NURTURING GREEN PRODUCT INTO GLOBALIZATION: CHALLENGES AND OPPORTUNITIES OVER INDONESIAN SMES

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Abstract: *The issues of concerning environmental sustainability and business have an increasingly strong relationship now, as a trigger of consumer awareness of their rights to get a decent product, safe, and environmentally friendly products. Currently, the people has been aware of the importance of environmental conservation. Incidence of awareness was greeted by the company to produce the products or services that are environmentally friendly. Responding to the environmental issues into opportunities and challenges for Indonesian SMEs as the backbone of economic to change the paradigm of business into green in their products and services. The purpose of this study was to investigate and build the modelof green entrepreneurship orientation through the green product development affect to marketing performance as an access to global market. The research design used in this study was descriptive research design. Data was collected by survey method through structured questionnaire with ten point rating scale. The survey questionnaires were collected to 100 respondents of owner and manager of SMEs in Indonesia. The questionnaires were processed and analysed with the Structural Equation Model (SEM).*

Keywords: *Green Entrepreneurship Orientation, Green Product Development, Green Legislation, Eco-innovation,Marketing Performance.*

INTRODUCTION

SMEs were the backbone of the Indonesian economy. It was evident when the global crisis that hit countries in the world including Indonesia some time ago, SMEs present as a solution of a healthy economic system that can survive in the conditions of the global crisises. According to the data of Indonesian Chamber of Commerce and Industry (Kadin, 2013), the SMEs sector accounts for a very large number and significant affected in the Gross Domestic Product (GDP) of Indonesia in 2009 which was 53%. However, the number of SMEs in Indonesia until the end of 2012 only 0.18% of the total population, ideally needed about 2% of the population to support high economic growth and sustainable.

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The reason why Indonesia should boost the SMEs sector was the fact that it was now important actors of international trade is not only a giant corporation, but lateral so hit SMEs sector. SMEs now have started globalized, characterized by approximately 25% to 35% of international manufacturing exports contributed by SMEs. While 20% of profits derived from manufacturing companies trading across borders. Currently, as many as 25% of manufacturing SMEs doing business internationally registered as a competitive company. Areas for SME businesses in Indonesia is very diverse, such as food and beverage, services, agriculture, fisheries, handicrafts, retail, transportation, and so forth. According to statistical data of Indonesian Cooperatives and SMEs Ministry (2013), shows the number of units of SMEs approximately 99.98% of the total business in Indonesia. While the amount of labor involved to reach 91.8 million people or 97.3% of the entire workforce in Indonesia. The contribution of SMEs to GDP was 56.7% of total GDP, while the exports of SMEs accounted for 14.7% of total Indonesian exports. This value was still far behind when compared to small-business exports of other countries (BPS, 2008), such as Taiwan (65%), China (50%), Vietnam (20%), Hong Kong (17%), and Singapore (17%).

Entrepreneurship typically focuses on identifying new opportunities for creating value for customers or users and commercially developing those opportunities to establish a profitable business (Shane and Venkataraman 2000). The opportunities identified can be for new products or services, new markets, new production processes, new raw materials, or new ways of organizing existing technologies, as first pointed out by Schumpeter (1934). While Schumpeter recognized that entrepreneurs can be driven by non-economic motives such as a desire for creativity or power, economic theories of entrepreneurship generally emphasize the role of profit as one of the major underlying goals of entrepreneurs and investors in developing a new venture opportunity.

Currently, consumer lifestyle and behavior has showed the lifestyle changes that are aware and care about the environment. If the company is keen to capture these opportunities and supported by other development elements, will undoubtedly give high returns in terms of both businesses and consumers. A current trend is the development of environmentally friendly products have become a necessity in almost the entire world community. It triggers the growth and awareness of business people from a variety of industries vying to create environment-friendly products to capture its consumers. People were interested in green products was quite high, but unfortunately was not supported by the development of the product market. It was caused by various factors, such as lack of stimulus, lack of government support, as well as the high price of the product (Kasali, 2013).The purpose of this study was to investigate and build the model of

green entrepreneurship orientation through the green product development as a globalization strategy.

