

## Green Innovation Strategy in Promoting Sustainability: A Case Study of UD Bokor Rotan Indah

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DOI : <https://doi.org/10.61796/ejcblt.v3i2.1690>



### Sections Info

#### Article history:

Submitted: December 30, 2025  
Final Revised: January 15, 2026  
Accepted: January 31, 2026  
Published: February 22, 2026

#### Keywords:

Green innovation  
Business sustainability  
MSMEs  
Rattan crafts  
Product innovation  
Sustainable business models

### ABSTRACT

**Objective:** This study aims to analyze the implementation of green innovation strategies in promoting business sustainability at UD Bokor Rotan Indah, a trading enterprise engaged in rattan and woven handicraft production. This research is based on a decline in sales over the past two years, along with increasing market demand for environmentally friendly and sustainable products. **Method:** This research employs a qualitative descriptive approach, with data collected through interviews, observations, and documentation. The green innovations examined in this study include product, process, organizational, and business model innovations oriented toward resource efficiency and environmental impact reduction. **Results:** The findings indicate that the implementation of green innovation strategies enhances business competitiveness, expands market opportunities, and supports the economic and environmental sustainability of UD Bokor Rotan Indah. **Novelty:** The green innovations examined in this study include product, process, organizational, and business model innovations oriented toward resource efficiency and environmental impact reduction.

## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in the Indonesian economy, but they still face various challenges, such as increasingly fierce market competition, limited resources, and changing consumer preferences. One of the main challenges facing MSMEs today is the demand to produce products that are not only high-quality but also environmentally friendly and sustainable. UD Bokor Rotan Indah, a trading company operating in the rattan and woven crafts sector in Penarungan Village, has great potential to address these challenges through the implementation of green innovations.

However, based on interviews with the business owner, it was discovered that UD Bokor Rotan Indah experienced a decline in sales in the past two years due to raw material constraints, limited marketing innovation, and competition from similar products. This situation encourages the need for an innovation strategy that focuses not only on increasing sales but also on long-term business sustainability. Green innovation is a relevant strategic approach because it is able to integrate economic, environmental, and social aspects into business processes. Therefore, this study is important to examine how the implementation of a green innovation strategy can promote business sustainability at UD Bokor Rotan Indah.

## RESEARCH METHOD

This study uses a qualitative approach with descriptive methods to deeply understand the implementation of green innovation strategies at UD Bokor Rotan Indah. This approach was chosen because it comprehensively depicts the actual business conditions and the innovation process. Data were obtained through in-depth interviews with the owner and related parties, direct observation of the production and management processes, and documentation in the form of company data and supporting reports.

Data analysis was conducted through data reduction, data presentation, and conclusion drawing to identify the forms of product, process, organizational, and business model innovation implemented. Furthermore, a SWOT analysis was used to identify the strengths, weaknesses, opportunities, and threats in implementing green innovation. The results of this analysis served as the basis for evaluating the role of green innovation strategies in driving the sustainability of UD Bokor Rotan Indah's business.

## RESULTS AND DISCUSSION

### *Results*

#### **a. Challenges and Background of Innovation Implementation**

The implementation of innovation at UD Bokor Rotan Indah is driven by the increasing dynamics of business competition and changes in the business environment, which require businesses to continuously adapt. According to Porter and Kramer [1], companies need to integrate innovation into their business strategies to create a sustainable competitive advantage. For local craft-based businesses, innovation is a crucial factor in maintaining traditional values while adapting to modern market demands.

Over the past two years, UD Bokor Rotan Indah has faced challenges in the form of declining sales due to limited raw materials, competition from similar products, and a suboptimal marketing strategy. This situation aligns with the findings of Kotler and Keller [2], which state that inappropriate marketing mix implementation can directly impact sales performance. Furthermore, limited use of digital technology is also a barrier to expanding market reach and increasing business competitiveness.

Another external challenge stems from changing consumer preferences, which are increasingly concerned about environmental and sustainability aspects. According to Chen, Lai, and Wen [3], consumer environmental awareness is driving companies to adopt green innovations in response to market demands. Green innovation focuses not only on developing environmentally friendly products but also includes improving production processes and efficient use of resources. For UD Bokor Rotan Indah, reliance on natural raw materials and traditional production processes presents both a challenge and an opportunity in implementing green innovation.

Based on these various challenges, UD Bokor Rotan Indah views the implementation of innovation, particularly green innovation, as a crucial strategy for achieving business sustainability. This aligns with Wu and Zhang's [4] assertion that effective innovation management can improve business performance while reducing

environmental impact. By innovating across products, processes, and business models, UD Bokor Rotan Indah is expected to improve operational efficiency, strengthen competitiveness, and maintain long-term business sustainability.

## **b. Forms of Innovation Carried Out**

### **1) Product Innovation**

Product innovation at UD Bokor Rotan Indah is achieved through the development of environmentally sustainable craft products. The company has begun replacing conventional materials with natural and renewable raw materials such as rattan, bamboo, and water hyacinth. This step aligns with the concept of green innovation, which emphasizes reducing environmental impact through the selection of environmentally friendly materials [3]. Furthermore, product innovation is also realized through the development of more modern, functional, and aesthetically pleasing designs without eliminating local cultural elements.

The development of environmentally friendly products aims to adapt to changing consumer preferences, which are increasingly concerned about environmental issues. According to Dangelico and Pujari [5], green product innovation can increase product added value and strengthen a company's position in the market. By continuously innovating products, UD Bokor Rotan Indah is able to increase its competitiveness and attract environmentally conscious consumer segments, both in domestic and international markets.

