

June 2021

Study on Green Products Innovation of Fashion SME “NP”

Griba Raymundo Ginting

Lamtiur Hasianna Tampubolon

Follow this and additional works at: <https://scholarhub.ui.ac.id/jbb>



Part of the [E-Commerce Commons](#), [Entrepreneurial and Small Business Operations Commons](#), [Human Resources Management Commons](#), and the [Operations and Supply Chain Management Commons](#)

Recommended Citation

Ginting, Griba Raymundo and Tampubolon, Lamtiur Hasianna (2021) "Study on Green Products Innovation of Fashion SME “NP”," *BISNIS & BIROKRASI: Jurnal Ilmu Administrasi dan Organisasi*. Vol. 28 : No. 1 , Article 4.

DOI: 10.20476/jbb.v28i1.1289

Available at: <https://scholarhub.ui.ac.id/jbb/vol28/iss1/4>

This Article is brought to you for free and open access by the Faculty of Administrative Science at UI Scholars Hub. It has been accepted for inclusion in *BISNIS & BIROKRASI: Jurnal Ilmu Administrasi dan Organisasi* by an authorized editor of UI Scholars Hub.

Study on Green Products Innovation of Fashion SME “NP”

Griba Raymundo¹, Lamtiur H. Tampubolon²

Master of Business Administration Program, Atma Jaya Catholic University, Indonesia^{1,2}

gribaraymundomm@gmail.com¹, lamtiur.tamp@atmajaya.ac.id²

Abstract. Innovation is a social and economic success due to the discovery of new solutions that significantly improve value offered to customers and benefits perceived by customers with cost exchanges as profits. Therefore, innovation becomes a competitive advantage for MSME to have the ability to compete and survive in dynamic markets. The purpose of this research is to examine innovations in the green products of Fashion SME “NP”. The research uses qualitative methods with semi-structured interviews and observations. Primary data is obtained through in-depth interviews with three informants namely the owner and two employees of Fashion SME “NP” and triangulation to two consumers of the Fashion SME “NP”. Secondary data used are taken from relevant literature and books. The results of this research shows that innovations of green products conducted by Fashion SME “NP” have achieved innovation successes. The successes of such innovations include business success, technical success, and financial success. In addition, entrepreneurial proactiveness plays a very important role in developing sustainable innovation so that consumers are not saturated, and still developing innovations to be a competitive advantage of the company, both in terms of service and product quality.

Keywords: Innovation, small business, Entrepreneurial Proactiveness

INTRODUCTION

In recent years, Indonesian society especially the young generations are familiar with green products or environmentally friendly products. The demand for green products is increasing (Chen in Durif, Boivin & Julien, 2010). Therefore, many companies apply green concepts and produce green products which is well-known as environmentally friendly. In fact, green products are not products that have just emerged on Indonesia market. Many companies in every industry also apply green concepts to their products such as automotive and others (Durif, Boivin & Julien, 2010). One company that applies the concept of green products in their business system is The Body Shop.

The popularity of green products lately is supported by people’s concern for the environment, therefore green products are one of the most sought after in Indonesia today. According to Bhardwaj et.al (2020), green products strive to protect or enhance the environment by conserving energy and/or resources and reducing or eliminating the use of toxic agents, pollution, and waste. Green products offer high quality and low overall costs to the consumer and society as these products are characterized by efficient use of resources and low risks to the environment since the inception phase. Therefore, green products can be classified into a new breakthrough and an innovation because there is no doubt that green products are products produced by changing the old way in the production process into an output. In every act of consumption, green products apply environmentally friendly insights as often known as 3R: Reduce, Reuse and Recycle (Mills, 2012).

Issues on the environment are becoming a very passionate subject these days and leads to a trend of green marketing used by firms as one of the strategies

in order to gain profit and protect the tools of marketing mix of green marketing. SMEs (Small and Medium Enterprises) and even the government saw the need to go green and make products that would serve the environment with little or no harm (Daniel, 2019). Daniel also states that green marketing which is also referred to as eco-logical marketing, environmental marketing and or sustainable marketing, has now become the paradigm of every business that wishes to keep its environment free from. Many SMEs have started putting into practice, strategies on how they produce, develop, and market greens that can sustain their natural environment as well as still meet their customers' expectations, and still, make a profit for the SME. Daniel continues that in Nigeria, many firms have adopted the green notion and it can be seen in how they go about their business, how they care for the environment and also how they want their customers to view them in terms of their contribution to helping the environment stay safe. Daniel points out that the current debate on green marketing is when, where and how to use and apply it. Therefore, Daniel wants to assess the impact of green marketing on SMEs, the factors that influence SMEs into deciding if the adoption would be of benefit to them as an SME, looking at it from the financial point of view of these SMEs.

