

# Does Green Entrepreneurship Orientation Affect to Marketing Performance?

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## Abstract

*This study stems from the controversy of the previous researches on the effect of entrepreneurship orientation to the marketing performance improvement, whilst, some other researchers found no effect. Currently, environmental issue is both opportunity and challenge as well for any company including Small and Medium Enterprises (SMEs) in Indonesia in developing their business to be more accurately in combining the environmental issues and their business sustainability. The purpose of this study is to bridge the research gap of green entrepreneurship orientation on the marketing performance improvement which is mediated by green product development. The data collection was done by survey method through structured questionnaires with a ten-point of likert scale. The questionnaires were gathered from 150 respondents, the owners or managers of SMEs of eco-friendly batik industry in Yogyakarta, and were analyzed with Structural Equation Model (SEM). The results show that green knowledge creation affects green innovation capability, green entrepreneurship orientation affects green product development, green innovation capability affects green product development and affects marketing performance, but green product innovation capability has no effect on marketing performance.*

**Keywords:** green entrepreneurship orientation, green product development, green knowledge creation, eco-innovation capability, marketing performance

## Introduction

Inevitably, competition among companies today is increasingly competitive, not only in large-scale companies, but also hits small and medium enterprises (SMEs). Creating new products and bringing them into the market are two important steps in today's condition of highly competitive business environment as the market leader, healthy market share, and sustainable growth entirely done through the successful process of developing and launching new products and services (Barczak & Kahn, 2012). Business entity is no longer able to maintain its market position only by reducing the product price, but it will be more effective to constantly introduce new innovations at all levels and between functions in the company (Leber, Bastič, Mavrič, & Ivanišević, 2014). SMEs are demanded to be more creative and willing to take risks in creating innovations of their products in order to survive the competition and are also required to enter the global market. Climate change is a quite serious global issue and poses one greatest challenge faced by mankind today, thus, the environmental issues can become both new opportunities and also challenges for SMEs in the product innovations to meet the customers' needs who have more and more concern on the environmental issues (Chen & Liu, 2020; Duchek, 2018).

Many researchers argue that entrepreneurship orientation have either positive or negative impacts in boosting the marketing performance, depending on their viewpoint (Rauch, Wiklund, Lumpkin, & Frese, 2009). This study stems from the controversy arises of the previous research findings which some researchers claim that entrepreneurship orientation have significant effects on marketing performance (Hui Li, Huang, &

Tsai, 2008; Keh, Nguyen, & Ng, 2007), while some others found insignificant effects (Naldi, M., Sjöberg, & Wiklund, 2007). Most of the literature show significant influences of entrepreneurship orientation on marketing performance. The phenomena faced by the majority of SMEs in Indonesia are the many limitations occur such as limited human resources quality, the lack of business networks and the capability for market penetration, and low on capital resources (Herman et al., 2018). On the other hand, innovative SMEs will possess competitive advantages and be able to sustain their business growth.

Entrepreneurship commonly focuses on an attempt to identify novel opportunities to create value for customers and to develop mutual opportunities in establishing profitable business (Shane & Venkataraman, 2000; Theriou & Chatzoudes, 2015). Opportunity identifications can be applied to a new product or service, new market, new production process, new material, or a new way of organizing the existing technology. Schumpeter (1934) acknowledges that employers who attempt to conduct business opportunity identifications can be driven by non-economic motive, like desire for creativity, or economic motive as explained in the economic theories which generally emphasize the role of profit as one of the main objectives that bases the employers or investors in developing new business opportunities. The shift in consumer behavior that starts to care about environmental sustainability through the green consumerism movement is a new opportunity for a business actor to innovate to create green products. The opportunity for environmentally friendly products can be a motivation to grow a green entrepreneurship orientation to fill existing market gaps (Frare & Beuren, 2022; Narula & Desore, 2016). The purpose of this study is to investigate the effect of green entrepreneurship

orientation on marketing performance of SMEs mediated by the development of green product which is supported by good green innovation capability and green knowledge creation to boost the marketing performance (Chen & Liu, 2020).