LITERATURE REVIEW AND HYPHOTESIS

1. Entrepreneurship Orientation

Carson, et al. (2008), states that entrepreneurship is a combination of creativity, innovation, and faces the risk taking that explored the hard work was done in a way to establish and nurture a new businesses. Entrepreneur was a people that can capture business opportunities and new business to take the plunge and turn their ideas into reality. Entrepreneurs introduced the innovations, and adoption of new ideas about the economy that also cater to the surrounding community. Entrepreneurial activities associated with the opinion of Schumpeter (1934), by proposing the concept of creative destruction, entrepreneurs promote changes in economic and business environment and changing old patterns of business operations.

Entrepreneurship Orientation was an orientation approaches were adopted from the view of Miller (1983) and Lumpkin and Dess (1996) which states that in order to improve the performance of the company must develop the entrepreneurial behaviors as inovativeness, proactiveness, risk-taking, and outonomy agresiveness. According to Dess, et al. (1997) which states that the implementation of the marketing strategy of SMEs is very possible if the management company has realized the entrepreneurial orientation. The entrepreneurial orientation shows a firm stance in building innovative, proactive, risk-taking, autonomous, competitive and aggressive to achieve its objectives. A company that has the entrepreneurial orientation will be more passionate in doing product innovations, dare run the risk of potential business, and always innovating proactive (Morris, et al., 1987).

2. Green Entrepreneurship Orientation

The concept of Green Entrepreneurship is are latively new that has become a focus of attention both academic and practitioner since the 1990s (Harini, et al., 2013). Application of business practices that are environmentally responsible can be imagined will open up additional opportunities for entrepreneurs. Currently, green entrepreneurship provides new opportunities for the entrepreneurial response to identify and exploitated the niche market opportunities to improve their welf are but still care about the environment. The term of green entrepreneurship will be interpreted as an entrepreneurship was developed in the green sector, where the green here is a solution to solve old problems in new ways. A green entrepreneur was someone who starts a business to make or offer products, services, or processes in favor of the environment.

Green entrepreneurship was a form of individuals and organizations concern that was involved in entrepreneurial activity by creating environmental benefits with offering the products or services in green concept (Rao, et al., 2013). It also refers to the organization's efforts in designing, promoting, pricing and distributing products that will not harm the environment. Meanwhile, according to Ndubisi, et al, (2009), green entrepreneurship was an entrepreneurs' tendency to innovate or create a green organization as an essential element of a comprehensive green system. According to Chan, et al. (2013), there were still important differences in point of view of green entrepreneurship in developed countries and developing countries. Developed countries and international organizations tend to place emphasis on the term of green and market opportunities, while in developing countries tend to focus more on the term of entrepreneurship and the market needs. Chinese and Indian entrepreneurs for example, completely change the pattern of economic development by developing affordable products that meet the needs of the poor people, but still in the green corridor (Khanna 2011).

Bennett (1991), Berle (1991) and Blue (1990) were the first adopted the term of environmental entrepreneur, green entrepreneur, eco-entrepreneur and ecopreneur in the study they were doing (Farinelli, et al., 2011). Based on the literature review, the basic characteristics of green entrepreneurs were:

- Green entrepreneurs were seen the business opportunities and new ventures, which typically involve very high risk. The results from the business ventures often unpredictable.

- Green entrepreneurs were intrinsically motivated. Their business activities have an overall positive effect on the natural environment and economic sustainability, and have tried to create awareness with a more sustainable future.

Osukoya (2007) argues that small firms have several advantages over large companies to adopt environmentally conscious practices. Consumers are likely to see smaller companies were more friendly than larger companies, and small companies were in a position to react actively to the increasing demands of green products and services in virtually all market segments (Osukoya, 2007). The entrepreneurial spirit was more important in making business innovation in green than the existing regulations (Martinsons et. al., 1996).

H_1: The higher degree of green entrepreneurship orientation, the more green product development.

3. Green Product Development

Medeiros, et al. (2013) stated that focus on product innovation is one way to provide a competitive advantage to a company in its industry. The study of the

practice of successful product innovation has been the focus of attention since the late 1980s. At the same time, it was triggered by the occurrence of natural resource limitations, the practice of eco-friendly product innovations taking an important role for the company as strategic and economic considerations.

New products play several roles for the organization. They help maintain growth and thereby protect the interests of investors, employees, suppliers of the organization. New products help keep the firm competitive in a changing market (Patrick, 1997). The consequences of product development have a direct impact on competitiveness. They mean the difference between falling behind a leading competitor in the marketplace and being the competitor who provides leadership, compelling others to meet similar standards (Wheelwright and Clark, 1995). Finally, new products spread the marketing risk. The investment community values new products; new products affect the top line and therefore enhance the value of the firm and shareholder value (Patrick, 1997).