From the study, it is known that applying green marketing the right way would bolster firms’ performances and benefit all stakeholders involved (the SMEs, Customers, and the environment). The marketing mix, the 4Ps (Price, Place, Promotion and Product) would be key factors in how a firm places to not only attract the customer but also position the product in the minds of the customer so the customer feels he is getting value for money. On the contrary, this research would like to see whether innovation

becomes a competitive advantage for SMEs to have the ability to compete and survive in dynamic markets. Innovation here refers to the use green product. In relation to that, the research aims to examine a company that has already been long standing and well-known in the clothing fashion industry and is one of the companies that apply the green concept. The company is classified as a SME that managed to reap huge success and has its own competitive advantage in the market. The Fashion SME "NP" is popular in the eyes of consumers with its own slogan, namely "Encouraging the inheritance of Indonesian Archipelago (Wastra Nusantara) and promotes the economy of the nation" that reflects the social entrepreneur and clothing products made from the material of Wastra. Wastra Nusantara is a traditional cloth from all over Indonesian archipelago. Therefore, the cloth of Wastra Nusantara is a batik cloth and also an original handmade weaving from Indonesian archipelago. By applying the principles in the making of its products, the Fashion SME does not sell clothing products from batik and weaving printing because it is not part of the Wastra Nusantara but rather the machine-made results. There are still many Indonesians who have not yet understood the difference between the original batik and the printed batik.

The Fashion SME "NP" provides education and protection to consumers and provides the clearest information about the process of making and how to distinguish the original batik and weaving with the imitation. By doing so, the Fashion SME "NP" will certainly make consumers free from fraud and will certainly make the consumers understand about batik and weaving that are hard to be made and took a long time in the production process. This information is intended for customers not only to wear, but also to understand the complexity and uniqueness that is owned by the Wastra Nusantara that leads to a loving Wastra Nusantara. The company believes that when customers already knew and in love with the product, they will certainly protect it as ancestors' inheritance passed down from generation to generation and will fight cheating on imitation batik and artificial weaving thus reluctant to wear these imitations. This is what affects a form of preservation that will bring the Wastra of Indonesia remains and is known as the indigenous heritage of Indonesian ancestors both local and international arena.

Based on the interest in Wastra Nusantara, the aim of Fashion SME "NP" is to preserve the Indonesian archipelago wastra culture while continuing to revive the batik and weaving craftsmen in Indonesia. As a SME that carries out social business and to survive in its competitive industry and market, the Fashion SME "NP" conducts an innovation. The Fashion SME "NP" achieved this innovation by creating green clothing products, namely to process the waste of the production of fabrics and use batik fabrics that are old, damaged and not used anymore into a garment. This innovation has successfully attracted the interest of consumers in Indonesia who are concerned with

the environment and culture of Indonesia and who want to experience the quality of clothing products while paying attention to environmental and fashion impacts. This is one of the reasons why researchers would like to examine the Fashion SME "NP" which applies the concept of innovation by producing green product.

Of all the aspects that have been outlined above, the main problem of phenomenon that underlies the topic selection and this research is what factor is the main key to the success of innovation that causes the high level of consumer demand for Fashion SME "NP" green products so that they can achieve the success they are today, and how consumers can accept this innovation considering Fashion SME "NP" processes used fabrics into clothing to have a high level of consumer demand recently. Departing from this phenomenon, researchers would like to do more research on the study of innovations to green products of SME Fashion "NP" as, green innovation has significant externalities because it can lead to a cleaner and safer world (Ma, Hou & Xin, 2017).

Ma, Hou & Xin (2017) mention that green innovation can be divided into green product innovation and green process innovation. Green product innovation refers to new or modified products aimed at reducing environmental impacts and green process innovation refers to new or modified production equipment, together with methods and procedures that minimize environmental load. One of the most important issues on green innovation is its relationship with innovator's performance. The researchers divide green innovator's performance into two dimensions, environmental performance and financial performance. In Ma, Hou & Xin's article, a positive relationship between green innovation and environmental performance has been confirmed. However, the relationship between green innovation and economic performance is inconclusive. They also show that some literature supports the hypotheses that green innovation positively affects financial performance, while others do not. It seems inevitable that green innovation can create a better environmental performance and the innovators may pay more attention on how to appropriate the innovation returns. So, Ma, Hou & Xin suggest that a further investigation on the relationship between green innovation and innovation benefit will be helpful. So, this study aims to examine innovations in the green products of Fashion SME "NP" have achieved innovation successes or not. The successes of such innovations include business success, technical success, and financial success.

Green Product

"The product is anything that can be offered to the market for attention, demand, consumption which can fulfill the wishes or needs, which include physical objects, service places, organizations, and ideas" Kotler and Keller (2007). Product is the result of interaction of goods, capital, machinery, manpower, and so forth, the result is a form of product or service. The

resulting product should be able to satisfy consumers' wishes. In product management including planning and development of good products or services to be marketed by the company. The products offered are physical, service, person or personal, place, organization, and idea. So, the product can be either tangible or intangible that can satisfy human needs. Based on the definition, it can be understood that the product is not only physical, but can also be non-physical such as services, corporate prestige, and ideas.

