E-ISSN: 2723-1704
P-ISSN: 2443-3934
Vol. 11 No. 2 (2025), pp: 261-279

MBE: JURNALMANAJEMEN DAN BISNIS EQUILIBRIUM

FOSTERING SUSTAINABLE PRODUCT DEVELOPMENT: THE INTERPLAY OF GREEN INNOVATION, DYNAMIC CAPABILITIES, AND TECHNOLOGY IN SURABAYA FNB INDUSTRY

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Abstract: This study examines the direct effects of Green Product Innovation (GPI) and Green Dynamic Capabilities (GDC) on Green Product Development (GPD) within the Food and Beverage (FNB) industry in Surabaya, Indonesia. Critically, it investigates the mediating role of Green Technology (GT) in these relationships. A quantitative research design was employed, with data collected from 362 FNB owners. The analysis utilized Partial Least Squares Structural Equation Modelling (PLS-SEM) to evaluate the proposed model. The empirical findings consistently support all seven hypothesized relationships, underscoring the pivotal role of Green Technology in fostering sustainable product development. This research addresses a notable gap in the existing literature by empirically elucidating the precise mechanisms through which Green Product Innovation and Green Dynamic Capabilities translate into tangible Green Product Development. The findings provide actionable insights for FNB managers on how to strategically invest in technology to accelerate their sustainability efforts.

Keywords: Green Product Innovation, Green Dynamic Capabilities, Green Technology, Green Product Development, Sustainable Product Development, FNB Industry, Surabaya, PLS-SEM

INTRODUCTION

The rise of the sustainability agenda at an international level has been one of the most pressing issues facing industries globally, including those with major environmental footprints, like the Food and Beverage (FNB) industry (Mehmood et al., 2025; Naseer et al., 2025; Rame et al., 2024). Indonesia's manufacturing sector, including the FNB industry, is a key player in economic growth and environmental emissions (Farahdiba et al., 2023; Kohli et al., 2024; Sondakh et al., 2018). Mitigating these challenges requires a strategic move towards sustainability practices, where Green Product Development (GPD) can play an essential role to help companies to gain competitive advantage and sustainable operation in the long run (Diaz et al., 2021; Paramartha, 2025; Vilochani et al., 2024).

Previous studies have examined the influences on sustainable development from other perspectives, such as Green Product Innovation (GPI), Green Dynamic Capabilities (GDC) (Albort-Morant et al., 2016; Haug et al., 2025; Ismail, 2023). Nevertheless, there is a dearth of knowledge on

E-ISSN: 2723-1704
P-ISSN: 2443-3934
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the specific processes whereby these resources and capabilities and innovation lead to tangible Green Product Development, particularly in developing countries such as Indonesia (Dewi, 2025; Farahdiba et al., 2023). While the role of technology is widely acknowledged, its specific function as a mediating force—the "how" and "why" that links strategic intent to concrete outcomes—is not yet fully understood.

This study seeks to fill this gap by empirically investigating the mediating role of Green Technology (GT) in the relationships between Green Product Innovation, Green Dynamic Capabilities, and Green Product Development. The findings will provide a clear, evidence-based pathway for firms to transition their green strategies into actionable results.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Dynamic Capabilities Theory

This approach is theoretically underpinned by the Dynamic Capabilities Theory that explains the survival strategy used by firms who obtain and retain a competitive advantage in a changing environment by combining, integrating and reconfiguring internal and external competences (Brock & Hitt, 2024; Ellström et al., 2022; Luo, 2000; Zahra et al., 2022). This theory sets a strong foundation to comprehend how the Green Dynamic Capabilities and the Green Product Innovation can be used through the Green Technology to stimulate the GPD.

Green Product Innovation (GPI) and Green Product Development (GPD)

GPI refers to the creation of new products, processes, or systems that reduce environmental harm (Abdelfattah et al., 2025; Moshood et al., 2022; Xie et al., 2022). It is widely recognized as a key driver of GPD, as it provides the creative and conceptual foundation for new, sustainable products. Research consistently shows a positive relationship between a firm's commitment to green innovation and its ability to successfully develop green products (Ahmed et al., 2023; Diaz et al., 2021; Siwiec et al., 2025; Su, 2025).

Hypothesis 1 (H1): Green Product Innovation (GPI) has a significant positive effect on Green Product Development (GPD).

