



Environmental and Green Orientation as Drivers of Firm Performance: A Natural Resource-Based View Review

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Abstract

Background: Sustainable development has moved environmental practices from compliance to strategic economic resources. Based on the Natural Resource-Based View (NRBV), this paper conducts a systematic review of the impact of green and environmental orientation upon competitive strategy and firm performance.

Objective: This study aims to (1) identify dominant research themes in the green and environmental orientation literature, (2) examine prevailing theoretical and methodological approaches, and (3) develop an integrative NRBV-based strategic framework explaining how sustainability-oriented resources are converted into competitive strategy and superior firm performance.

Methods: Following the PRISMA 2020 guidelines, a systematic search of the Scopus database was conducted in January 2025 using terms including "green orientation," "environmental orientation," "competitive strategy," and "firm performance." After screening 104 initially identified articles by title, abstract, and inclusion criteria (peer-reviewed, English-language, Scopus-indexed, published 2018–2025), 60 articles were retained for thematic synthesis.

Results: Environmental and green dynamics create value in the economic dimension via innovation, efficiency, and competitive strategy.

Purpose: Although competitive strategy and green innovation mediate their effects on firm performance, the literature remains fragmented along theoretical, methodological, and contextual lines. The objective of this review is to (1) clarify mechanisms underlying competitive advantage, (2) develop a NRBV-based framework, and (3) highlight important gaps in research.

Conclusion: Green and environmental orientation can enhance firm performance through competitive strategy and innovation, as they can be strategically valuable resources. Future studies that adopt longitudinal and cross-country designs should address existing methodological and contextual gaps.

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INTRODUCTION

As firms contend with increasing environmental degradation, regulatory rigor, and stakeholder scrutiny, sustainable development has become a central imperative for modern economic systems. Conventional economics has long considered environmental responsibility a liability that could undermine firm competitiveness. But modern sustainability economics recognizes better environmental practices as potential engines for productivity enhancement, innovation, and long-term value creation (Ukpoju et al., 2024). Nevertheless, research on the specific channels through which environmental practices translate into economic effects remains

heterogeneous and fragmented, highlighting the necessity of a systematic synthesis.

From a strategic economics standpoint, this pivot is rooted in the Resource-Based View (RBV) proposed by Barney (1991), which maintains that firm-specific resources characterized by value, rarity, inimitability, and non-substitutability are at the crux of persistent competitive advantage. Building on this logic, Hart (1995) proposed the Natural Resource-Based View (NRBV), claiming that environmental capabilities—pollution prevention, product stewardship, and sustainable development—are strategic resources because they allow firms to achieve economic competitiveness through environmental responsibility.

Building on these theoretical underpinnings, other scholars argue that environmental orientation is a firm-level strategic posture toward decision-making and organizational behavior concerning environmental issues. Environmental orientation is often defined as a multidimensional construct comprising managerial commitment, organizational values, and proactive environmental practices that have implications for strategic actions. Notably, whereas environmental orientation is a higher-order factor reflecting managerial commitment to integrate ecological considerations into broader strategy, green orientation emphasizes innovation-oriented responses that include eco-designing products and services, adopting clean technologies, and developing green products (the distinction discussed in the literature review) (Fawehinmi et al., 2020). Given the NRBV framework, this orientation promotes the development of firm capabilities that are conducive to operational efficiency, innovation performance, and market differentiation.

A growing empirical literature supports green and environmental orientation as sources of strategic value. Previous research has shown that environmental orientation leads to better organizational performance in terms of resource optimization, lower costs, and innovation capacity. For example, Bıçakcıoğlu (2020) demonstrated that green business strategy enhances export performance through improved innovation and strategic positioning. Likewise, Halbusi (2023) found that green core competence has a positive relationship with competitive advantage and firm performance. Emerging markets evidence suggests that environmental orientation inspires green innovation, which enhances financial and non-financial performance as well. Although the overall positive relationship is consistent, studies differ in terms of effect size and boundary conditions of these effects, with sector, institutional context, and measurement approach being important sources of heterogeneity.