Classification of products based on tangible or not, according to Tjiptono (2002) are as follows:

(a). Goods, is a physical product that can be seen, felt, or touched, felt, held, stored, moved, and other physical treatment. (b). Services are activities benefits or satisfaction offered for sale. For example: repair workshops, beauty salons, courses, hotels, and educational institutions. The products circulating in the market today are very diverse. These products can be physical goods, services or mix between the two. Services are very important marketing products. There are many things to be considered in determining which products will be offered so that the product can be absorbed by the market.

The green product concept applied by the company can be understood as a green product that leads to the perception in the consumer's mind that the product is a product made from natural and environmentally friendly materials.

According to Tsai (2012), green product is a product that the use and disposal has very minimal impact on the environment. It can be concluded that green products are products that in the manufacturing process does not harm the environment and the rest resulting from the consumption of its products are not harmful to the environment.

Green Marketing

Green Marketing or environment marketing grew in line with the public's attention to environmental issues, so the community demanded the responsibility of business people in conducting business activities. Palevich in Adawiyah (2016) states that green marketing incorporates a broad range of activities including almost every process step of procuring raw materials, producing, storing, packaging, shipping, and distribution of products. As such many companies are venturing into green marketing, as an effort to maintain ecological balance in their operations, though their main underlying purpose is maximizing profits (Akenji, 2014; Maniatis, 2015; Yang et al., 2015 in Adawiyah, 2016), they reduce environmental pollution, conserve natural resources and protect the environment (Mohd Sukia et al., 2016 in Adawiyah, 2016). The consumers are informed about the concept of green products through green marketing (Peattie and Crane, 2005 in Adawiyah, 2016), it is apparent that green marketing provide new opportunities for market development. Thus, quality of green marketing refers to compliance towards the elements of green marketing.

Tiwari, Tripathi, Srivastava, & Yadav in Yan & Yazdanifard (2014) mention that green marketing consists of a wide range of business activities which intends to satisfy customers' needs and wants, as well as diminish the negative impacts on the natural environment. Sarkar in Yan & Yazdanifard (2014) refer green marketing to an organization that puts its efforts in to promoting, pricing, and distributing products with eco-concerns. Further, Yan & Yazdanifard (2014) mention that American Marketing Association (AMA) stated that the green marketing approach is the marketing of products that are mainly focused on environmental safety; it incorporates business activities which consist of packaging modification, production process, and green advertising (Yazdanifard & Mercy in Yan & Yazdanifard, 2014). Green marketing is also described as any promotional activity which highlights the environmental ethics as business fundamentals and it can perceive an advantage of switching consumer behavior towards a brand (Peattie & Charter in Yan & Yazdanifard, 2014). In general, Yan & Yazdanifard (2014) say that the main objectives of green marketing were to minimize the environmental hazards which are caused by the industrial manufacturing and to strengthen corporate eco-centric image in the consumers' perception.

Innovation

Fontana (2011) states that innovation is a social and economic success thanks to the introduction or discovery of new ways or new combinations of old ways of transforming inputs into outputs in such a way that they succeed in creating large changes or drastic changes in the relationship between use value or value benefits (perceived by consumers/or users) and monetary value or price. In other words, innovation can include many things in a business organization as in the form of products, organizations, processes, marketing, etc. and become a competitive advantage that creates a lot of value and usability that users can feel compared to other competitors.

Describing the success of an innovation is a complex thing, where the factors therein relate and are bound to each other, because it is impossible to determine the exact boundary between failure and success of an innovation. However, innovation can be something significant if it is possible to compare the various process innovations to small and medium enterprises.

Niazi (2017) states, to make it easier to evaluate the success of an innovation in small and medium enterprises, the concept of success can be divided into three, namely:

(1). Technical Success: concerning how to realize innovation and whether the innovation includes the desired specifications. (2). Business Success: concerns market response and whether innovation can be accepted by consumers. (3). Financial Success: concerning how innovation can generate profits for the company and whether innovation can provide sufficient returns.

The indicator of business success is customer response to innovation, while the indicator of technical success is innovation specification and realization of innovation, and the indicator of financial success is price offered and profit.

This study used this concept to explain the success of an innovation of Fashion SME “NP” because it is easy to implement them in the “NP business”.

According to Wang et al. (2015) there are three factors of entrepreneurial orientation that are driving innovation of companies especially SMES, including entrepreneurial innovativeness, entrepreneurial risk-taking, and entrepreneurial proactiveness. In connection with entrepreneurial orientation, entrepreneurial innovation is defined as the ability and intent to start new products and services. Innovation of companies and individuals can be interpreted as their ability to capitalize on creativity and implement that creativity in the face of challenges during process improvement, procedures and products. Further, entrepreneurial risk taking is an entrepreneurial orientation inherent in the operation of SMEs (small medium enterprises) substantially. Risk taking is a combination of courage and activities undertaken by the company to improve its business returns and effectively increase growth. This includes going into an unknown market, investing in a business that has uncertain results and borrowing large amounts on the market. In other words, risk taking may be defined as the willingness of the owner or company to require or separate and use significant resources to seek opportunities that have chances for failure or chances to Success. Lastly, proactiveness levels of entrepreneurship in a company often determine the extent to which the company will survive in a dynamic market, especially for SMES (small and medium enterprises) with limited resources and R & D (Research and Development) to compete sustainably with large corporations.