## Literature Review And Hypothesis Development

### Entrepreneurship Orientation

Entrepreneurship orientation is an approach which states that in order to enhance the company's performance, entrepreneurial behavior with innovativeness, proactive, risk-taking, autonomy, and aggressiveness orientations must be developed (Lumpkin & Dess, 1996; Miller & Friesen, 1982). The implementation of the SMEs' marketing strategy is very likely if the management has realized and implemented the entrepreneurship orientation (Davis, 2010; Kantur, 2016) and is reflected within the philosophical strategy of effective management practices (Covin & Slevin, 1989). Entrepreneurship orientation shows a firm stance in building innovativeness, proactive, risk-taking courage, autonomy, competitive, and aggressive to achieve the objectives. A company with entrepreneurship orientation will be more passionate in product innovation, willing to take business potential risks, and always proactive in innovation (Bouncken, Plüschke, Pesch, & Kraus, 2014; Lomberg, Thiel, & Steffens, 2019).

Day, Reynolds, and Lancaster (2006) explain that basically the nature of entrepreneurship is reflected with the characters of the person who has the ability to creatively bring the creative ideas into the real world. The essence of entrepreneurship is the ability to create something new and different. According to Shan, Song, and Ju (2015), entrepreneurship is a combination of creativity, innovation, and encountering risk-taking which are explored through the hard work done by establishing and maintaining new business. Entrepreneurs are people who can grasp business opportunities and new business to take the plunge and turn their ideas into reality. An entrepreneur introduces innovations and new ideas on economic activities and also seeks to serve the community around his business. Entrepreneurial activity is related to idea of (Schumpeter, 1934), who proposes creative destruction concept; employers promote changes in economic and business environment and also in the old patterns of business operations (Kim, 2018). The increase of consumer awareness is an opportunity for entrepreneurs to develop an environmentally friendly side as a form of changing consumer behavior who is already aware of being environmentally friendly (Herman, 2021; Roarty, 1997).

### Green Entrepreneurship Orientation and Green Product Development

Green entrepreneurship concept is relatively new but has become the focus of attention of both academicians and practitioners since the 1990s (Harini & Meenakshi, 2012). The implementation of business practices with environmentally responsible, as can be imagined, will unlock additional opportunities for the employers. Currently, green entrepreneurship provides new opportunities that must be addressed quickly by SMEs to identify and take advantage of opportunities in the market niches to increase their welfare but concern about the environment preservation. The term green entrepreneurship shall be interpreted as entrepreneurship developed in the green sector, green here is the solution to solve

old problems in new ways. Osukoya (2007) argues that small firms have several advantages over the big ones to adopt environmental awareness practices. Customers tend to look small companies yet more friendly than the large firms and the small companies are in a position to react actively to the increase in demand for green products and services in virtually all segments of market.

Green entrepreneurship is a tendency of an employer to innovate or create green organization as an essential element of a comprehensive green system (Huggins, Prokop, & Thompson, 2017; Ndubisi, Malhotra, & Wah, 2009). A green entrepreneur is a person who starts a business to make or offer products, services, or processes that support environmental preservation. According to (Chan, 2013), there are still crucial differences in viewpoint of green entrepreneurship both in developed and developing countries. On the one hand, developed countries and international organizations tend to put emphasis on green product market opportunities, on the other hand, the developing countries tend to focus on entrepreneurship orientations and market needs. Green entrepreneurship is a form of individual and organizational concerns involved in the entrepreneurial activities by creating environmental benefits and offering eco-friendly products or services (Herman & Anggraeni, 2015; Rao & Reddy, 2012). This development of green entrepreneurship orientation will refer to the company's efforts in designing, promoting, pricing, and distributing products which will not harm the environment.

H1: Green entrepreneurship orientation has a positive and significant effect to green product development.

### Green Knowledge Creation and Green Innovation Capability

Knowledge as the resource of value creation is a basis required to the survival of an organization (Nonaka & Takeuchi, 1995). A research conducted by Nonaka and Takeuchi (1995) explained that the success of Japanese companies is due to their abilities and expertise in creating organizational knowledge, not because their capabilities in manufacturing, accesses to the low cost capital, close relations and cooperation with customers or suppliers, or seniority systems, despite all the factors are very pivotal for a company. Companies with knowledge, creation, accumulation, sharing, and knowledge integrity bases are a momentum in creating firm value and operation sustainability (Little & Deokar, 2016; Wu, Senoo, & Magnier-Watanabe, 2010). The creation of organizational knowledge here means the company's ability as a whole to create new knowledge that is the result of conversion between tacit and explicit knowledge realized through socialization, externalization, combination, and internalization processes (SECI model) (Nonaka, Toyama, & Konno, 2000; Tee & Lee, 2013; Wu et al., 2010).