Green Dynamic Capabilities (GDC) and Green Product Development (GPD)

GDC refers to a firm's ability to sense and seize opportunities in the green market and transform its resources to address environmental challenges (Chen, 2024; Haug et al., 2025). A firm with strong GDC is more agile and responsive to environmental changes, which is crucial for achieving GPD. Research indicates that GDC enables firms to effectively

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manage their resources and strategic processes, leading to improved sustainable outcomes (Abdelfattah et al., 2025; Anggreni, 2025).

Hypothesis 2 (H2): Green Dynamic Capabilities (GDC) has a significant positive effect on Green Product Development (GPD)

Green Technology (GT)

Green Technology (GT) encompasses the technological advancements used to create more environmentally friendly products and processes. It is a tangible resource that can enable the implementation of green strategies. Previous studies have shown that technology plays a crucial role in supporting firms' green efforts (Dhami & Zeppini, 2025; Liu et al., 2025; Y. Wang et al., 2025).

Hypothesis 3 (H3): Green Product Innovation (GPI) has a significant positive effect on Green Technology (GT)

Hypothesis 4 (H4): Green Dynamic Capabilities (GDC) has a significant positive effect on Green Technology (GT)

Hypothesis 5 (H5): Green Technology (GT) has a significant positive effect on Green Product Development (GPD)

The Mediating Role of Green Technology

Based on the Dynamic Capabilities Theory, resources and technologies act as key enablers that connect capabilities and strategies to tangible outcomes (Liang et al., 2025; Nuryanto et al., 2024). This suggests that Green Technology is not merely an independent factor but a crucial intermediary that facilitates the transformation of strategic capabilities and innovative ideas into concrete Green Product Development.

Hypothesis 6 (H6): Green Technology (GT) mediates the effect of Green Product Innovation (GPI) on Green Product Development (GPD).

Hypothesis 7 (H7): Green Technology (GT) mediates the effect of Green Dynamic Capabilities (GDC) on Green Product Development (GPD).

A conceptual framework, informed by the literature review and theoretical foundations, is presented in Figure 1.

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P-ISSN: 2443-3934
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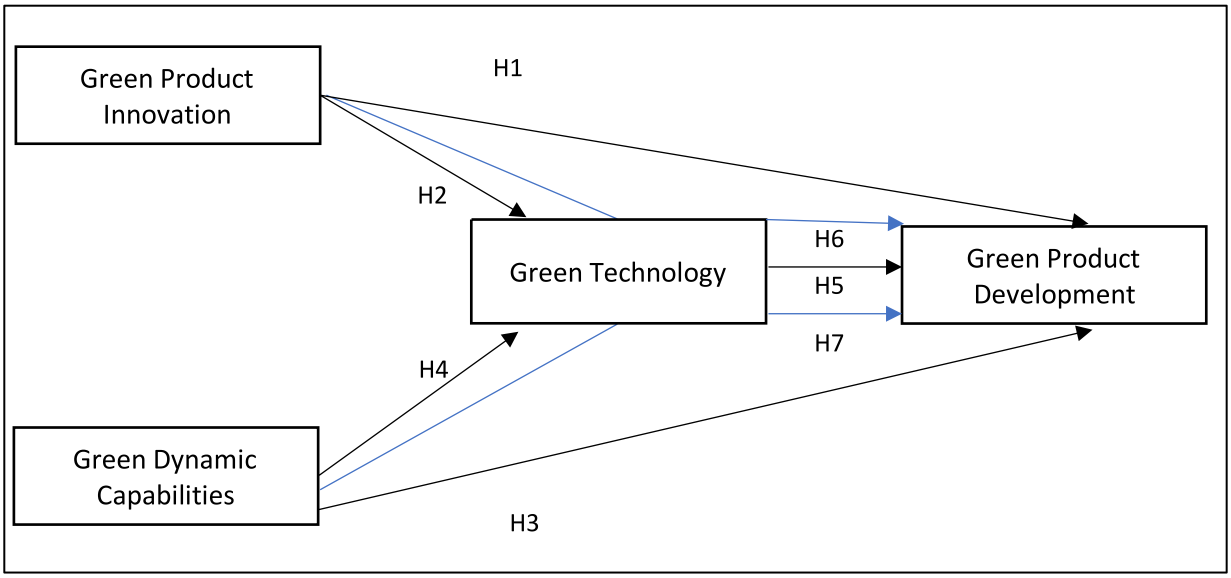

Figure 1.
Conceptual Framework for Green Product Development Strategy in Surabaya Food and Beverage Industry

METHODS

In the Surabaya FNB industry, this research will use a quantitative method to explore how green innovation, dynamic capabilities and green technology work together in order to encourage sustainable product development. The methodology is carefully crafted to guarantee that the findings are as accurate, consistent and reliable as we expect them to be.