Dickel (2017) divides the Proactiveness components into opportunity-seeking and forward-looking behavior. Proactive is often defined as a search for opportunities and exploitation of resources that can be a source of innovation, competitive advantage and utilized as the main drivers on the market. But for companies to maximize their chances of enjoying the benefits of the first mover, it needs to combine both proactive and innovation and produce new solutions for the market that can be accepted as a breakthrough. The entrepreneurial orientation rests on the company's ability to use existing resources to introduce new products or services on the market or redefine its investments and develop completely new processes and products in Market. In addition, Dickel says that proactiveness has the capacity to not only project the company into future markets but also form the environment in the market and provide a new advantage on existing competitive capabilities. Utilizing capital in emerging markets is a key condition of proactive vigor.

SMEs may face greater obstacles than large

corporations in establishing formal business relationships after discovering a customer or partner to collaborate, this can be problematic in business relationships because of a solution that usually wants to develop to make interdependence between companies and interactions with partners. Therefore, it requires a relationship of mutual trust between the parties. It is this belief that will make the company's willingness to depend on its customers where there will be a trust exchange and the emergence of confidence to form sentiment, or expectations about collaborative partners such as expertise, ideas, and reliability generated by corporate collaboration partners.

In this study, the authors used only the aspects of Entrepreneurial Proactiveness by combining the theory of Wang et al. (2015) and Dickel (2017). Researchers take the aspects of Entrepreneurial Proactiveness because this aspect is deemed important and relevant to develop innovation as a competitive advantage of SMEs to be able to survive in a dynamic market.

Types of innovations according to Moore et al. (in Fontana, 2011) include:

Disruptive Innovation

Disruptive innovation is when a product or service is completely new and creates a new market, and generates a new source of wealth, as expressed by Moore et al. (in Fontana, 2011). Ultimately this innovation will form new markets and other consumers will be attracted to this innovation and eventually move on to this latest product. So, the market in the old product is disturbed and starts to lose consumers.

Application Innovation

Application innovation requires existing technology to enter new markets and to serve new objectives. In other words, application innovation finds new usability, new audiences, and recombining existing functionality is an attribute of this innovation.

Product Innovation

Product innovation is to take products that already exist in the existing market to the next stage. So, existing products are improved functionality and usability for existing markets and successful entry time into markets and obtaining patent protection.

Process Innovation

Process innovation occurs when the existing processes in the established market become both more effective and efficient. The purpose of this innovation is to reduce the waste and cost of the process of a product offered on the market but still the right and reaching the target.

Experiential Innovation

Experiential innovation is a way to enhance the customer experience of existing products or processes. In other words, experiential innovation appears most often in a service offering, or by adding services to

an existing product.

Marketing Innovation

Marketing Innovation enhances the process that touches customers by marketing communication.

Business Model Innovation

Business model innovation is reshaping the proportion of predefined values to customers or changing the roles set by the company in the value chain.

Structural Innovation

Structural innovation is capitalizing on disruption to restructuring industrial relations. Examples: Citigroup and Fidelity have used the deregulation of financial services to offer a wider range of products and services to consumers under one umbrella. Almost overnight, the companies became competitors to American banks and insurance companies.

In this research, researchers participated in a SME that engaged in the sale of clothing made from batik and weaving lawasan (old cloth). The Fashion SME "NP" used product innovation by transforming the former fabrics into a product of many popular clothing.

RESEARCH METHOD

The research method used is qualitative as the study would like to seek a deep understanding of a phenomenon, fact or reality. Deep understanding would not be possible without direct observation, interviews and experience (Raco, 2010). Therefore, a semi-structured in-depth interview was used to collect the data. The purpose of semi-structured interviews is to find problems more openly, where the interviewee is asked for their opinions and ideas (Sugiyono, 2008). Every interview was recorded using a mobile phone.

Key informants of this study consist of three people, they are 2 employees of Fashion SME 'NP' and one is the owner. All of the informants hold significant information and knowledge on the company. In addition to the three key informants, two consumers were added as informant triangulation. Triangulation with other sources means comparing and checking the validity of information obtained through different sources in qualitative research (Moleong, 2015). The selection of customers is based on how often they spent shopping in the Fashion SME "NP" and also on the advice of the owner.

Following Creswell (2015), three phases of qualitative research were conducted, including data transcript, which converts the interview results into a recorded conversation with the informants into a verbatim written form. Written text is based on data collection and exactly where it is recorded. All data were collected based on the results of interviews on the informants. Subsequently, data categorization was conducted to insert data into categories according to variables and indicators that are used in the study. The data categorization is one of the stacks

of a set of stacks arranged on the basis of thoughts, intuitions, opinions, or certain criterion. Finally, data was analysed in accordance with the needs of research, using the content analysis. In this analysis, symbols or messages recorded systematically, then given interpretations.