A company which is able to create new knowledge in particular has an edge in innovation. Nonaka and Takeuchi (1995) explain that innovation is the result of accumulated knowledge from outside the company which is widely shared into the company and implemented into new technologies, products, and methods development. both internally and externally, the company's activities become the strength for continuous innovation within the company that will eventually result in the competitiveness of the company (Nonaka, Krogh, & Voelvel, 2006; Nonaka & Takeuchi, 1995). A company that are active in innovations is actually just creating new knowledge and information from within the company as its attempt to define the

problems encountered and solutions to the problems (Kazadi, Lievens, & Mahr, 2016; Tee & Lee, 2013). A company's success comes not only from the benefits of tangible assets, but basically depends more on intangible assets and knowledge creation as the main resource to success (Camelo-Ordaz, Fernández-Alles, Martín-Alcázar, Romero-Fernández, & Valle-Cabrera, 2004; Duh, 2014). Culture of learning and knowledge management encourage new knowledge creations that will be realized in the form of products which give impact on the company's performance is in line with Nonaka and Takeuchi (1995) who stated that organizational knowledge creation is the key of company's innovation and performance.

H2: Green knowledge creation has a positive and significant effect to green innovation capability.

### **Green Innovation Capability and Green Product Development**

The pressure of environmental issues in business world has changed the pattern of competition in the industry worldwide. The increase of public awareness on environmental issues has become major influence of changes in customer behavior in purchasing products. Customers begin to crave products and services that are environmentally friendly, by means of their essential needs are fulfilled and at the same time they can also contribute in protecting the environment. It is not only necessary for the company to adopt a proactive strategy of environmental management, but also for them to change their business models and managerial mindsets to take advantage of green opportunities and stimulate green innovations (Chang & Chen, 2013). To protect the world we are living in, it is necessary to adopt a preventive approach to environmental contamination. The preventive measures that can be done to eliminate the environmental degradation issues are aggressively pursued nowadays with the development of environmental management concepts such as green management, green marketing, green production, and green innovation concepts (Biswas, 2016).

Consequences of product development have direct impacts on the competitiveness of a company. New products are helpful in maintaining the company's position to remain competitive in the keep changing and dynamic market (Aloulou, 2019). New product development means creating product differences to the competitors and becoming a competitor who leads the market by forcing others to meet the same standards (Jasti, Sharma, & Karinka, 2015). Lee, Woo, and Joshi (2017) outlined that the focus on product innovations is one way to provide competitive excellence of a company in the industrial environment. The main trigger of product innovation development is the occurrence of limited natural resources so that the development of environmentally friendly products has a crucial role for the company as the strategic and economic considerations. Innovations on eco-friendly products and processes positively associated with the success of green product development (Hosseinikhah Choshaly, 2019).

H3: Green innovation capability has a positive and significant effect to product development

### **Green Innovation Capability and Marketing Performance**

A company which is able to survive and stay ahead in its industrial environment must innovate in both the process run and product. Along with the increase of customers' awareness

on environmental conservation becomes the impetus for the company to create safe and eco-friendly products. The creation of eco-friendly products will be passed by the company through continuous eco-innovation involving various parties like customers, internal of the company, and the government who are aware to the environmental issues. A company which performs eco-innovation found to be more important than those who do not in determining company's performance (Doran & Ryan, 2012), and gives a strong influence on improving the performance of the company (Li, 2020). The existence of green products that are truly eco-friendly become an alternative for the success of the company financially (Mohd Suki, 2016).

Business performance can be said as an indicator of a company's achievement from the financial side, or can also mean the achievement of other objectives through planning and execution of marketing tactic and strategy. In running the business, SMEs must also have a target to achieve as other public companies. The main target is the performance target achievements as like market share, sales growth, profit improvement, and other relevant factors. The extent to which the company can achieve the target is the measure of the performance (Amores-Salvadó, Castro, & Navas-López, 2014). The valuation of a company's performance based on (Kushwaha & Sharma, 2016) is the assessment of performance against competitors' performance in an industry as important additional information for the company.

H4: Green innovation capability has a positive and significant effect to marketing performance.