Despite these developments, the current literature remains largely fragmented. Despite being empirical studies, they differ in the theoretical frameworks they draw on, their methodological design, and their context. Many investigations are framed according to the NRBV or RBV, but other studies draw on institutional theory, stakeholder theory, and dynamic capability perspectives, resulting in heterogeneous findings. Methodologically, cross-sectional survey-based studies using Structural Equation Modeling dominate the literature, offering insights into causal mechanisms; however, a fruitful direction for future research would be longitudinal analysis of economic effects. The predominance of cross-sectional designs is especially problematic because they do not allow causal inference, are prone to reverse causation (i.e., it cannot be determined whether performance leads to environmental orientation or the other way around), and obscure time-lag effects between the development of environmental capability and performance outcomes.

Additionally, previous reviews have focused on examining single dimensions of sustainability—such as green innovation, environmental performance, or corporate social responsibility—in isolation (Singh et al., 2020). A comprehensive synthesis on how green and environmental orientation translate into competitive strategy and link to firm performance is scant. In contrast to past reviews that have focused on single dimensions of sustainability, this work pushes the boundaries by clearly delineating and connecting the pathway from EO/GO → competitive strategy → firm performance within a comprehensive NRBV model, offering a more holistic and actionable theoretical framework. As a result, the economic lens through which environmental orientation can be seen as a strategic resource has not been fully developed.

This fragmentation poses a key question to sustainability economics and strategic management scholars: when are green and environmental orientations real economic resources rather than symbolic or compliance-induced ones? This question necessitates an integrative

review that relates environmental orientation, competitive strategy, and firm performance within a common theoretical framework. Therefore, this study is driven by the following research question:

RQ: How do green orientation and environmental orientation serve as strategic economic resources that impact competitive strategy and firm performance in terms of peer-reviewed empirical literature published from 2018 to 2025?

This study attempts to fill this gap by conducting a systematic literature review (SLR) based on the PRISMA 2020 guidelines (Page et al., 2021). The Scopus database was chosen to cover high-quality peer-reviewed journals with uniform data extraction standards; this limitation is acknowledged and discussed in the conclusion section.

This review synthesizes evidence from 60 peer-reviewed Scopus-indexed articles published from 2018 to 2025. This study serves three purposes: (1) identifying prevailing research themes in green and environmental orientation studies, (2) analyzing dominant theoretical and methodological orientations, and (3) proposing an integrative NRBV-based framework explaining how sustainability-driven resources evolve into competitive strategy and firm performance.

This review brings the fragmented empirical findings together and makes two important contributions to the literature. First, it contributes to sustainability economics by specifying the economic mechanisms through which environmental orientation contributes to value creation over time. Second, it enhances the theoretical dimension of the Natural Resource-Based View by framing environmental orientation as an economic strategic resource rather than a merely normative construct. The results have substantive implications for academics, managers, and policymakers in pursuit of sustainable competitiveness in today's economies. Unlike other existing SLRs, this study explicitly integrates environmental orientation (EO), competitive strategy, and firm performance into the NRBV framework using Scopus-indexed empirical evidence from 2018 to 2025, resulting in a testable strategic framework that maps the EO/GO → competitive strategy → performance chain—a contribution not yet synthesized in the existing literature.

LITERATURE REVIEW

Resource-Based View (RBV)

One of the essential theories on how firms realize sustained competitive advantage based on internal resources and capabilities is the Resource-Based View (RBV) (Enriquez de la O, 2015). Only firm resources that are valuable, rare, hard to imitate, and non-substitutable will ultimately give rise to a superior performance of the firm (Barney, 1991). In this framework, firms build firm-specific assets that contribute to efficiency and value creation, which ultimately yield a competitive advantage beyond mere positioning in an industry.

RBV literature has gained considerable attention in the areas of economics and strategic management to explain firm performance heterogeneity. From an economic point of view, RBV focuses on the efficient allocation of resources and leveraging intangible assets like knowledge, organizational routines, and managerial skills. However, early RBV formulations evinced little concern with environmental constraints and ecological challenges that increasingly shape firms' cost structures and their productivity outcomes.