RESULT AND DISCUSSION

Innovation Success Factors

This factor refers to the success of an innovation. To determine the success rate of an innovation, it takes a complex thing. Where the factors therein relate to each other and are bounded, because it is impossible to determine the exact boundary between failure and success of an innovation. However, innovation can be something significant if it is possible to compare the various process innovations to small and medium enterprises. To facilitate measuring the success of innovation, the success of innovation can be seen using business success, technical success, and financial success factors.

Customer Response to Innovation

In customer response to innovation, Fashion SME "NP" products get a positive response in the market. This can be seen from product innovation that is well accepted by consumers (table 1). The result of this innovation is clothing products made from recycled batik and used woven fabrics. These products are very popular with consumers and make Fashion SME "NP" famous among wastra users.

Fashion SME "NP" has met the success criteria of innovation, namely business success, because the owners and employees of Fashion SME "NP" explained that the innovations they made managed to get a good response to the market and were very popular with Fashion SME "NP" consumers so that it made Fashion SME "NP" like now. This is reinforced by a statement from one of Fashion SME's "NP" consumers, who said that Fashion SME "NP" products are authentic because they use woven materials that are used as clothes.

From the results of interviews conducted with owners, employees and consumers, it can be seen that Fashion SME "NP" has succeeded in getting a good market response for the innovations it produces and

Table 1. Income Statement from "NP" Period 31 December 2016-2018

	(in Rupiah 000)		
	2016	2017	2018
Business Sales			
Income	2.900.000	3.400.000	4.000.000
Total Business Sales	2.900.000	3.400.000	4.000.000
Business Load			
Total Business Load	2.209.600	2.575.800	3.023.000
Profit	690.400	824.200	977.000
Total Customers	1500	1900	2500

Source: financial report of Fashion SME "NP", 2019

this can be well received by its consumers. From the results of the interview, it can be seen that the business run by Fashion SME “NP” is classified as successful because they can produce products that previously had no value for consumers to become valuable. Fashion SME “NP” can process used fabrics that were previously ignored by consumers into clothes that have aesthetic, cultural, and originality values from Wastra Nusantara products that can be enjoyed by the wearer in a comfortable, modern way, and still show the value of the Wastra fabric alone. Because of the value generated and offered from this Fashion SME “NP” innovation, this innovation received a positive response from its customers and was able to make Fashion SME “NP” grow bigger and have more customers. As Fashion SME “NP” consumers say that they do not hesitate to promote and introduce these products to their friends, starting from word of mouth, coming to the outlet to have a look and then become customers. This has led to the expansion of the consumer network owned by Fashion SME “NP”, thus making Fashion SME “NP” even more famous and there is no need to spend excessive promotional costs to market the value of the product innovations it produces.

Innovation specifications

For innovation specifications in producing products, Fashion SME “NP” uses old fabrics or used batik and woven fabrics that are reproduced into clothing products. These fabrics are produced into clothes with various models. There is no rule in using the cloth material to become a garment, because the cloth can be combined and mixed with other fabrics.

The aim of this indicator is to inform whether the innovation includes the desired specifications. In this indicator, employees and owners of Fashion SME “NP” explain that they produce clothing products made from recycled old/used fabrics. Based on statements given by employees and owners, the materials used are old or used clothes to be used as clothes. This statement is endorsed by Fashion SME’s “NP” consumers. Thus, recalling Niazi’s (2017) study, the innovation conducted by Fashion SME “NP” has met desired specification, because consumers know exactly what materials are used and what models are desired to produce the desired clothing.

Realization of innovation

To explore the realization of this innovation, a question was asked in interviews with the key informants: what is the process of making the product? In realizing its product innovation, Fashion SME “NP” takes several steps before carrying out sustainable production. These stages are selecting used fabrics, matching motifs, determining models and making samples. After the sample has been made, Fashion SME “NP” shows it to its consumers and if it gets a positive reaction (for instance, the customers are willing to buy) from consumers, then Fashion SME “NP” will carry out sustainable production.

In this indicator, Fashion SME “NP” must be able to explain the process of the realization of innovation to create a product. In this indicator, the owner takes several steps before producing an innovative product. Based on the statement of the owner of Fashion SME “NP”, she explained that the process starts when the goods arrive until they become the final product and are mass produced. The process is selection-matching motifs with models-making samples and when the reaction from the customer is positive, further production is carried out.

In addition, the researchers also asked the same question to the two Fashion SME “NP” employees, they stated that the realization of innovation was not only the result of the final product produced by Fashion SME “NP”, but consumers were also allowed to choose their own fabrics and sew them into clothes according to the design or model the desired outfit. This statement is in accordance with Tobiassen dan Pettersen (2017) findings that customers have contributed to the process of innovation and there are mutual trust between them.