Green products will become a formingdable competitive weapon in the marketing battlefield as more the people become concerned about the environment. The people in the majority of developed countries would consider a company's environmental image in making buying decisions and would be willing to pay more for environmentally friendly products. The green conditions were different in the people in developing countries, including Indonesia. However, there was so many potential market opportunity for the green product from the customer in developed countries that concern and aware about the environment.

H_2: The higher degree of green entrepreneurship orientation, the more organizational learning capability.

4. Organizational Learning Capability

The concept of organizational learning arises in the context of environmental change and competitiveness, which requires organization and leadership competencies to transform knowledge to all members of the organization. The support of organizational learning with conducive environment is expected to created the people who are knowledgeable with reliable competency. In addition, support on empowerments means giving assignments and positive support to every member of the organization in activities learning and improve the performance.

Today, the management has given a more comprehensive meaning of organizational learning. Dixon (1994) defines a learning organization as an organization that facilitates the learning of all its members and consciously transform the organizational context. According to Garvin (1993), there are 5 activities that must be performed in organizational learning, namely: systematic problem solving, experimenting with new approaches, learn from their experience

and past, learning from experiences and others, and the process of knowledge transfer quickly and efficiently. Marquardt (2002) defines organizational learning as a learning organization collectively and excited, and continuously trans forms it self in the collection, management and use of knowledge which is better for the success of the company. Empowering human resources both inside and outside the company to learn while working. Utilizing technology to optimize both learning and work productivity.

H_3: The higher degree of organizational learning capability, the more sustainable eco-innovation.

5. Sustainable Eco-Innovation

According to Kopalinski (2006), the definition of innovation means introducing something new, something new comes in, a novelty, or reform. Another opinion expressed by Drucker (2007), which declared innovation as a special tool owned by an entrepreneur in order to help bridge any such changes into an opportunity to start a new activity as the beginning of creating a new service offerings. Drucker thought it could digest that innovation can permeate all areas of business activity, other than that he filed a treatment innovation as a system of action, as a reference system change identification and analysis used to create forms that other innovations. According to Schumpeter (1934), innovation should be understood as a new or modified production processes, the novelty of the method of production, creating new market opportunities, using the new format in the selling or buying of existing products, using new or alternative materials in the production process, or introduces a new organizational process. From the above statement, we can assume that the term innovation may be very broad and covers all changes,including technical and organizational, which may occur in any organizational unit.

Innovation is an idea, practice, or object that is perceived as something new by an individual or other unit (Roogers, 1995). According to Christensen, et al. (2004), innovation is the introduction of new products, processes, or services in the market place. Based on several view and definitions of innovation can be said that innovation is an idea, practice, or object that is considered/deemed new by an individual or group of people. The phrase is considered/deemed new to an idea, practice or object by some people, not necessarily as well at others. It all depends on what is perceived by individuals or groups against that ideas, practices or objects.

The use of the term eco-innovation generally refers to the products and innovative processes that reduce negative impacts on the environment. Eco-innovation is of ten used in conjunction with the concept of eco-efficiency and eco-design. Eco-innovation refers to all forms of innovation sunder taken by the company, both in technology and other fields related to non-technology,

products and services, as well as new business practices and novelty to create and develop new business opportunities and consider benefits to the environment by preventing or reducing the adverse impacts, or to optimize the utilization of available natural resources. Eco-innovation is closely related to the development and use of environmentally friendly technologies as well as to the concept of eco-efficiency and eco-industries. The goal in general is to contribute to more sustain able production and consumption patterns change.

Eco-innovation is a new concept at this time. James (1997) defines the eco-innovation as an effort to provide new products and processes to meet customer needs and create business value, but significantly reduces the impact on the environment. There are many definitions of eco-innovation, the MEI (Measuring Eco-Innovation) project for the European Commission, was defined as the production, assimilation or exploitation of a product, production process, development or adoption of a new service or management or business method to the organization and results, throughout its life cycle, risk reduction environment, pollution and other negative impacts of resource use compared to relevant alternatives. Another definition of eco-innovation are stated in OECD (2009) as the creation or adoption of newest, or develop new products and services significantly, processes, marketing methods, organizational structures and institutional arrangements that lead to environmental improvements compared to relevant alternatives.

