmental strategies into core operational activities, particularly environmental supply chain management, as these strategies have the strongest and most direct impact on environmental performance. Companies also need to strengthen the effectiveness of sustainability governance structures, especially board sustainability committees, to ensure proper monitoring, coordination, and accountability in environmental initiatives. In addition, firms are encouraged to adopt sector-specific environmental strategies that align with industry characteristics, regulatory pressures, and environmental risk exposure to achieve more substantive sustainability outcomes.

From an academic perspective, this study contributes to the Natural Resource-Based View (NRBV) by providing empirical evidence that environmental strategies function as strategic organizational capabilities that influence environmental performance. The results demonstrate that operational environmental capabilities generate more immediate and measurable performance impacts compared to administrative or organizational environmental initiatives, thereby supporting the NRBV argument that firm-specific environmental resources serve as sources of competitive advantage.

Furthermore, this study extends institutional theory by highlighting the role of sector-specific regulatory pressures and legitimacy demands in shaping the effectiveness of environmental strategies and sustainability governance mechanisms. The findings show that environmental strategies and sustainability committees become more influential in industries facing stronger coercive environmental pressures, such as environmentally sensitive sectors, while their role tends to be more symbolic and compliance-oriented in the financial sector. This integrative perspective provides a deeper understanding of how internal organizational capabilities and external institutional contexts jointly determine environmental performance in emerging economies such as Indonesia.

5.3. Research Limitations

Despite the contributions of this study in providing empirical insights into environmental strategies and sustainability governance, several limitations should be acknowledged. Recognizing these limitations is important to ensure a balanced interpretation of the findings and to identify areas that require further refinement.

1. The use of secondary data that is only sourced from refinitiv eikon can be two different dilemmas, in addition to the use of secondary sectors that eliminate human error and subjectivity, the use of one source can cause a lack of data verification media and limitations on the availability of data in one software.
2. The study only used companies from four industrial sectors, so the results are not fully representative of all sectors listed on the Indonesia Stock Exchange. This limits the generalization of the findings. The non-financial

sector is only represented by sectors with high environmental interactions, namely basic materials, industrial and energy.

3. The measurement of environmental strategy and sustainability governance variables is based on secondary data in the form of scores or dummies, so it has not fully captured the actual implementation quality of each practice at the operational level.
4. Some tests cannot be done due to the limited number of samples, the smaller number of financial firms may reduce estimation precision but does not affect the validity of the interaction analysis.

5.4. Suggestions for Further Research

Based on the identified limitations, future research is encouraged to address these constraints by expanding data sources, incorporating additional variables, and exploring broader institutional contexts in order to provide a more comprehensive understanding of environmental strategy effectiveness.

1. The use of more than just software or including other media as data sources allows for wider data availability and more observations to be observed and tested.
2. Expanding the scope of sectors and the number of samples so that the research results are more representative and have stronger generalization power.
3. Develop measurements of environmental strategy variables using more detailed indices or scales so that they can represent the intensity and quality of implementation, not just their existence.
4. Use other quantitative testing to be able to capture statistical evidence that can verify assumptions as well as the initiation of other findings.