Price offered and Profit

Regarding the price offered, the first informant responded to the question: “how much do you offer to get green products from Fashion SME “NP”? and how do you compare it to ordinary products?” by claiming that the prices offered by Fashion SME “NP” ranged from 875 thousand rupiah to 20 million rupiah. The price of this green product innovation depends on the price of the fabric used as the material. Materials can be of high value if the material is hard to find, rare and old, giving an antique impression. This is not only known to Fashion employees, but also to the consumers.

In this indicator, researchers are trying to find out the range of prices for innovative products produced by Fashion SME “NP”. Based on the results of interviews with Fashion SME “NP” employees, researchers found that the price offered depends on the material or fabric of the clothing; on the other words, it depends on the type of fabric the consumer wants. If consumers want certain fabrics, Fashion SME “NP” will try to find them and provide these fabrics to their customers. This statement is also supported by consumer knowledge about the types of old fabrics.

In addition, for the price indicator offered, the researchers also asked two consumers from Fashion SME “NP”. From the results of this interview, researchers get information about the range of costs incurred by consumers during a certain period of time to get Fashion SME “NP” products. So for the price offered, researchers can draw the conclusion that consumers know very well what price Fashion SME “NP” is offering to get certain products that they want.

For the profit aspect, researchers ask questions about whether these costs are an obstacle for Fashion SME “NP” consumers to get these green products? Product innovation produced by Fashion SME “NP” can generate profits for Fashion SME “NP”. These

advantages are able to make Fashion SME “NP” add assets owned and provide more than adequate returns. This can be seen from the willingness of consumers to exchange a number of costs with the value that exists in the product. Consumers do not mind buying and consuming Fashion SME “NP” product innovations because these products are still affordable and in the cheap category compared to other brands that sell similar products.

Here the researchers want to see whether the price offered for the Fashion SME “NP” product innovation is in accordance with the exchange of costs incurred and the value obtained by consumers. From the results of interviews with owners and employees, they stated that consumers do not mind spending a number of relatively high costs to get Fashion SME “NP” products so that these costs are not an obstacle to consuming Fashion SME “NP” product innovations. This is also supported by consumers from Fashion SME “NP”, who state that the price or fees offered to get products from Fashion SME “NP” are affordable and cheap according to the material when compared to other brands that offer similar products. In other words, the price offered by “NP” is on par with other products of the same quality in the market.

Furthermore, to determine whether Fashion SME “NP” can benefit from its product innovation, the researchers also asked Fashion SME “NP” consumers a question about “how do you compare the past and present Fashion SME “NP” business, is it more advanced? In terms of what?” From the results of the interview, the two informants stated that Fashion SME “NP” is more developed and more advanced than before. Here, they explain in detail about the development and progress of Fashion SME “NP”. They said that now Fashion SME “NP” has many resellers, raw materials (fabrics), and eight outlets.

Based on the things that have been described above, researchers can draw the conclusion that Fashion SME “NP” has achieved innovation success, especially financial success. This can be seen from the ability to innovate that can generate profits for the company and provide sufficient returns because it can be seen from the increase in assets owned by Fashion SME “NP” (see table 1 above).

Factors of Entrepreneurial Proactiveness

This factor refers to the ability of the company in search of opportunities and exploitation of existing resources that can be a source of innovation. This often determines the extent to which innovation will survive a dynamic market. Therefore, the company needs to combine proactively with innovation so that the innovation produced does not make the market saturated and still acceptable as a new solution for the market. In addition, the company must also be able to form the environment in the market and provide a new advantage of existing competitive capabilities. Utilizing capital in emerging markets is the main requirement of this factor such as human resources and technology. Entrepreneurial proactiveness can

be seen through an opportunity seeking and forward-looking behavior.

Search for opportunities and exploitation of existing resources

Fashion SME “NP” seeks opportunities and exploits resources at all times. Fashion SME “NP” does this by reproducing existing fabrics in outlets and trying to find new ideas by combining existing fabrics in outlets. Therefore, Fashion SME “NP” never runs out of opportunities to generate new sources of innovation. With existing materials in outlets, Fashion SME “NP” can exploit this into a clothing product with a new model or design. This has been done by Fashion SME “NP” consistently for seven years, so that product innovation never makes consumers saturated.

In this indicator, the owner and the two employees of Fashion SME “NP” said they were always innovating all the time with items in the outlets. The owner of Fashion SME “NP” always finds new ideas for product innovation both in terms of models and combinations of old fabrics which are the choice for product innovation materials. She has been doing this for seven years and has never stopped working by updating models from his product innovation, by releasing new models every two weeks.

The owner's ability to be creative in developing innovations during this business process makes this product one of the competitive advantages of Fashion SME “NP” in producing products that are popular with consumers and become the main movers in the market. By issuing new variants and models every time there is an opportunity, of course it does not saturate the market and consumers so that consumers do not get bored to come by and consume Fashion SME “NP” products. This is supported by statements from Fashion SME “NP” consumers who have been Fashion SME “NP” customers for 7 years.