H$_4$: The higher degree of sustainable eco-innovation, the more green product development.

6. Government Legislation of Green

The industry growth is rapidly increasing world turns bringing social and environmental problems. The claim for eco-product development has become an increasingly important issue in the development of strategic and economic competitiveness of a country, including Indonesia. Currently, consumers was facing on alternative eco-friendly products in line with government regulations and a lot of pressure from Non Government Organization (NGO) to campaign save the planet to companies to produce environmentally friendly products in order to reduce environmental pollution. Environmentally friendly products have a relatively high cost due to high production costs and low availability of products, and therefore contributes to a high price. This gives rise to consequences for the consumers who will compare the costs with the benefits of the product are believed to be obtained. In this regard, manufacturers and marketers require efforts to implement the environmental issues as a strategy known as green advertising, which is advertising on environmental zoom.

According to Peck & Gibson (2000), in anticipation of increasing global demand for green marketing, services and systems is an obligation and an opportunity for the government to be proactive. Although there is an important role for government in facilitating the transition economies are much more efficient, more equitable and reduce environmental damage. The government has a position as a regulator should be in a stronger position to set the agenda and define roles for industry and citizens. Countries are left to address the trend of green economy will inevitably face a competitive disadvantage and lost the many opportunities.

Therefore, the growing of public concern for the environment will create high pressure to the government to act more on market initiatives and cost effectiveness of control through the regulation and make a huge difference to industry, consumers and the general economy (Tahmassebi, 2003). In the case of all activities related to the marketing by Polonsky (1994), the government wants to protect consumers and the public, these protections have significant implications on green marketing. Government regulations pertaining to environmental issues-based marketing designed to protect consumers in several ways, including (a) reduce production of harmful goods or by-products, (b) modify consumer and industry's use and/or consumption of harmful goods, (c) ensure that all types of consumers have the ability to evaluate the environmental composition of goods. In some cases governments try to persuade consumers to become more responsible.

H_5: The higher degree of government legislation of green, the more green product development.

7. Marketing Performance

Performance of the company can be said to be an indicator of a company's achievement of its financial side, it can also mean the achievement of other objectives through the planning and implementation of marketing tactics and strategies. SMEs in doing business must also have a target to be achieved such as the generally other companies. The main target is the achievement of financial targets with the details, such as (1) market share, (2) sales growth, (3) profit, and (4) related factors. The extent to which a company can achieve these targets is a measure of its performance (Cavusgil & Zou, 1994). Performance assessment of a company according to Birley and Westhead (1990) is a performance assessment with respect to the performance of competitors in an industry as important additional information for the company. It is a measure of the company's position in the market and a comparison with other companies in general.

H_6: The higher degree of sustainable eco-innovation, the more marketing performance.

H$_7$: The higher degree of green product development, the more marketing performance.

Based on that literature review above, we proposed the research model that shown the effect of green entrepreneurship orientation to entrepreneurship performance towards the green product development. Innovation through co-creation value, in that research focus on eco-orientation as a basic pattern of entrepreneur to reach the green opportunities. All the hypotheses are summarized in the following research framework as presented in Figure 1 below:

Figure 1: Research Model of Green Entrepreneurship Development
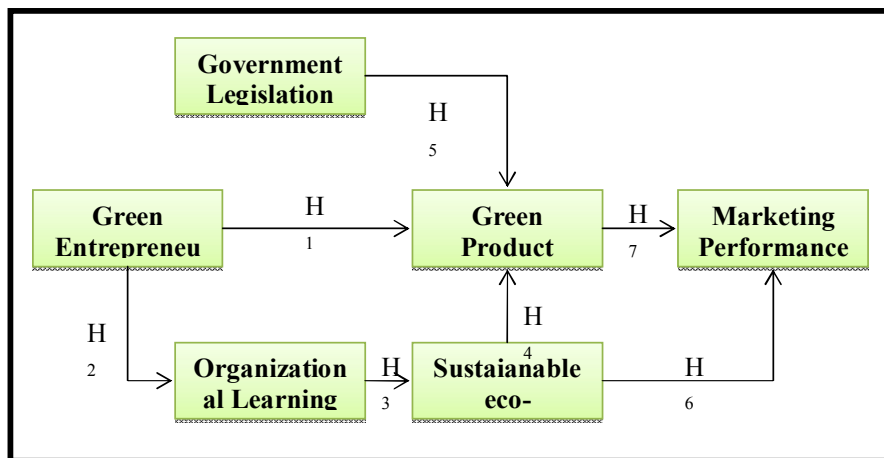
Source: Developed for this research

