ABSTRACT

Growing attention to the implementation of environmental, social, and governance (ESG) principles is driving companies to develop internal capabilities and sustainable innovations to improve their ESG performance. This study aims to examine the influence of green intellectual capital and business strategy on ESG performance, with green innovation as a mediating variable, among non-financial companies listed on the Indonesia Stock Exchange during the 2022-2024 period, specifically in the basic materials, consumer non-cyclicals, energy, healthcare, and industrials sectors. Green intellectual capital is proxied through green human capital, green structural capital, and green relational capital. This study uses stakeholder theory, the resource-based view (RBV), and innovation theory as its theoretical framework.

The study utilized secondary data obtained from annual reports, sustainability reports, and the Bloomberg ESG database. A purposive sampling technique was employed, resulting in a sample of 65 companies or 195 observations. The analysis method used was panel data regression with a random effects model (REM) using EViews 12, along with the Sobel Test for mediation analysis.

The results indicate that green human capital, green structural capital, green relational capital, and business strategy do not have a significant influence on ESG performance. Conversely, green innovation has a positive and significant influence on ESG performance. Furthermore, while green innovation does not mediate the relationship between green human capital and ESG performance or the relationship between business strategy and ESG performance, it does mediate the relationship between green structural capital and ESG performance as well as the relationship between green relational capital and ESG performance.

Keywords: Green Intellectual Capital, Green Human Capital, Green Structural Capital, Green Relational Capital, Business Strategy, Green Innovation, ESG Performance.