Furthermore, the researchers also asked “have consumers ever chosen the fabrics that are available in the outlets and asked Fashion SME “NP” to make a new product? If so, what is the owner's reaction? One of the informants explained that so far she had bought Fashion SME “NP” products, chose fabrics and made them according to designs that had been created from Fashion SME “NP” because she believed that what Fashion SME “NP” created was in accordance with market tastes and the owner was very knowing that these models and materials can be used by everyone. Another customer also stated that she often chooses fabrics that are in the outlet and made into clothes and she often asks for opinions from the Fashion SME “NP” owner regarding the choice of these fabrics when used as clothing models.

Customer statements emphasize that the ideas generated by Fashion SME “NP” owners can be accepted and liked by consumers while providing opportunities for consumers to choose the blend of materials they want in Fashion SME “NP” innovation products. Apart from that, it can be seen here that the owner is

also open to discussion and never forces her will to use the material she wants to sell to the market.

So from the above explanation, entrepreneurial proactiveness in Fashion SME “NP” is in accordance with the theory of Wang et al. (2015) where the owner of Fashion SME “NP” combines proactivity and innovation that can be used to become a competitive advantage and become the main mover in a dynamic market.

Utilization of capital in emerging markets

Regarding the use of capital in emerging markets, Fashion SME “NP” makes use of existing capital such as human resources and technology. Fashion SME “NP” knows that in order to compete with big companies, Fashion SME “NP” must be able to take advantage of everything around it because of limited capital. Here, Fashion SME “NP” takes advantage of technological advances such as social media as an addition to quality services and promotions. In addition, the owner also transfers information to their human resources to be able to provide information and serve consumers well.

In this indicator, the owner of Fashion SME “NP” educates her employees, so that these employees have good knowledge and service to customers who come. Thus employees have quality service and do not lack information so that it can support the Fashion SME “NP” business process in serving consumers and marketing their products.

In addition, Fashion SME “NP” has advantages in terms of product originality, the materials used are batik and original weaving from all over the Indonesian archipelago. Both customers stated that Fashion SME “NP” was superior in terms of cutting, material, price, product quality and service quality compared to other brands in similar industries.

Furthermore, in marketing its products, Fashion SME “NP” does it by way of the product in the form of clothes being worn by the owner himself so that people can see how the clothes are worn on the body. Apart from that, Fashion SME “NP” also introduces every new model by posting them on social media such as IG, Facebook, and whatsapp. This is so that Fashion SME “NP” consumers can always be informed about Fashion SME “NP” products without having to come to the outlet when they don't have time.

From the explanation above, it shows that Fashion SME “NP” not only projects the company into the future but also produces other advantages in existing competitive capabilities by utilizing existing capital in developing country markets, such as technological advances, namely social media and educating human resources. In order to channel knowledge, information and good service to consumers. Entrepreneurial proactiveness in Fashion SME “NP” is in accordance with the theory the researchers use, namely the theory of Wang et al. (2015).

From data that has been obtained by the authors (through in-depth interviews and observations),

researchers concluded that the innovations conducted by the Fashion SME “NP” have achieved success in accordance with the theory of success of innovation (business success, technical success, and financial success) (Niazi, 2017), and the owners of the Fashion SME “NP” also apply a proactive spirit in implementing creativity and innovation development that occurred during the improvement of innovation in accordance with the theory of entrepreneurial proactiveness (Opportunity-seeking and forward-looking behavior) (Wang et al, 2015 & Dickel, 2017).

CONCLUSION

Conclusion

Based on the results of the observation and in-depth interviews with owner, employees, and consumers of this Fashion SME “NP”, the process of innovation in creating a product is to recycle batik fabrics and weaving that has not been used anymore become a garment product with value added that is perceived by customers. The end result of the innovation process is able to reach the attention of consumers because it has its own perception in the eyes of its customers such as unique, good, comfortable and has a cultural, social and aesthetic value of its own.

In developing innovations during the process, the Fashion SME “NP” also never stops creativity in the innovation of recycled clothing. The Fashion SME “NP” implements creativity and takes advantage of ideas that are held in the face of challenges to improve the process, procedures and products of innovation.

This is done by the Fashion SME “NP” by discussing with customers, exploring fabrics from other regions, and combining existing fabrics to become new products in order to bring new ideas that lead to new innovations and always think about creating a new clothing design every fortnight that aims to make consumers unsaturated about the innovations of recycling products so that innovation can still be received by consumers and become a competitive advantage of the Fashion SME “NP” and make it grow larger.

The Fashion SME “NP” has achieved innovation success in its business process. This is demonstrated by the positive response in the market, the addition of assets, competitive advantages such as quality of products and services, and customer loyalty that can make the Fashion SME “NP” grow larger and have a network of more customers from 2012 until 2019.

In addition, entrepreneurial proactiveness played a major role in the Fashion SME “NP” during the innovation development process in the face of a dynamic market. Creativity, the pursuit of opportunities and capital utilization in emerging markets, is done at any time so that the market does not become saturated and consumers can be well served.