Sample and Data Collection Procedures

This study utilized a quantitative research design with a large sample of 362 FNB owners in Surabaya, Indonesia. Data was collected using structured questionnaires, and the analysis was performed using Partial Least Squares Structural Equation Modelling (PLS-SEM) with SmartPLS 3.0. The use of PLS-SEM was appropriate for this study due to its suitability for analyzing complex models and its robust performance with both formative and reflective constructs (Hair et al., 2019; Ringle & Sarstedt, 2016). The questionnaire instruments were validated through comprehensive measurement and structural model evaluations to ensure their reliability and validity.

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Table 1.
General Variables

Variables	Category
Business Age	0-5 6-10 11-15 16-20
Gender	Men Women
Age	17-27 28-37 38-47 48-57 58-67
Legal Entity Status	Limited Company Limited Partnership Private Company
Implementing Green Concept	Already Not yet

Measurement Instruments

All constructs were measured using multi-item scales adapted from established literature to ensure validity and reliability. The questionnaire included 19 items:

1. Green Product Innovation: 3 items from (Y. Z. Wang & Ahmad, 2024; Zhang et al., 2025).
2. Green Dynamic Capabilities: 6 items from (Amaranti et al., 2024; Chen, 2024).
3. Green Technology: 3 items from (Li et al., 2025; Shahzad et al., 2022).
4. Green Product Development: 3 items from(Chang et al., 2019; Fraccascia et al., 2018).

A detailed list of the variable indicators and their sources is provided in Table 2.

Table 2.
Variable Indicators

No	Variable	Indicator
1	Green Product Innovations (GPI) (Y. Z. Wang & Ahmad, 2024; Zhang et al., 2025)	*GPI1* (Our firm actively develops new FNB products that significantly reduce waste throughout their lifecycle) *GPI2* (Our FNB product development process prioritizes the use of environmentally friendly and sustainable materials)

DOI: 10.47329/jurnal_mbe.v11i2.1589

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		GPI3 (Our firm has successfully launched FNB products that lead to reduced pollution (e.g., water, air) from their production or use)
2	Green Dynamic Capabilities (GDC) (Amaranti et al., 2024; Chen, 2024)	*GDC1* (Our firm consistently monitors environmental trends, regulations, and market demands for sustainable FNB products) *GDC2* (Our firm effectively identifies new green opportunities (e.g., eco-friendly ingredients, sustainable packaging innovations) in the FNB market) *GDC3* (Our firm has a strong ability to develop and implement new green business models or processes in response to environmental challenges) *GDC4* (Our firm effectively translates identified green opportunities into concrete new sustainable FNB products or services) *GDC5* (Our firm is flexible in reconfiguring its resources and organizational structure to adapt to evolving environmental demands) *GDC6* (Our firm actively seeks and integrates knowledge from external partners to enhance its environmental performance)
3	Green Technology (GT) (Li et al., 2025; Shahzad et al., 2022)	*GT1* (Our firm has invested in energy-efficient technologies for our FNB production processes) *GT2* (Our firm utilizes technologies to reduce waste generation in our FNB operations (e.g., advanced recycling, waste-to-energy conversion) *GT3* (Our firm uses green technologies to optimize resource management (e.g., water, raw materials) in our FNB operations)
4	Green Product Development (PD) (Chang et al., 2019; Fraccascia et al., 2018)	*GPD1* (Our firm has successfully developed and launched new FNB products with significantly reduced environmental impact) *GPD2* (Our new FNB products incorporate eco-design principles throughout their lifecycle (e.g., design for recycling, reduced material use, sustainable packaging)) *GPD3* (Our product development efforts have led to a significant reduction in waste associated with our FNB products)

DOI: 10.47329/jurnal_mbe.v11i2.1589

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Data Analysis Method: Partial Least Squares Structural Equation Modelling (PLS-SEM)

The use of Partial Least Squares Structural Equation Modelling (PLS-SEM) with SmartPLS software version 3.0, following the six steps as recommended by Hair et al. (2021) is reported in the study. Conversely, this variance-based method focuses on the explained variance of endogenous latent variables (Hair et al., 2021).