### **2) Process Innovation**

UD Bokor Rotan Indah's process innovation is achieved by increasing production efficiency and minimizing waste. The company implements more energy-efficient production methods and optimizes raw material utilization to eliminate waste. Production waste is reused to create other craft products with economic value. This approach aligns with the view of Zhu, Sarkis, and Lai [6], who stated that green process innovation plays a crucial role in improving a company's operational efficiency and environmental performance.

Furthermore, UD Bokor Rotan Indah maintains a handmade production process combined with the use of more efficient supporting equipment. This combination allows the company to maintain product quality while increasing productivity. According to Rennings [7], environmentally-oriented process innovation not only reduces production costs but also supports long-term business sustainability.

### **3) Organizational Innovation**

Organizational innovation at UD Bokor Rotan Indah was implemented through improvements to its management structure and increased human resource capacity. The company began implementing more collaborative work patterns and building employee awareness of the importance of innovation and environmental sustainability. This aligns with the OECD [8] which states that organizational innovation is a crucial factor in supporting the success of product and process innovation.

In addition, UD Bokor Rotan Indah provides employee training on efficient raw material management, improving production quality, and understanding the concept of

green innovation. According to Wu and Zhang [4], organizations with robust learning and evaluation systems tend to be more adaptable to changes in the business environment. With continuous organizational innovation, companies can create a work culture that supports innovation and improves business performance.

#### **4) Business Innovation**

Business innovation at UD Bokor Rotan Indah is reflected in the development of a business model that comprehensively integrates product, process, and organizational aspects. The company has begun to build its image as an eco-friendly craft producer through participation in arts and cultural exhibitions and the implementation of sustainability-based marketing strategies. According to Teece [9], business model innovation enables companies to create and capture new value in the face of market changes.

Furthermore, although the use of digital technology is still limited, UD Bokor Rotan Indah has begun to utilize digital media as a means of promotion and communication with consumers. A marketing strategy based on customer recommendations (word of mouth) remains a key force in expanding the market. This aligns with Kotler and Keller [2], who stated that consumer trust and sustainability values can be key factors in building market loyalty. This business innovation is expected to improve business performance and maintain the long-term sustainability of UD Bokor Rotan Indah.

#### ***Discussion***

The research results show that the implementation of green innovation at UD Bokor Rotan Indah plays a significant role in supporting business sustainability. Product innovation through the use of natural and environmentally friendly raw materials aligns with the concept of green innovation, which emphasizes reducing environmental impact and increasing product added value [3]. This innovation allows the company to adapt to changing consumer preferences, which are increasingly concerned about sustainability.

In terms of process innovation, UD Bokor Rotan Indah implements production efficiency by optimizing raw material utilization and minimizing waste. This step supports improvements in operational efficiency and the company's environmental performance, as noted by Zhu, Sarkis, and Lai [6]. The combination of a craftsmanship-based production process with more efficient supporting equipment also helps maintain product quality.

Organizational and business innovation contribute to the successful implementation of green innovation. The adoption of collaborative work patterns and employee training foster an adaptive, innovative culture [8]. Meanwhile, the development of sustainable business models through strengthening an environmentally friendly image and consumer trust-based marketing strategies supports increased business competitiveness, in line with the concept of business model innovation proposed by Teece [9].

Based on the implementation of the innovation that has been discussed, there is a study of strengths, weaknesses, opportunities and threats or a SWOT analysis in this case as follows:

### 1) Strengths

UD Bokor Rotan Indah excels in its use of natural and environmentally friendly raw materials, such as rattan, bamboo, and water hyacinth, which support the implementation of green innovation [10]. The quality of its products, based on handmade craftsmanship and local cultural values, is a distinct attraction for consumers [11]. Furthermore, the company's product variety and experience enhance market trust, particularly through word-of-mouth marketing [12].

### 2) Weaknesses

UD Bokor Rotan Indah's main weaknesses lie in its limited production scale and reliance on natural raw materials, the availability of which is uncertain [13]. The use of digital technology in marketing and distribution is still limited, resulting in suboptimal market reach [14]. Furthermore, the business's management and record-keeping systems need improvement to support more effective decision-making.

### 3) Opportunities

Rising consumer awareness of environmentally friendly products presents significant opportunities for UD Bokor Rotan Indah to expand its market, both domestically and internationally. Government support for MSME development and sustainable innovation also presents a strategic opportunity [15]. Furthermore, collaborations with designers, tourism players, and digital platforms can enhance product value and expand marketing networks.

### 4) Threats

Threats facing UD Bokor Rotan Indah include competition from similar products from both local and international producers, including those made from synthetic materials at lower prices. Fluctuations in the price and availability of natural raw materials also have the potential to disrupt production continuity. Furthermore, rapidly changing consumer tastes and unstable economic conditions can impact market demand.

## CONCLUSION

**Fundamental Finding :** The implementation of green innovation at UD Bokor Rotan Indah plays a crucial role in promoting business sustainability through product, process, organizational, and business innovations that emphasize environmentally friendly raw materials, production efficiency, human resource development, and sustainable business models, resulting in increased competitiveness, a stronger environmentally responsible brand image, and expanded market opportunities. **Implication :** The findings imply that integrating comprehensive green innovation strategies can enhance competitive advantage and market positioning for small and medium enterprises operating in environmentally sensitive industries. **Limitation :** The company still faces constraints related to limited production scale, dependence on natural raw materials, and suboptimal utilization of digital technology. **Future Research :** Future studies should explore

strategies to scale sustainable production, diversify eco-friendly raw material sourcing, and optimize digital technology adoption to strengthen long-term business sustainability.

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