The owner is the instrument of the innovation in the Fashion SME “NP” product. The owner makes her employees well educated and informed when running her job. The owner's role in generating ideas is also the most important thing to achieve the success of the

innovation and success of the Fashion SME “NP” as it is today. The ability of an owner in managing a business organization is the most important thing to face a dynamic market and create competitive capabilities with the ability to produce the advantage.

Suggestions

For researchers who will do qualitative research with similar themes, researchers suggest looking for other factors of successful innovation and entrepreneurial proactiveness. Thus, it could produce a clearer picture of the factors that are the base of the success of innovation and entrepreneurial proactiveness in SMES. Meanwhile, for quantitative method research, researchers had suggested that subsequent research on the influence of innovation on MSME success was mediated by entrepreneurial orientation by developing existing research and theories as well as adding theories not used in previous research, so by researching the significant influence between the innovations with SMEs success and the entrepreneurship orientation, researchers can see how SMEs can continue to survive and grow to be larger in dynamic markets and can make more advice to SMEa and others in the future. Thus, it can also strengthen the validity of data from previous research.

ACKNOWLEDGMENTS

The authors would like to thank the owner of “NP”, Mrs TS and her staff, for give a permission to be interviewed as the subject of the research.

REFERENCES

- Adawiyah, Wiwiek Rabiatul (2017). Determinants of Green Marketing Quality Practices among Small Medium Enterprises (SMESs). *Ekuitas: Jurnal Ekonomi dan Keuangan* 1(2). DOI: 10.24034/j25485024.y2017.v1.i2.2016
- Bhardwaj, Amit Kumar, Arunesh Garg, Shri Ram, Yuvraj Gajpal & Chengsi Zheng. (2020). Research Trends in Green Product for Environment: A Bibliometric Perspective. *International Journal of Environmental Research and Public Health* 17, 8469. doi:10.3390/ijerph17228469 www.mdpi.com/journal/ijerph, p 1-21.
- Creswell, John. (2015). *Penelitian Kualitatif & Desain Riset: Memilih Di antara Lima Pendekatan*. Yogyakarta: Pustaka Pelajar
- Daniel, Cross Ogohi (2019). Assessing the Role of Green Marketing In Small and Medium Enterprises. *International Journal of Scientific & Research Publication (IJSRP)* 9(1), 693-699 (www.ijsrp.org). DOI: 10.29322/IJSRP.9.01.2019.p8585 http://dx.doi.org/10.29322/IJSRP.9.01.2019.p8585
- Dickel, P. (2017). The Impact of Protectability and Proactiveness on the Environmental Performance of New Ventures. *Corporate Governance .International Journal of Business in Society* 117-133.
- Durif, Fabien; Boivin, Caroline; Julien, Charles. (2010). In Search of a Green Product Definition. *Journal of “Innovative Marketing”* 6(1), 25-33
- Fontana, A. (2011). *Innovative We Can!: Manajemen Inovasi dan Penciptaan Nilai Individu, Organisasi, Masyarakat*. Bekasi: Cipta Inovasi Sejahtera.
- Kotler, P., & Keller, K. (2007). *Manajemen Pemasaran 12th edition*. Jakarta: Indeks.
- Ma, Yuan; Hou, Guisheng & Xin, Baogui. (2017). Green Process Innovation and Innovation Benefit: The Mediating Effect of Firm Image. *Journal of Sustainability* 9, 1778. www.mdpi.com/journal/sustainability. doi: 10.3390/su9101778, p.1-15.
- Mills, R. M. (2012). *What It Means to Go Green: Reduce, Reuse, Repurpose, and Recycle*. Logan: Utah State University.
- Niazi, A. (2017). The Role of Entrepreneurship, Innovation and Marketing Capability in Small and Medium-Sized Enterprises (SMEs). *International Journal of Economic Perspectives* 11(3), 1748-1759.
- Raco, J.R. (2010). *Metode Penelitian Kualitatif: Jenis, Karakteristik, dan Keunggulannya*. Jakarta: PT Gramedia Widiasarana Indonesia.
- Tjiptono, F. (2002). *Manajemen Jasa*. Yogyakarta: Andi Offset.
- Tobiassen, A.E., & Pettersen, I.B. (2018). Exploring Open Innovation Collaboration between SMEs and Larger Customers: The Case of High-Technology Firms. *Baltic Journal of Management* 13(1), 65-83.
- Tsai, C.C. (2012). A research on selecting criteria for new green product development project: Taking Taiwan consumer electronics products as an example. *Journal of Cleaner Production* 25, 106 – 115.
- Wang, K. Y., Hermens, A., Huang, K. P., & Chelliah, J. (2015). Entrepreneurial Orientation and Organization Learning on SMES' Innovation. *The International Journal of Organizational Innovation* 7(4), 71-81.
- Yan, Yeow Kar & Yazdanifard, Rashad (2014). The Concept of Green Marketing and Green Product Development on Consumer Buying Approach. *Global Journal of Commerce and Management Perspective* 3(2), 33-38.