Natural Resource-Based View (NRBV)

Hart (1995) proposed the Natural Resource-Based View (NRBV), since the traditional RBV fails to consider environmental constraints. Compared to RBV, the NRBV injects environmental resources and ecological capabilities directly into its competitive advantage formulation. Hart (1995) contends that firms can obtain sustained competitiveness through capabilities in pollution prevention, product stewardship, and sustainable development. The NRBV embeds environmental practices into the firm's strategic domain as economic resources that can generate strategic advantage, rather than as compliance and cost-driven expenditures in response to regulations (Hart, 1995).

Environmentally friendly resources help firms minimize waste and emissions, improve energy efficiency, promote innovation, and boost productivity over time (Majid et al., 2023).

Geared toward insights on the relationship between environmental and economic performance, the NRBV may provide a theoretical basis for understanding the specific manner in which sustainability decisions affect those constructs, given intensified environmental pressures and increasing stakeholder awareness. Later work has validated the importance of the NRBV in accounting for firm performance in manufacturing, service, and export-oriented industries. Empirical research shows that firms with stronger environmental capabilities are more likely to obtain competitive advantage, especially driven by innovation and differentiation mechanisms.

Green and Environmental Orientation

Green and environmental orientation relates to a firm's strategic posture toward integrating environmental considerations into organizational values, managerial decisions, and operational practices (Yang et al., 2021). Researchers have stated that while environmental orientation describes a proactive management commitment toward promoting corporate sustainability, green orientation emphasizes innovation-oriented responses such as the use of eco-design principles, clean technologies, and the development of green products.

Previous studies conceptualized environmental orientation as an organization-specific capability that steers strategic behavior. Under the NRBV framework, this orientation leads to creating valuable and hard-to-imitate resources of green knowledge, technological capability, and environmental management systems. Research using empirical data has consistently shown a positive relationship between environmental orientation and firm outcomes. Companies with strong environmental orientation perform better in terms of innovation, enhanced operational efficiency, and corporate image. These results lend credence to the argument that environmental orientation serves as a foundational resource facilitating competitiveness oriented toward sustainability.

Competitive Strategy and Firm Performance

Competitive strategy refers to the means by which firms utilize resources to gain competitive advantage in markets (Amason & Ward, 2020). Cost leadership and differentiation are the two principal strategic positions discussed in classical strategic management literature impacting firm performance. Competitive strategy increasingly incorporates green differentiation, eco-efficiency, and sustainability-based market positioning in sustainability-oriented contexts.

From an NRBV standpoint, environmental orientation by itself does not guarantee higher performance. Competitive strategy thus acts as a transformation engine that converts resources into economic outputs in pursuit of sustainability. Companies that can incorporate environmental values into their strategic planning and innovation processes are more likely to see productivity gains and create long-term value.

In this regard, there is empirical evidence that competitive strategy often acts as a mediator between environmental orientation and the performance of firms. Green product innovation, process efficiency, and sustainable product differentiation act as strategic mediators through which environmental orientation positively impacts both financial and non-financial performance metrics.

Prior Empirical Studies

An extensive body of empirical literature has examined the relationship between environmental orientation and competitive strategy, as well as between these strategies and firm performance. In general, NRBV studies find positive performance effects of environmental initiatives, especially when these are aligned with innovation and strategic differentiation. For example, Chen (2012) found that firms with green core competencies positively impact competitive advantage and business performance. Similarly, Bıçakcıoğlu (2020) demonstrated that green business strategy positively influences innovation capability and export performance. Studies conducted in emerging economies also highlight how environmental orientation is positively related to firm performance, mediated by green innovation and strategic capabilities.

However, there are significant discrepancies in the literature. Divergent measurement approaches, industry contexts, and institutional environments explain the heterogeneity of

findings. Additionally, the prevalence of cross-sectional survey designs hampers insights into dynamic capability trends and longer-term economic outcomes.

Theoretical Foundations and Research Gaps — Summary

Table 1 provides a summary of the key theoretical perspectives and empirical findings surrounding green and environmental orientation, competitive strategy, and firm performance. The table illustrates that sustainability-oriented strategy has evolved over time, while also revealing remaining gaps that serve as motivation for the current systematic literature review.

