



## Eco Innovation Companies: Investments Made by Companies to Support Eco Innovation

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### ARTICLE INFO

### ABSTRACT

Keywords: Eco Innovation, ISO 14001, Corporate Investment, Systematic Literature Review

This study explains how companies invest through the adoption of eco-innovation. The study used a systematic literature review method. The sample consisted of articles published in the Scopus index. The study's findings indicate that companies are implementing various strategies to support the long-term and strategic adoption of eco-innovation. The review also offers recommendations for further research

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## **INTRODUCTION**

The concepts of open innovation and eco-innovation have gained popularity in recent years due to the ongoing threat of global warming and environmental degradation, which seriously impact the global population (Tjahjadi et al., 2020). Through the adoption of environmental management practices (Borsatto & Amui, 2019), and further investment in open innovation to increase productivity and meet customer demand, eco-innovation has therefore become central to corporate sustainability discussions. Sustainability is a crucial issue, and the need for environmentally friendly growth is becoming increasingly urgent. The ongoing process of globalization and rapid technological expansion have increased the importance and imperative of open innovation, which has been recognized as a crucial component of the United Nations Sustainable Development Goals for 2030 (Obradovic et al., 2021). Technological advancements play a crucial role in facilitating green development. Eco-innovation aims to minimize adverse environmental impacts compared to competing products (Singh et al., 2022).

Eco-innovation is a distinct concept from conventional innovation (Czerny & Letmathe, 2024). While conventional innovation generally focuses on product improvements to achieve economic profit, eco-innovation integrates sustainability aspects by considering environmental and social impacts (Hojnik & Ruzzier, 2017a). The goal remains to increase productivity and efficiency, but in an environmentally friendly manner, such as by using recycled materials, implementing energy-efficient technologies, and integrating waste management systems (Aastvedt et al., 2021a). For example, PT Unilever Indonesia Tbk has successfully reduced carbon emissions and increased energy efficiency by implementing solar panel technology and recycling production waste into new products. The benefits of eco-innovation for companies are extensive, ranging from increased profitability, reduced operational costs, improved corporate image, and even fulfilling social responsibilities (Johl & Toha, 2021). However, implementing eco-innovation also faces challenges, such as high initial investment costs and a lack of public awareness. However, these challenges can be overcome through government support in the form of incentives and regulations, collaboration with research institutions, and public education programs (Agustia et al., 2019).

Therefore, companies must prioritize environmental investments while still generating profits to meet shareholder demands (Duque-Grisales et al., 2020). The better a company implements environmentally friendly innovation, the higher its value will likely increase. However, a high sustainability score will also increase investor interest in purchasing the company's shares (Uzkurt et al., 2025). The implementation of eco-innovation has a significant positive impact on a company's financial performance (Mansour et al., 2024). First, the resource and energy efficiency generated by eco-innovation leads to operational cost savings (Ben-Nasr et al., 2021). Second, environmentally friendly products and services increase their appeal to consumers who are increasingly concerned about sustainability issues, thus driving increased sales and market share (Xue et al., 2020). Third, companies that actively engage in eco-innovation tend to have a

positive image and reputation, which in turn attracts investors and increases the company's value in the eyes of stakeholders (Mansour et al., 2024).

## **LITERATURE REVIEW**

### **Eco-Innovation**

Eco-innovation is one of the most significant issues affecting financial development, green sustainability, and quality of life (Dangelico & Pujari, 2010). Among the various terms used (EI, eco-innovation, sustainable innovation, and environmental innovation), this study defines EI as innovation consisting of new or modified processes, practices, systems, and products that benefit the environment and contribute to environmental sustainability (Oltra & Saint Jean, 2009). This definition highlights the promotion of EI in companies' efforts, both operational and organizational, to reduce negative environmental impacts (Lin et al., 2019). These efforts can take the form of new products or new processes that contribute to sustainability and environmental protection (Przychodzen & Przychodzen, 2015). Implementing EI is a significant challenge for multinational companies because it often requires the acquisition of new resources, capabilities, and competencies that are not always available within the company (Demirel & Kesidou, 2019) to successfully innovate products and processes.

ISO 14001, an international standard governing environmental management systems (EMS) (Xie et al., 2016), helps organizations systematically identify, manage, monitor, and improve environmental performance (El Ouardighi et al., 2014). Both are mutually supportive because the implementation of ISO 14001 creates a framework and organizational culture conducive to the emergence of eco-innovation (Aastvedt et al., 2021b). With ISO 14001, companies are encouraged to innovate in resource use, energy efficiency, waste management, and emission reduction to meet established environmental targets. Conversely, the implementation of eco-innovation can help companies achieve the environmental goals and performance required by ISO 14001 more effectively (Hojnik & Ruzzier, 2017b).