RESEARCH METODOLOGY

1. Types of Research

Type of research to be conducted in this study is predictive research. Predictive research by Hair (2005) explained the research that tries to explain what is going to happen from an existing phenomenon. In this study, researchers tried to explain the effect of green entrepreneurship orientation to marketing performance through green product development of Indonesian SMEs.

2. Population and Sampling

The study was conducted with population of the owner and manager of Indonesian SMEs in Batik industry represented by the city of Yogyakarta, Solo and Semarang. Samples were taken by 100 respondents. This amount meets the minimum criteria

standard sampling which is five times larger than the estimated parameters based on Maholtra (2004).The technique used for sampling in this study was random sampling method, namely the selection of the sample was based on an assessment or opinion based on objective research and study purposes.

3. Sources of Data

This study uses primary data obtained from questionnaires distributed directly to 100 owner and manager of SMEs in Batik industry are renowned in the city of Yogyakarta, Solo and Semarang.The data was collected through a survey, which is conducted by asking respondents. Survey methods in research carried out by using the research instruments such as questionnaires with open and close questions consisting of items representing the independent variable and the dependent variable. Questionnaire or list of statements contained 6 items that represent the identity of respondents, with 20 items representing the dependent variable and 4 other items representing the independent variables.

Questionnaires were distributed to the respondents directly, so that the respondent can give the score and short answer from the open question available. The questionnaire has been designed using the Likert scale by assigning weights to the value of the answer (1) Very Disagree to (10) Strongly Agree. This chapter describes the basic measurement of the most important variables for this study. In the following subsections the operationalization of each of the key variables and indicators used in this study are as presented in the figure 2.

Figure 2: Variables and Indicators

VARIABELS	INDICATOR			
Green Entrepreneurship Orientation	Green Innovativeness	Green Risk-taking	Green Proactiveness	Green Resources Controlled
Government Legislation of Green	Government has green business regulation	Reduce the productions of harmful goods	Modify the customer and industry's use	The consistences in evaluate the green product
Sustainable Eco-Innovation	New green products	New green process	Green Technology uses	Green Investments
Green Product Development	Green product features	Green product design	Green product package	Eco-labelling product
Organizational Learning Capability	Individual learning of green	Information sharing for green	Dissemination of green orientation	Green knowledge acquisition
Marketing Performance	Number of unit Selling	Sales Growth	Market Share	Profitability

Source: Developed for this research

4. Testing Research Instruments

Testing the validity of this research using the construct validity testing. Construct validity indicates how well the results obtained from the use of a measure in accordance with the theory used to define a construct. Based on Ghozali (2006), validity testing conducted by Confirmatory Factor analiysis. The result shows that the value of factor loading> 0.4, this means that the research is valid construct. Reliability in this study was measured using Cronbach's Alpha. If the value of Cronbach's Alpha> 0.6, then the research instrument can be said to be reliable.

EMPIRICAL ANALYSIS AND RESULTS

1. Measurement

In the confirmatory factor analysis phase aims to test a concept that is built by using the dimensions form the latent variables in the study. A test performed was to test unidimensionality of each variable for minglatent. The data processing for confirmatory analysis shown in table 1. The results of testing the feasibility of the model in the confirmatory analysis exogenous and endogenous variables indicate the feasibility of the models. It can be seen in the tables 2 where the numbers goodness of fit index contained in the results column if the data meet conditions shown in the cut off value. Thus the mean constructs were used to establish a research model have met the eligibility criteria for a model. Probability value on this analysis is above the limit of significance is above 0.05. The figure indicates that the null hypothesis stating that there is no difference between the sample covariance matrix and the estimated population covariance matrix cannot be rejected and therefore the null hypothesis is accepted. This result gives strong grounds where existing constructs in the model can be accepted. Processing results which showed that each indicator or dimension measuring each latent variable gives good results, ie the value critical ratio (CR - which is identical to the value of t-count) above 2.58.