Table 1. Theoretical Background and Prior Studies

Theory	Key Scholars	Core Concept	Empirical Evidence from Prior Studies	Key Findings	Research Gap Identified
Resource-Based View (RBV)	Barney (1991)	Firm-specific resources that are valuable, rare, inimitable, and non-substitutable generate sustained competitive advantage.	Numerous studies adopt RBV to explain how organizational capabilities influence firm performance.	Strategic resources enhance competitive advantage and performance outcomes.	RBV does not explicitly incorporate environmental resources and ecological constraints.
Natural Resource-Based View (NRBV)	Hart (1995)	Extension of RBV emphasizing environmental capabilities such as pollution prevention, product stewardship, and sustainable development.	Widely applied in studies examining environmental strategy and sustainability performance.	Environmental capabilities can function as strategic resources supporting long-term competitiveness.	Limited synthesis on how NRBV mechanisms translate into firm performance through competitive strategy.
Green Core Competence Theory	Chen (2012)	Firms develop unique green knowledge, skills, and technologies to enhance competitiveness.	Chen (2012); later studies in manufacturing and SMEs.	Green core competence positively influences competitive advantage and performance.	Most studies focus on innovation outcomes, not strategic integration mechanisms.
Green Business Strategy	Bicakcioglu (2020)	Integration of environmental orientation into strategic planning and market positioning.	Export-oriented and manufacturing firms in emerging economies.	Green strategy enhances performance through innovation and differentiation.	Fragmented findings across sectors and countries.
Dynamic Capability Theory	Teece (2007)	Firms adapt and reconfigure resources in	Applied to sustainability-oriented innovation	Dynamic capabilities strengthen the impact	Limited integration with NRBV in

		dynamic environments.	and strategy studies.	of environmental orientation on performance.	systematic reviews.
Institutional Theory	DiMaggio (1983)	Firms respond to regulatory, normative, and mimetic pressures.	Used to explain adoption of environmental practices.	Institutional pressure drives environmental orientation adoption.	Less attention to performance transformation mechanisms.
Stakeholder Theory	Freeman (1984)	Firms respond to stakeholder expectations to gain legitimacy.	Frequently combined with environmental strategy studies.	Stakeholder pressure encourages sustainability initiatives.	Often emphasizes legitimacy rather than economic value creation.

METHOD

This study applied a Systematic Literature Review (SLR) approach to synthesize the findings of previous studies in a transparent and replicable manner.

Review Process

The identification, screening, eligibility evaluation, and final inclusion of all articles were conducted according to the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) 2020 guidelines (Page et al., 2021).

The study selection process was summarized by the PRISMA flow diagram in Figure 1. A preliminary search found 104 articles in the Scopus database. Of these, 44 articles were excluded during title and abstract screening, as their content was irrelevant to the review topic, focused on theoretical aspects outside the scope of this review, or appeared in journals not covered by the SCImago Journal Rank (SJR). As a result, 60 articles were retained and used in the systematic literature review.

Figure 1. PRISMA flow diagram showing the process of identifying, screening, and selecting studies included in the systematic literature review. The search was performed in January 2025 using the following search strings: ("green orientation" OR "environmental orientation") AND ("competitive strategy" OR "firm performance" OR "green innovation"). After duplicates were removed, a preliminary selection was made. Title and abstract screening was performed by two independent reviewers, with any disagreements resolved through discussion until consensus was reached. All remaining articles were then subjected to full-text review to verify inclusion and exclusion criteria.

Instead of merely classifying prior studies descriptively, the synthesis highlighted and discussed strategic mechanisms that connect environmental orientation, competitive strategy, and firm performance.