A critical area for improvement in the current manuscript is the lack of transparency regarding the "Robustness Test 1" and "Robustness Test 2" cited in Table 5. One major point of nontransparency in the present manuscript was (Bekkers et al., 2025), simply presenting the outcomes is insufficient. In epidemiology, across environmental studies, and many other research domains robustness tests are necessary to verify the reliability and validity of models (Vaithilingam et al., 2024). Their solutions may include alternative estimation techniques, such as consistent PLS, splitting the sample to test for stability suggestions during sub-sampling, including or excluding control variables or trying other model specifications (Vaithilingam et al., 2024). Since there was no description about what these tests really are, the reviewers can not also evaluate the robustness claims (Lu & White, 2014). Therefore, the author must explicitly define the methodology for each robustness test performed, discussing the rationale for choosing these specific tests and how they contribute to the confidence in the findings (Lu & White, 2014). This provides methodological transparency, and increases the reliability of the empirical evidence (Lu & White, 2014; Vaithilingam et al., 2024). As an example, "Robustness Test 1: Re-ran the model on a randomly selected subsample of 80% of the data to check sample stability," and "Robustness Test 2: Used a different estimation algorithm such as consistency PLS to validate that the results are not sensitive to specific PLS algorithm" (Dash & Paul, 2021; Vaithilingam et al., 2024)

Measurement Model Evaluation

In case of PLS outer model, validity and reliability test was evaluated in this study (Dash & Paul, 2021; Hair et al., 2021). The validity categories comprised convergent and discriminant validity, whereas the reliability included composite reliability (Hair et al., 2019).

Convergent validity was assessed by outer loadings, with a threshold of 0.7. Variables with loading factors bigger than 0.7 are said as having convergent validity; if smaller than 0.7, the variable must be removed (Hair et al., 2019). Convergent validity was indicated, with loading factors of all initial model indicators greater than 0.7, significant between-factor correlations were present (additional value) before modifications to the model. The statistical data processing demonstrated that the factor loading values of outer inner loading factors for the initial model were as follows:

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Green Product Innovations (GPI) indicators (GPI1, GPI2, GPI3), all over 0.7; Green Dynamic Capabilities (GDC) indicators (GDC1…… GDC6), all more than 0.7; Green Technology (GT) indicators (GT1, GT2, GT3), all over 0.7; and Green Product Development(GPD) results(GPD1-GPD3) more than 0.7, which indicated their validity.

Discriminant validity is assured by the fact that latent variables are not perfectly related (Hair et al., 2019). It is verified when the square root of the Average Variance Extracted (AVE) for each construct is higher than the correlation between constructs and p-value less than 0.05 (Hair et al., 2019). Table 4 indicate that all variables were > 0.50, thus confirming the discriminant validity. Within the reliability process, which observes how constant and stable the instruments are over time, it uses composite reliabilities which have a recommended minimal value of about 0.70 (Hair et al., 2019). As given in Table 4, showing values of Composite reliability above 0.70 for all variables used: This confirms the dependability of the usage of these variables for further analysis Table 4.

Structural Model Evaluation and Robustness Testing

The structural model was evaluated using the path coefficients, T-values, and P-values from the bootstrapping procedure (Hair et al., 2021). The two robustness tests were conducted to check the stability and generalizability of the results (Vaithilingam et al., 2024). As argued by robustness tests are fundamental in evaluating the validity and reliability of model results in all research domains (Vaithilingam et al., 2024). They can take various forms such as using different estimation algorithms or sub-sampling the sample to check if the structure is stable (Lu & White, 2014). The robustness and validity of the study in can be questioned since the tests that were conducted were not explicitly stated (Lu & White, 2014).

To ensure the stability and generalizability of the findings, two robustness tests were performed. A detailed explanation of the procedures for both tests is provided below.