### **Green Product Development and Marketing Performance**

New products play several important roles for an organization, i.e. helping to maintain growth and thus protecting the interests of investors, employees, the suppliers of the organization. Green product development concept began to emerge and became a prominent issue in the late of 1980s and early 1990s due to the increased attention to the environmental issues such as material shortage, high energy consumption, and the increasing level of CO<sub>2</sub> pollution in the atmosphere, global temperature arises due to the depletion of ozone layer, population explosion, natural resources degradation, and other impacts of global industry (Jasti et al., 2015). Thus, numbers of companies are working to develop green products (Panda et al., 2020).

The success of product development lies in creating a product in which the core attribute is able to meet the customers' needs as well as internal and other external stakeholders. A successful green product development may assist the company to grow and develop through environmental conservation. Green product can become the company's superior strength in the market with more and more customers concern about environmental damages and are willing to pay extra for green products (Mohd Suki, 2016). The process of green product development can be carried out only if the environmental issues and performances to achieve have the same objective and also in accordance with other purposes of new product development and the issues follow. Greening the process of new product development means the company is necessary to consider the green issues and objectives as important as the other issues (Biswas, 2016).

H5: Green product development has a positive and significant effect to marketing performance.

## Research Framework

Based on the previous literature review, we propose a research model that shows the influence of green entrepreneurship orientation in improving marketing

performance mediated by green product development. All the hypotheses are summarized in a research model as presented in Figure 1

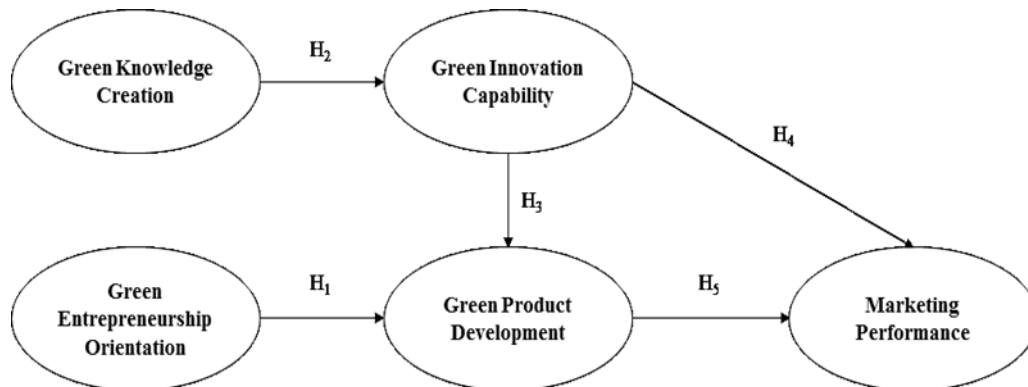


Figure 1: Green Product Development Framework

## Methodology

### Population and Sampling

The population of this study was owners or managers of SMEs of Batik products within the community of eco-friendly Batik craftsmen village in the City of Yogyakarta. The study was done with survey method by distributing questionnaires to 150 respondents represented by the direct owners or managers of SMEs. The sampling method used was non-probability sampling with purposive sampling, which means the sample selection is based on the criteria of this study which are environmentally friendly batik production and the business has been more than 3 years. The samples involved 150 respondents and the number have met the minimum criteria of minimum sampling standard 5-10 x indicator variable those are 5 x 24 = 120 or 100-200 sample in a study which used Structural Equation Modeling as the tool analysis (Hair, Black, Babin, & Anderson, 2010) .

### Research Instruments and Measurements

The survey method in this study employed questionnaire research instrument with open and closed questions which consist of items that represent independent and dependent variables. The items of questionnaires used here were adapted from the previous research and developed by the researcher. A list of statements in the questionnaires contained 6 items of questions representing respondent's identity, 16 items of statements representing dependent variables and 4 items representing independent variables. The questionnaires were distributed directly to the respondents by asking 15-20 minutes of time to fill out so that they can give scores and short answers of the open questions given. The questionnaires have been

designed with a ten-point of Likert scale with values of weight for answer 1 = strongly disagree until 10 = strongly agree.