## **METHODOLOGY**

This research was conducted using a qualitative approach using a systematic literature review (SLR) method. SLR is a specific research and development conducted to collect and evaluate relevant research on a particular topic. SLR research is conducted for various purposes, including identifying, reviewing, evaluating, and interpreting all available research on a topic of interest.

This research utilized international and national databases to find relevant articles. This research utilized databases from leading websites such as ScienceDirect, Emerald, and GoogleScholar to find related articles. This research used the keywords "eco-innovation," "ISO 14001," and "corporate investment" to find articles from these databases. This search yielded several studies on eco-innovation, ISO 14001, and corporate investment.

## RESULT

The research method used in the study on investments made by companies to support eco innovation is a qualitative approach. Based on a review of several articles, this study identified many research gaps that can serve as directions and guidelines for future researchers in the field of sustainability.

Table 1. Articles in These Journals

No	Journal	Article
1	Journal of Environmental Planning and Management	1
2	Business Strategy and The Environment	6
3	International Review of Finance	1
4	European Management Journal	1
5	Journal of Innovation & Knowledge	1
6	Journal of Open Innovation: Technology, Market, and Complexity	1
7	Corporate Social Responsibility and Environmental Management	1
8	Journal of Cleaner Production	2
9	Resources Policy	1
10	J Optim Theory Appl	1
11	Int. J. Production Economics	1
12	Sustainability	2
13	The British Accounting Review	1
14	IEEE Transactions on Engineering Management	1
<b>TOTAL</b>		<b>21</b>

## DISCUSSION

To support the implementation of eco-innovation, companies need to undertake various forms of long-term and strategic environmentally-oriented investments (Uzkurt et al., 2024). These investments focus not only on the implementation of environmentally friendly technologies but also include the establishment of systems and an organizational culture that support sustainable innovation (Lo et al., 2012). One key form of investment is clean technology investment, such as replacing conventional machinery with energy-efficient ones, developing integrated waste management systems, or utilizing greenhouse gas emission control technology. This step aligns with companies' efforts to reduce their carbon footprint and increase resource efficiency (Przychodzen & Przychodzen, 2015). Furthermore, companies invest in research and development (R&D) to create green products and efficient production processes oriented towards the principles of a circular economy (Wu & Da-Ming You, 2021).

Investing in human resource capacity development is also a crucial element in supporting the success of eco-innovation (Zaman et al., 2021). Through training, education, and fostering environmental awareness, companies ensure that all employees have the capability and commitment to implementing green innovation across all business lines (García-Sánchez et al., 2021; Uzkurt et al., 2024).

Furthermore, companies allocate funds to obtain environmental certifications such as ISO 14001 or eco-labeling, which not only demonstrate compliance with environmental regulations but also enhance the company's credibility and reputation among stakeholders (Duque-Grisales et al., 2020).

Furthermore, several companies are investing in renewable energy sources, such as solar panels, biomass, wind turbines, and sustainable water management systems, to reduce their dependence on fossil fuels. These investments offer the dual benefits of operational cost efficiency and reduced future environmental risks. Therefore, investing in eco-innovation not only serves as a social and environmental responsibility but also serves as a business strategy that creates economic value and long-term competitive advantage. Companies that consistently invest in green innovation will be more adaptable to changing regulations, consumer preferences, and global market dynamics that increasingly demand sustainable business practices (Mansour et al., 2024)

Investing within an eco-innovation framework is not a wasteful expense but a profitable long-term investment (Wang et al., 2022). Companies that demonstrate a strong commitment to sustainability are viewed as attractive and valuable investments. This is reflected in increased stock prices, easier access to capital, and greater investor confidence (Demirel & Kesidou, 2019; Wu & Da-Ming You, 2021). Therefore, eco-innovation is not only a moral obligation for companies but also a smart business strategy (El Ouardighi et al., 2014). By integrating sustainability principles into innovation, companies can improve financial performance, create a competitive advantage, and contribute to sustainable development (Xie et al., 2016)

## **CONCLUSION AND RECOMMENDATION**

This study aims to provide insight into corporate investment through the adoption of eco innovation, by evaluating several articles that discuss these issues, which are useful in increasing corporate value. Analysis of recent literature shows that all companies have made various efforts to improve a good image as an environmentally responsible company can increase market trust, strengthen consumer loyalty and open up opportunities for product differentiation, all of these contributions are able to increase the value of the company, thus attracting investors to invest, which ultimately leads to an increase in corporate value.

## **FURTHER STUDY**

Every research is subject to limitations; thus, you can explain them here and briefly provide suggestions to further investigations.

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