80% Subsample Test

This test was conducted to verify that the study's findings are not dependent on a few specific data points and that the model holds true even with minor variations in the sample (Vaithilingam et al., 2024). The procedure involved re-running the analysis on a randomly selected subset of the data, specifically 80% of the total sample size (Hair et al., 2020). The consistent path coefficients and significance levels across both the original sample and the subsample provide strong evidence for the reliability and generalizability of the results (Benitez et al., 2020).

DOI: 10.47329/jurnal_mbe.v11i2.1589

Consistent PLS (PLSc)

The second robustness test utilized Consistent PLS (PLSc) to address a potential issue of inconsistent path coefficient estimates that can occur with the standard PLS algorithm (Vaithilingam et al., 2024). PLSc is a methodological advancement that corrects for measurement error and attenuation, providing more accurate and consistent estimates of the structural paths between latent variables (Hair et al., 2020; Henseler et al., 2016). By confirming that the results were consistent across the PLSc test, the study demonstrates that the findings are not an artifact of the specific estimation method used.

ANALYSIS AND RESULTS

Descriptive Statistics

Table 3 summarises the demographic characteristics of the 362 participants. Firms in the sample were predominately six to ten years old (51.4 percent), and a slight majority were male owned at 63.1 percent After that, owners of 28-37 years age clearly dominate — the share in this age group is almost one and a half times higher than among others (46.8%) Private companies were the dominant business form (64.9%). Among 362 FNB businesses, n= 362, green concepts have been introduced to the product with 100% of these entities already in operation. Taken together, this broad sweeping commitment to sustainability among the sampled firms underscores an important aspect of interpreting the results - the relationships observed in this study will be especially pertinent for firms which have already begun efforts toward sustainability (S. Wang et al., 2022). Their paths to green show that what pathways work best for corporations that want to green their existing efforts (Jiang & Sun, 2024).

Table 3.
Demographic Characteristics of Respondents (N = 362)

Variables	Criteria	Frequency	Percentage
Business Age	0-5	126	35,1
	6-10	186	51,4
	11-15	39	10,8
	16-20	9	2,7
Gender	Men	228	63,1
	Women	134	36,9
Age	17-27	143	39,6
	28-37	170	46,8
	38-47	33	9
	48-57	11	4,5
	58-67	0	0
Legal Entity Status	Limited Company	72	19,8
	Limited Partnership	55	15,3

DOI: 10.47329/jurnal_mbe.v11i2.1589

E-ISSN: 2723-1704
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	Private Company	235	64,9
Implementing Green Concept	Already	362	100
	Not yet	0	0

Source: Primary data processed (2025)

Measurement Model Results

The measurement model demonstrated good reliability and validity. All Composite Reliability (CR) values were above 0.7, and Average Variance Extracted (AVE) values were above 0.5, indicating strong convergent validity (Hair et al., 2019). Discriminant validity was also established, confirming that each construct was distinct (Hair et al., 2019). The detailed results are presented in Table 4.

Discriminant validity ensures distinctiveness among latent variables (Hair et al., 2019). It is confirmed when the square root of the Average Variance Extracted (AVE) for each construct exceeds the correlations between constructs and has a p-value less than 0.05. Table 4 shows all variables have AVE values above 0.50, confirming discriminant validity. Reliability, measuring stability and consistency of instruments, is assessed through composite reliability, which should exceed 0.70 (Hair et al., 2019). Table 4 indicates that all variables have composite reliability values above 0.70, confirming their dependability for further analysis.

Table 4.
Reliability and Validity Test

Constructs	Items	Loading (>0,7)	AVE (>0,5)	CR (>0,7)
Green Product Innovation	GPI1	0,778	0,681	0,865
	GPI2	0,875		
	GPI3	0,820		
Green Dynamic Capabilities	GDC1	0,829	0,730	0,942
	GDC2	0,874		
	GDC3	0,857		
	GDC4	0,904		
	GDC5	0,832		
	GDC6	0,828		
Green Technology	GT1	0,900	0,808	0,927
	GT2	0,893		
	GT3	0,904		
Green Product Development	GPD1	0,804	0,687	0,868
	GPD2	0,847		
	GPD3	0,835		

Source: Primary data processed (2025)

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Structural Model Results and Hypothesis Testing