Validity and reliability test carried out in this study intended to examine the research instruments. Validity indicates how well the results obtained from the use of measuring instruments based on the theories applied in defining constructs. The validity test of this study used construct validity with Confirmatory Factor Analysis (CFA), assisted with SPSS 16.0 software. Before conducting the factor analysis test, Kaiser Meyer Olkin (KMO) and Bartlett tests were performed first in order to test whether or not there was a relationship between each variable. The higher value of KMO, the more valid item in the questionnaires and the more homogeneous variables measured. The limit of validity measurement is the score of KMO-MSA must be above 0.5 with significance level < 0.05 that the variables can be predicted and analyzed further (Hair et al., 2010). The validity test of this study showed 0.801 of KMO-MSA score with significance level at 0.000. Hence, all of the variables used in this study can be further analyzed for they have met the required criteria. Moreover, the instrument validity of this study was also determined by the loading factor value. According to (Hair et al., 2010), the practical rule for acceptance is loading factor  $\geq 0.40$ . Based on the validity which has been done, all of the instruments used here have loading factor of above 0.40.

Reliability test is used to calculate the dependability and consistency of the research instruments. Reliability of this research was measured with coefficient of Cronbach Alpha 0.6 to 0.8 which indicate the acceptable levels of reliability (Sekaran, 2003). The results of the reliability test showed that the research instruments used in this study have alpha Cronbach score at above 0.7. The scores of validity and reliability testing results of all items used in this study are illustrated in Table 1.

Variable		Indicator	Factor Loading	Cronbach's alpha
Green Entrepreneurship Orientation	GEO1	Green Innovativeness	0.676	0.819
	GEO2	Green Risk-taking	0.593	
	GEO3	Green Proactiveness	0.748	

# GENERAL MANAGEMENT

Variable		Indicator	Factor Loading	Cronbach's alpha
	GEO4	Green Resources Controlled	0.689	
Green Knowledge Creation	GKC1	Individual learning of environmental concern	0.602	0.855
	GKC2	Information sharing for green knowledge	0.760	
	GKC3	Dissemination of green orientation	0.759	
	GKC4	Green knowledge acquisition	0.760	
Green Innovation Capability	GIC1	New green products	0.624	0.827
	GIC2	New green process	0.687	
	GIC3	Green Management changes	0.762	
	GIC4	Green Investments	0.712	
Green Product Development	GPD1	Green product features	0.781	0.895
	GPD2	Green product design	0.836	
	GPD3	Green product package	0.861	
	GPD4	Eco-labelling product	0.651	
Marketing Performance	MP1	Number of unit Selling	0.454	0.801
	MP2	Sales Growth	0.765	
	MP3	Market Share	0.675	
	MP4	Profitability	0.675	

Table 1: Validity and Reliability Testing Results

## Results And Discussion

### Respondents Profile

The respondents of this study were 150 people composed of 137 males (91.33%) and 13 females (8.67%). In terms of age, 7 respondents (4.67%) were at 20-30 years of age, 47 respondents (31.33%) were at 31-40, 69 (46%) were at 41-50 years of age, and 27 (18%) respondents were above 50 years old. In terms of business ownership status, 143 respondents or

95.33% were owners and 7 or 4.67% respondents were managers. We also assessed the period of the business has been running, 13 respondents (8.67%) had run their business for 0 – 3 years, 79 (52.67%) respondents for 3 – 5 years, and 58 or 38.67% of respondents had their business for more than 5 years. Next is the category of respondents based on the assets owned. 69 respondents (46%) have up to 100 million rupiahs assets and 81 respondents (54%) have 101 million to 1 billion rupiahs of business assets. Here, no respondent has above 1 billion rupiahs of assets.

Item	Description	Frequency N=150	Percentage (%)
Gender	Male	137	91.33
	Female	13	8.67
Age	20 – 30 years old	7	4.67
	31 – 40 years old	47	31.33
	41 – 50 years old	69	46.00
	> 50 years old	27	18.00
Status	Owner	143	95.33
	Manager	7	4.67
Period of Business	0 – 3 years	13	8.67
	3.1 – 5 years	79	52.67
	> 5 years	58	38.67
Asset	0 – 100 million IDR	69	46.00
	>1000 million IDR	81	54.00
	>1000 million IDR	0	0

Table 2: Respondents Profile

### Data Analysis Results by SEM

The data gathered here were then analyzed with Structural Equation Model (SEM) assisted with AMOS 21 software. The full analysis results of structural equation model are presented in the following Figure 2. This study employs several goodness of fit indexes to evaluate the model's goodness of fit comprehensively. The analyses of goodness of fit of model used were GFI index (GFI) = 0.870; the adjusted GFI index (AGFI) =

0.834; Tucker-Lewis Index (TLI) = 0.939; and root mean square of approximation (RMSEA) = 0.055. This goodness of fit model showed good fit for confirmatory measurement model which further can be concluded that this structural equation model is fit. The processing result indicated that each indicator or dimension measured each latent variable provided a good result, where the critical ratio (CR) was above 2.58. The hypotheses test results are presented in Table 3 where four hypotheses are supported and one is not supported.