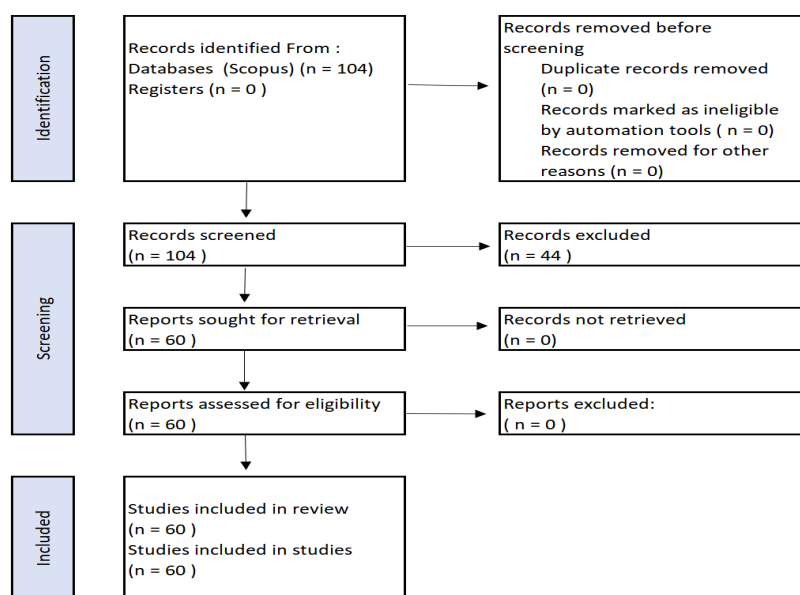


Figure 1. PRISMA Flow Diagram of the Systematic Literature Review Process

Data extraction was performed using a structured analytical framework that captured research goals, important constructs, theoretical bases, research methodology used, major findings, and identified gaps in knowledge. Codification related to each of the articles consisted of (1) author(s) and year, (2) country/region, (3) industry/sector addressed, (4) sample size, (5) research method used, (6) theoretical framework used, and key constructs including independent variables as well as mediating or moderating variables and dependent variables; also included in this codification were any findings associated with these constructs, and finally, gaps identified.

Two coders independently extracted data from a randomly selected 20% subsample of articles; inter-rater reliability was evaluated with Cohen's Kappa ($\kappa = 0.84$), demonstrating strong agreement. Discrepancies were resolved through discussion. The data extraction was followed by a thematic analysis-based synthesis of the studies to generate key patterns and themes across the identified studies.

The eligibility criteria consisted of peer-reviewed journal articles published from 2018 to 2025, written in English, and indexed in Scopus, that specifically explored the effects of green or environmental orientation on competitive strategy, innovation, or firm performance. Theoretical papers without empirical or integrative analysis were further excluded, as were articles published in journals not rated by SCImago Journal Rank (SJR).

To assess the methodological quality of each study, a simplified quality scoring checklist was adapted from the Mixed Methods Appraisal Tool (MMAT) based on five criteria: (1) clarity of research objectives; (2) appropriateness of research design; (3) validation of measurement instruments used; (4) adequacy of sample size; and (5) transparency in analytical procedures that facilitated replication. Studies scoring fewer than 3 out of 5 were retained but flagged as carrying lower evidential weight in the synthesis, reflecting quality variation across the 60 studies, reported transparently in the interpretation of findings.

RESULTS AND DISCUSSION

Result

The SLR results show some trends that are common among the studies reviewed. First, the majority of papers in this domain focus on the connection between green or environmental orientation and firm performance with mostly positive, significant results. For this reason, the initiatives of sustainability-focused strategies can lead to better performance in organizations. From a temporal distribution perspective, more than half of the articles ($n = 38$, 63%) were published between 2020 and October 15, 2023, indicating an increasing academic interest in sustainability-oriented strategy.

In terms of methodology, the SEM-based surveys were predominant ($n = 42$, 70%), followed by qualitative case studies ($n = 10$, 17%) and mixed-method approaches ($n = 8$, 13%).

This may indicate that most empirical works conducted were in emerging economies, mainly China, Pakistan, and Malaysia, with a lack of European or Sub-Saharan African studies. Overall characteristics of 60 studies including publication period, research methods, and dominant theoretical perspectives are shown in Table 1.

Table 2. Characteristics of the Reviewed Studies (n = 60)

No	Category	Subcategory	Number of Studies
1	Publication Period	2018-2020	6
		2021-2023	20
		2024-2025	34
2	Type of Study	Empirical studies	52
		Conceptual / Review studies	8
3	Research Method	CB-SEM	22
		PLS-SEM	14
		Regression analysis	9
		Mixed methods	5
		Qualitative / Case study	4
		Conceptual / Review methods	6
4	Theoretical Perspective	Resource-Based View (RBV)	Dominant
		Natural Resource-Based View (NRBV)	Dominant
		Dynamic Capabilities	Moderate
		Entrepreneurial Orientation (EO-based)	Moderate
		Stakeholder / Institutional Theory	Moderate