Table 1
Measurement scales and Realibility

Variabel		Indicator	Standardized Loadings
Green Entrepreneurship Orientation	x1	Green Innovativeness	0,957
	x2	Green Risk-taking	0,854
	x3	Green Proactiveness	0,855
	x4	Green Resources Controlled	0,888

Government Legislation of Green	x5	Government has green business regulation	0,804
	x6	Reduce the productions of harmful goods	0,848
	x7	Modify the customer and industry's use	0,846
	x8	The consistences in evaluate the green product	0,841
Organizational Learning Capability	x9	Individual learning of green	0,874
	x10	Information sharing for green knowledge	0,914
	x11	Dissemination of green orientation	0,896
	x12	Green knowledge acquisition	0,937
Sustainable Eco-Innovation	x13	New green products	0,898
	x14	New green process	0,914
	x15	Green technology uses	0,915
	x16	Green Investments	0,874
Green Product Development	x17	Green product features	0,931
	x18	Green product design	0,844
	x19	Green product package	0,908
	x20	Eco-labelling product	0,863
Marketing Performance	X21	Number of unit Selling	0,952
	X22	Sales Growth	0,722
	x23	Market Share	0,933
	x24	Profitability	0,815

Table 2
Goodnes of Fit Index

| Chi-Square	Score	Remarks
Chi-Square	304	Fit
Probabilities	0,000	Fit
Goodness-of-Fit Index (GFI)	0,853	Marginal
Root Mean Square Error of Approximation (RMSEA)	0,092	Fit
Tucker Lewis Index (TLI)	0,939	Fit
Comparative Fit Index (CFI)	0,947	Fit
Adjusted Goodness-of-Fit Index (AGFI)	0,926	Fit

2. The Results of the Structural Model

We utilize SEM to verify the hypotheses and apply AMOS 20.00 to obtain the empirical results. Table 3 below shows the results of the structural model in this study and table 4 shows the model development result for green entrepreneurship.

Table 3
Standardized path coefficients and t-values for the structural model

			Sign	*C.R.*	*Hypothesis*
Organizational Learning_ Capability	←	Green Entrepreneurship_ Orientation	+	13,582	Supported
Sustainable_Eco-Innovation	←	Organizational Learning_ Capability	+	14,066	Supported
Green Product_ Development	←	Green Entrepreneurship_ Orientation	+	3,982	Supported
Green Product_ Development	←	Sustainable_Eco-Innovation	+	5,008	Supported
Green Product_ Development	←	Government Legislation of_Green	+	3,018	Supported
Marketing_Performance	←	Sustainable_Eco-Innovation	+	4,088	Supported
Marketing_Performance	←	Green Product_ Development	+	19,734	Supported

The overall fit measures of the full model in the SEM indicates that the fit of the model is acceptable (GFI = 0.853, RMSEA = 0.092, AGFI = 0.926, CFI = 0.947, and TLI = 0.939). All of the paths estimated are significant, and all hypotheses are supported in this research. Adding more paths in the research framework would not significantly improve the fit measures. The residuals of the covariance are small and center near 0. The results of the full model in this study are shown in Figure 2. All six paths estimated are significantly positive. Therefore, H1, H2, H3,H4, H5, H6, and H7 are all supported in this research. We find out that the increase of green entrepreneurship orientation enhance both of eco-innovation and green product development performance. Based on the above research results, we suggest that companies should raise their green entrepreneurship orientation, organizational learning capabilities, and sustainable eco-innovation to enhance their green product development performance to go global.

Figure 3: The results of the full model
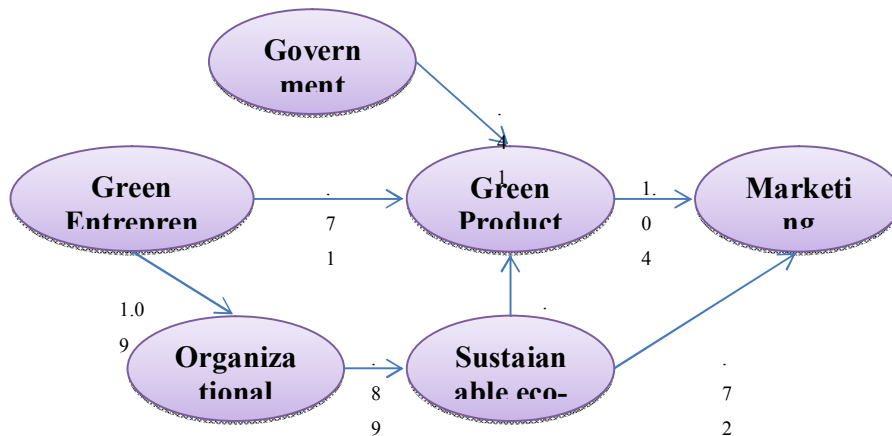
DISCUSSION

