

Environmental Innovation and Business Performance

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Abstract

While environmental innovation or eco-innovation has been recognized as one of key factors to achieve business performance, previous studies have primarily focused on product- and process-related eco-innovation activities without properly addressing the organizational aspect of eco-innovation. Moreover, the effects of those three types of eco-innovation (product, process, organizational) were reviewed separately and their inter-relationships were not examined. This study takes an integrated approach to investigate interrelationships among these three types of eco-innovation and their impact on business performance. Based on a survey of 121 senior managers, we found that eco-organizational innovation has the strongest effect on business performance. Eco-product innovation mediates the effect of eco-process innovation, and both types of innovations act as a bridge carrying the positive impact of eco-organizational innovation on business performance. In order to develop effective eco-innovation programs, it is necessary to have an integral view of all three types of eco-innovation with the recognition of their direct and indirect effects on business performance.

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