Secondly, green innovation and competitive strategy often become essential mediating mechanisms (Y.-S. Chen et al., 2014). More precisely, green innovation was used as a mediating variable in 28 articles (47%), while competitive strategy performed the role of a mediator in 22 papers (37%). For example, environmental orientation was analyzed as the primary independent variable in 45 studies (75%) and green orientation in 38 studies (63%), with a few papers investigating both constructs simultaneously. Multiple studies claim that green environmental orientation improves firm performance through innovation capabilities and strengthens competitive positioning. From a methodological perspective, the most frequent analytical method used was SEM (both CB-SEM and PLS-SEM approaches) (42 studies; 70% of total), which are suitable for complex relationships.

The NRBV and RBV lead the field from a theoretical point of view and suggest that environmental resources and capabilities provide strategic value. However, empirical evidence is patchy across contexts, with our ability to draw generalizations limited by a strong focus on emerging markets and an absence of comparative or longitudinal research designs. The main themes identified from the reviewed literature are summarized in Table 2**, which** highlights dominant research areas, theoretical perspectives, and methodological trends.

Table 3. Main Themes Identified in the Systematic Literature Review

No	Main Theme	Research Focus	Dominant Findings	Methodological Notes
1	Green Environmental Orientation → Firm Performance	Direct impact of green and environmental orientation on	Most studies report a positive and significant relationship	Mainly tested using SEM-based approaches

		firm performance			
2	Green Innovation as a Mediating Mechanism	Role of green innovation in linking orientation to performance	Green innovation strengthens the orientation-performance relationship		Predominantly examined using CB-SEM and PLS-SEM
3	Competitive Strategy / Competitive Advantage	Strategy and competitive advantage as mediators	Competitive strategy as frequently acts as a key mechanism		Limited use of longitudinal designs
4	Theoretical Integration (RBV-NRBV-DCV)	Strategic resources and sustainability-oriented capabilities	NRBV extends RBV by emphasizing environmental capabilities		Strong dominance in empirical studies
5	Contextual Focus on Emerging Markets	Firm-level sustainability strategies in developing economies	Evidence remains fragmented and context-specific		Need for cross-country comparative studies
6	Methodological Research Gaps	Research design and analytical approaches	Qualitative, mixed-method, and longitudinal studies are needed		Significant opportunity for future research

More than half of the covered studies, indeed, emphasized mediating mechanisms like green innovation and competitive strategy, suggesting that a sustainability orientation may not by itself explain firm performance in the absence of strategic capabilities (Zameer et al., 2022).

Discussion

The results of this review support the Natural Resource-Based View, which suggests that environmentally-focused capabilities can act as strategic resources to leverage competitive advantage and firm performance (Hart, 1995). Notably, the literature discussed here can be classified within three NRBV capability domains proposed by Hart (1995): (1) prevention of pollution, seen in cost-efficiency and eco-process approaches; (2) product stewardship, highlighted in green product development and eco-design research; and (3) sustainable development, represented by studies demonstrating that long-term sustainability strategy creates competitive advantage.

In light of the relevance posed by sustainability-oriented resources to strategic management research Barney (1991), it is not surprising that RBV- and NRBV-based studies dominate the reviewed literature. Additionally, green innovation and competitive strategy are consistently recognized as potential mediating mechanisms that indicate environmental orientation alone is not enough to lead to superior performance outcomes. Rather, companies need to convert sustainability orientation into strategic actions and innovation capabilities Bıçakcıoğlu (2020), which is consistent with previous empirical findings in sustainability-oriented strategy research.

The role of green and environmental orientation in improving firm performance is strategic, as the findings from this review indicate (Canbul Yaroğlu, 2026; Yasir et al., 2020). In line with the NRBV, sustainability-oriented capabilities are thus regarded as valuable, rare, and hard-to-imitate resources that lend themselves to sustainable competitive advantage. Thus, the relatively frequent role of green innovation and competitive strategy as mediators indicates that these strategic mechanisms are necessary to translate environmental orientation into performance outcomes (Frare & Beuren, 2022; Javed et al., 2026).