# GENERAL MANAGEMENT

			Estimate	S.E.	C.R.	P value (≤0.05)	Results
Green_Innovation_Capability	<---	Green_Knowledge_Creation	.223	.075	2.962	.003	Supported
Green_Product_Development	<---	Green_Entrepreneurship_Orientation	.250	.088	2.840	.005	Supported
Green_Product_Development	<---	Green_Innovation_Capability	.348	.110	3.163	.002	Supported
Marketing_Performance	<---	Green_Product_Development	.243	.074	3.273	.001	Supported
Marketing_Performance	<---	Green_Innovation_Capability	.129	.080	1.609	.108	Not Supported

Table 3: Hypotheses Testing Results

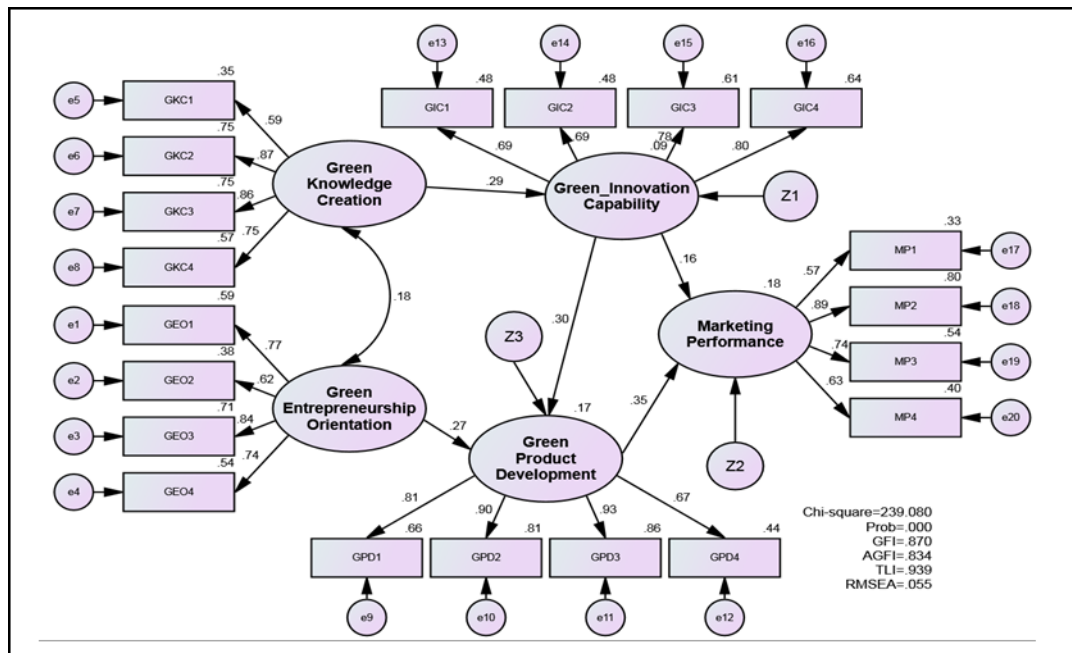


Figure 2: Data Analysis Results by SEM

## Discussion

Based on Table 3 and Figure 2 as the data analysis results generated some very interesting findings. Hypothesis 1 (H1) stated that green entrepreneurship orientation has positive and significant effect to green product development, and the result is supported by this study. This study confirms that Small and Medium Enterprises (SMEs) community of eco-friendly Batik craftsmen with good green entrepreneurship development will then have the abilities in creating and developing green products. The result is supported by the previous researches which found that the growth of green entrepreneurship orientation is a tendency of an entrepreneur to innovate or create green organization as an essential element of the comprehensive green system (Ndubisi et al., 2009), in which small companies have several advantages over big companies in adopting environmental awareness practices (Osukoya, 2007).