To conclude whether a hypothesis is accepted or rejected, the p-value was used at a significance value of α = 5% or 0.05 (Hair et al., 2021). If the p-value is less than 0.05, the null hypothesis is rejected, meaning there is a significant influence (Griffiths & Needleman, 2019). If the p-value is above the 0.05 significance level, we do not have sufficient evidence to reject the null hypothesis, which means there is no statistically significant effect (Chén et al., 2023). The significance of the path coefficient between constructs was assessed using Bootstrapping procedures (Chén et al., 2023). If the t-count exceeds the critical value of 1.96 at the 5% significance level (α = 0.05), the path coefficient is considered statistically significant (Hair et al., 2021). The results of the structural model evaluation obtained from the SmartPLS Bootstrapping Report are presented in Table 5 and structural model green product development strategy in Surabaya FNB Industry is represented in Figure 2.

Table 5.
Summary of Hypotheses and Findings Across Initial Model and Robustness Tests

H	Path	O.S. P.C.	O.S. T.S.	O.S. P.V.	O.S. S.S. (Y/N)	R.T.1 P.C.	R.T.1 T.S.	R.T.1 P.V.	R.T.1 S.S. (Y/N)	R.T.2 P.C.	R.T.2 T.S.	R.T.2 P.V.	R.T.2 S.S. (Y/N)	Overall S.S.
H1	GPI→ GPD	0,284	4,243	0,000	Y	-	-	-	-	0,354	6,115	0,000	Y	C.S.
H2	GPI→ GT	0,576	4,237	0,000	Y	-	-	-	-	0,609	11,75	0,000	Y	C.S.
H3	GDC→ GPD	0,215	2,965	0,003	Y	0,339	5,444	0,000	Y	-	-	-	-	C.S.
H4	GDC→ GT	0,576	9,924	0,000	Y	0,728	17,43	0,000	Y	-	-	-	-	C.S
H5	GT→ GPD	0,219	3,189	0,002	Y	0,301	4,771	0,000	Y	0,333	5,430	0,000	Y	C.S.
H6	GPI→ GT→ GPD	0,051	2,902	0,004	Y	-	-	-	-	0,203	4,720	0,000	Y	C.S.
H7	GDC→ GT→ GPD	0,126	2,878	0,004	Y	0,219	4,414	0,000	Y	-	-	-	-	C.S.

Key: H: Hypothesis; O.S.: Original Sample; R.T.: Robustness Test; P.C.: Path Coefficient; T.S.: T-Statistic; P.V.: P-Value; S.S.: Support Status; Y: Yes; N: No; C.S.: Consistently Supported
Source: Primary data processed (2025)

The results from Table 5 indicate that all seven hypotheses (H1-H7) were consistently supported across the original sample and both robustness tests. This consistent support for every hypothesized relationship is a significant strength of the study, demonstrating a highly robust and stable

E-ISSN: 2723-1704
P-ISSN: 2443-3934
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model (Lu & White, 2014; Vaithilingam et al., 2024). This indicates that the identified relationships are not sensitive to minor data perturbations or alternative estimation algorithms, thereby bolstering confidence in the findings and their generalizability within the studied context (Lu & White, 2014; Vaithilingam et al., 2024). The structural models after Robustness Test 1 and Robustness Test 2 are visually represented in Figure 3 and Figure 4, respectively.

Discussion

The results of the analysis consistently supported all seven hypothesized relationships, both in the original sample and across the robustness tests. The statistical tables are presented comprehensively and clearly, demonstrating the validity and reliability of the findings.

The discussion moves beyond a simple restatement of the results to explore the underlying mechanisms and contextualize the findings within the existing body of literature and the specific industry context of Surabaya's FNB sector. The consistent support for the hypotheses is significant because it provides a clear, evidence-based pathway for sustainable development in an emerging economy. The findings of this study are warranted in view of the fact that the firms surveyed are already green oriented probably because of demographic data used in the research. This means the study is not about what can be achieved to encourage companies to start their journey, but about giving a clear framework that has been proven to the one who is already on that committed track.

Comparative Analysis

The findings align with previous studies on green innovation and capabilities. For instance, the positive relationship between GPI and GPD (H1) is consistent with research on green innovation in Indonesian SMEs, which shows a positive impact on green performance (Fraccascia et al., 2018; Prakoso et al., 2025; Siems et al., 2021). The mediating role of GT between GPI and GPD (H6) expands upon the literature by revealing the precise pathway for this relationship, a point of convergence with studies that show technology as a crucial driver for sustainable growth in developing countries (Liang et al., 2025; Shahzad et al., 2022; Y. Wang et al., 2025). This finding is further supported by policy-oriented research from Faibil, where the implementation of policies like Extended Producer Responsibility (EPR) drives companies to use technology to redesign products for greater efficiency and easier recycling (Faibil et al., 2023).