The results of this paper suggest that first of all, the Indonesian SMEs in this study do in moderate score rather high in all the dimensions of Green Entrepreneurship Orientation (GEO). Secondly, it can be stated that there are differences levels of GEO and its dimensions in Indonesian SMEs, and thirdly that GEO and its dimensions impact the performance of Indonesian SMEs at least to some extent. The findings also signal, that as suggested by Lumpkin and Dess (1996), in the early developmental phases of firms, not all EO dimensions are equally or necessarily associated with marketing performance. Interestingly, only one of the dimensions of EO, innovativeness, emerges as a clear dominating contributor to entrepreneurship performance in Indonesia. However, Eco-innovations are carried out by Indonesian SMEs had little influence on green product development.

SMEs in Indonesia, which has a high entrepreneurial orientation can build the organizational learning capabilities to support the eco-innovation as a strategy to capture market opportunities and trends of green-oriented consumers. SMEs as a driver of the economy remains in the format essentially as a form of business that is innovative, proactive, and willing to take risks, should always give birth to innovative products and services in order to achieve sustainable performance. The government legislation of green is still needed by the SMEs in Indonesia to setclear about the concept of green product. The Indonesian SMEs could maximize the green product development to increase their marketing performance as a globalization strategy.

Green product development is powerful to influencing the performance of SMEs in Indonesia, but it is not automatically formed fromeco-innovation

carried SMEs. Sustain ability development of green products that produced by SMEs is clearly influenced by the high of GEO. In the context of this study, green product innovation was defines as product innovation related to environmental product that are involved in energy-saving, pollution prevention, waste recycling, toxicity elimination, or green product designs. The measurement of green product innovation performance included four items, i.e. the company chooses the materials of the product: to produce the least amount of pollution, to consume the least amount of energy and resources, to use the fewest amount of materials to comprise the product, and to deliberate whether the product is easy to recycle, reuse, and decompose for conducting the product development or design (Chen et al., 2006).

CONCLUSION

There was many fundamental changes in how companies generate ideas and new values bring it to survive in the long term. An entrepreneur must have new ideas generated from creativity. Creativity is what will bring entrepreneurs to innovate for the business. Currently, the conventional model of innovation is quite successful in improving the performance of the company. But along with the development of information technology opens up many new opportunities for innovation strategy.

The existence of green entrepreneurship orientation will strengthen eco-innovation on a company to produce green products. New products play several roles for the organization. They help maintain growth and thereby protect the interests of investors, employees, suppliers of the organization. New products help keep the firm competitive in a changing market, that was direct affet to business performance. Eco-innovation is a new concept at this time. James (1997) defines the eco-innovation as an effort to provide new products and processes to meet customer needs and create business value, but significantly reduces the impact on the environment.

MANAGERIAL IMPLICATIONS

The use of the termeco-innovation generally refers to the products and innovative processes that reduce negative impact son the environment. Eco-innovation is often used in conjunction with the concept of eco-efficiency and eco-design. Eco-innovation refers to all forms of innovations undertaken by the company, both in technology and other fields related to non-technology, products and services, as well as new business practices and novelty to create and develop new business opportunities and consider benefits to the environment by preventing or reducing the adverse impacts, or to optimize the utilization of available natural resources.

Green Entrepreneurship is a perfect solution for SMEs to expand their market share by growing new market opportunities that are currently leading to the trend of green product. Eco-innovation through organizational learning capability will give the SMEs a new power to develop new green product. The sustain able development of green entrepreneurship is the responsibility of all stakeholders, including governments, NGOs, private sector, and academia, including local communities, in order to prevent or avoid environmental damage.

LIMITATIONS AND FUTURE RESEARCH

In this study, there are some limitations. It is suggested to the next researcher to modify the same variables based on the culture and entrepreneur behavior. It is proposed to other researchers to investigate the effect of other variables such as co-creation value, technology used and local wisdom.

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