There are some limitations in the literature, despite these advances. From the methodological standpoint, cross-sectional SEM-based studies greatly restrict our ability to draw temporal and causal inferences. Even though emerging markets have attracted growing interest, data are limited regarding sector-specific and cross-country comparative studies. These gaps indicate that this field has not fully explored the dynamically and contextually situated nature of sustainability-oriented strategies.

These results further support the Natural Resource-Based View by showing that environmental orientation is more than a normative position but rather a strategic resource for firms to develop innovative capabilities and competitive advantage. The preeminence of NRBV-oriented studies also points to a wider realignment of strategic management research toward incorporating sustainability issues into the fundamental logic of competitiveness.

Implications

Theoretical Implications

This review reinforces the relevance of the NRBV through its synthesis of empirical evidence that links green and environmental orientation to competitive strategy and firm performance. The results furthermore imply that a stronger integration of RBV, NRBV, and Dynamic Capability perspectives is needed in order to explain the development and dynamic deployment of sustainability-oriented resources over time. The results are distilled into (P1) higher environmental orientation leads to better results, i.e., pollution prevention and eco-efficiency outcomes will lead to enhanced cost performance by firms; (P2) the degree of positive effect on firm performance due to green orientation will be stronger for those firms that embrace green innovation as a mediating factor, especially in high-regulatory regimes; (P3) in longitudinal study designs, integrating NRBV and Dynamic Capability perspectives would explain long-term sustained competitive advantage more than either approach could do separately.

From a managerial perspective, the results imply that managers must go beyond symbolic environmental initiatives and instead nurture green capabilities rooted in competitive strategy. Operationally, that means (1) building capabilities — treating environmental management systems, green R&D teams, and eco-design processes as strategic assets to be invested in; (2) implementing eco-efficiency KPIs — integrating indicators of environmental performance such as carbon intensity per unit output or rates of waste reduction into balanced scorecards alongside financial metrics; and (3) investing tenaciously in innovation — providing dedicated budgets for developing green products or adopting clean technologies, especially in manufacturing and export-oriented sectors where regulatory pressures are mounting. Aligning environmental orientation with innovation processes and strategic positioning could yield improved sustainability outcomes as well as financial performance.

Practical Implications

For practitioners, the implications emphasize that integrating environmental values into strategic and entrepreneurial decisions is important. Superior performance is associated with firms that invest in green innovation and align sustainability initiatives with competitive strategy. Insights such as these can also help policymakers craft policies that incentivize firms to implement sustainability-oriented strategies. Such implications additionally strengthen the argument that sustainability-oriented resources should be embedded strategically into firm capabilities rather than realized through symbolic or compliance-driven initiatives (Hart, 1995).

CONCLUSION

Through a systematic literature review of 60 articles, this study provides an integrative synthesis of current research on green and environmental orientation. This review presents three main contributions. First, by demonstrating that green and environmental orientation create competitive advantage largely through the mediating mechanisms of green innovation and competitive strategy—not through direct effects alone—the study extends the sustainability literature.

Second, this review adds to the NRBV body of theory by mapping empirical evidence on Hart's three domains of capability (i.e., pollution prevention, product stewardship, and sustainable development) and adding dynamic capability integration to broaden the framework.

Third, the study provides rigorous systematic mapping of the EO/GO → competitive strategy → firm performance pathway via 60 Scopus-indexed studies (2018–2025), delivering a replicable evidence base for scholars and practitioners.

The results show that sustainability-oriented strategies are key to improving firm performance through innovation and competitive strategy mediation. Although several advances have been made in the literature, many research gaps exist. Future research should utilize longitudinal and qualitative methods to capture dynamic strategic processes, conduct cross-country comparative studies, and investigate under-studied industries. Bridging these gaps will enhance knowledge of the manner in which sustainability-supporting strategies lead to long-term competitive advantage and organizational performance.

Several limitations are present within this review. First, it is limited to articles only indexed in Scopus, thus potentially missing relevant studies published in other databases. Second, the synthesis is restricted to English-language publications. These limitations call for future reviews to expand database coverage and adopt a multi-language approach.

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AUTHOR CONTRIBUTION STATEMENT

Suroto: Idea creation, research methodology, literature search and selection in accordance with the PRISMA guidelines, data extraction, thematic analysis/categorial generation/framework development, writing – initial draft, update/review & editing, and endorsement of the final manuscript.

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