Similarly, the mediating role of GT between GDC and GPD (H7) demonstrates that the strategic agility and adaptive capacity of a firm (GDC) are most effectively leveraged through the application of tangible technological solutions (GT) (Abdelfattah et al., 2025; Haug et al., 2025; Liang et al., 2025). This finding deepens the understanding of how GDC

DOI: 10.47329/jurnal_mbe.v11i2.1589

E-ISSN: 2723-1704
P-ISSN: 2443-3934
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translates into GPD, confirming GT's role as the crucial "missing link" in this transformation. The results are consistent with the work of Chen et al. (2022), who highlight that firms with strong dynamic capabilities are better equipped to acquire and deploy relevant green technologies, which become a key enabler for green initiatives (Shahzad et al., 2022; Y. Wang et al., 2025).

The study also contributes to a critical understanding of the Surabaya FNB industry. Unlike more resource-intensive industries in developed countries, the FNB sector in Surabaya often operates with limited capital and faces unique challenges related to supply chains and local market demands (Farahdiba et al., 2023; Meryawan et al., 2023). The findings demonstrate that even within this context, a structured approach that integrates green innovation, dynamic capabilities, and technology can lead to significant and measurable green product outcomes.

CONCLUSION

This study successfully investigated the direct effects of Green Product Innovation and Green Dynamic Capabilities on Green Product Development, and the mediating role of Green Technology in these relationships. The empirical findings consistently supported all seven hypothesized relationships, highlighting the significant contributions of each variable to a firm's sustainable product development efforts. The study confirmed that Green Technology acts as a pivotal intermediary, serving as the mechanistic enabler that translates strategic intentions and capabilities into tangible green outcomes.

The findings provide clear, practical implications for FNB managers in Surabaya and other emerging economies. Managers should strategically invest in green technologies to accelerate their green innovation processes. It is recommended that firms foster Green Dynamic Capabilities by continuously scanning the environmental landscape, developing the organizational agility to respond to market shifts, and investing in human capital to build a team capable of deploying these capabilities. An integrated approach that combines innovation, strategic capabilities, and technological investment is essential for achieving and sustaining meaningful Green Product Development.

The theoretical contribution of this research is twofold. First, it advances the Dynamic Capabilities Theory by empirically demonstrating how specific "green" capabilities and a critical resource (Green Technology) are directly linked to sustainable outcomes. Second, and most notably, it fills a gap in the literature by providing a mechanistic explanation for how strategic capabilities lead to tangible green product outcomes, particularly by highlighting the crucial mediating function of Green Technology within the context of an emerging economy.

DOI: 10.47329/jurnal_mbe.v11i2.1589

Limitations and Future Research

This study has a number of limitations despite its contributions. The cross-sectional design is the first limitation, and this makes causal inference problematic due to the complex nature of these intricate relationships as they develop into their final state. Furthermore, whilst our sample of 362 FNB businesses provides important and context-specific insights, the fact that the study is focused on only one city, Surabaya FNB industry per se limits direct generalizability to wider Indonesian or global populations. Moreover, although the study based on self-reported measures to assess firm capabilities and innovation as commonly done in this type of research, further studies could also use objective performance data.

This leads to a number of directions for future research that could build upon the limitations and novel insights identified. Research that follows these relationships over time, a longitudinal study design will capture how these relationships change, to produce a more nuanced view of what sustainable product development encompasses. Layered on this could be potential other mediating or moderating factors (such as regulatory support/consumer pressure/organizational culture) that moderate the relationships in model. Qualitative investigations, such as case studies or in-depth interview with FNB managers could be conducted to provide deeper insights regarding the practical challenges and success factors of implementing green innovation, dynamic capabilities and technology in the FNB sector complementing the quantitative findings. Moreover, more sophisticated methodological techniques for example fuzzy set Qualitative Comparative Analysis (QCA) or multi-group analysis could be adopted in the search for potential unobserved heterogeneity or specific contexts that may influence these relationships.

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