Hypothesis 2 (H2) suggested that the the green knowledge creation, has a positive impact on green innovation capability, and the finding is supported in this study.. This study reaffirms that SMEs community of eco-friendly Batik craftsmen with good green knowledge creation in their business environment will boost green innovation capability. The implementation of

learning culture and knowledge management in SMEs will encourage the creation of new knowledge that then will be realized in the form of products, further, will gives impact on the company's performance. The finding of this study is supported by the previous research which emphasized that organizational knowledge creation is the key to business innovation process that eventually will influence the company's performance Nonaka and Takeuchi (1995). Hypothesis 3 (H3) proposed that the the green innovation capability has a positive effect on green product development, and the hypothesis test result is supported here. This study found that green innovation capability owned by SMEs community of eco-friendly Batik craftsmen will become a thrust in good green product development. The result of this study confirms the previous research which outlined that the innovation ability on eco-friendly products and processes are positively correlated with the success of green product development (Wong, 2014). In addition, (Georgellis, Joyce, & Woods, 2000) explains that product innovation is one way to create competitive excellences and the main trigger of product innovation due to the limited natural resources, therefore, the development of environmentally friendly products provides significant role for SMEs in developing their businesses sustainably.

Hypothesis 4 (H4) suggested that the green product development has a positive impact on marketing performance,

and the test result is supported this hypothesis. This study clarifies that the better development of green products done by SMEs community of eco-friendly Batik craftsmen, the marketing performance they have, where the process of green product development can be carried out when it is in line with the environmental issues and performances to achieve. The development of green products can become a superior force of the company where the environmental issues are very influential on the mindset and behavior of today's customers who have increasing concern over the environmental damage and are obviously willing to pay extra to use the eco-friendly products (Chen & Chang, 2012). Hypothesis 5 (H5) advised that the green innovation capability has a positive effect on marketing performance, and the test result is not supported. This study found that green innovation capability of SMEs community of eco-friendly Batik craftsmen cannot directly affect the improvement of marketing performance. This finding is not in line with the previous researchers' opinions who claimed that companies which conduct eco-innovation have high influence in defining the companies' performance compared to those which did not conduct it (Doran & Ryan, 2012), and provides a strong influence on the companies' performance improvement (García-Morales, Llorens-Montes, & Verdú-Jover, 2006), the alternative of companies' performance success financially (Polonsky, Rosenberger, & Ottman, 1998).

## Conclusions, Managerial Implications, Limitations, And Future Research

### Conclusions

The main purpose of this study is to explore green entrepreneurship orientation and green product development with the support of green innovation capability which is triggered by the activeness in growing green knowledge creation that will improve the marketing performance on Small and Medium Enterprises (SMEs) in Indonesia. The results of this research have shown that the growth of green entrepreneurship orientation is a challenge and an opportunity for SMEs to generate green product development ability; a creative green product development and in accordance to the customers' demands need to be backed up with good green innovation capability; The growth of green innovation capability cannot be separated from the efforts of green knowledge creation in SMEs; The green product development output will directly affect the marketing performance, however, the green innovation capability cannot directly improve the marketing performance but must go through the green product development.

SMEs community of eco-friendly Batik craftsmen as the motor of economy remain in their basic format as a form of innovative, proactive, and willing to take risks business to produce a green product fit, should always bear innovative products and services to achieve sustainable performance. Green product development proves powerful enough in improving market performance, but should be based on strong green entrepreneurship orientation and good green innovation capability, hence, the ability of SMEs in developing green products is truly good and in accordance with the customers; concern over environmental issues. In the context of this study, the ability of green product innovation must be supported by the SMEs' ability in strong green knowledge creation within their business environment.

### Managerial Implications

Managerial implications of this study are as follows. First, lifestyle and behavior of customers nowadays indicate the shift into the awareness and concern over environment. The growing awareness on environment certainly becomes an opportunity for SMEs in creating eco-friendly products to meet the customers' needs. Second, a company that always produces new ideas and new values will take the company to have a competitive excellence that can survive in the long term. Nowadays, SMEs are still the form of businesses that rely on the creativity of the owners or managers to possess new ideas in developing their products. Consequently, the growth of SMEs businesses in Indonesia is still slow and tends to be stagnant. Creativity will be growing if an entrepreneur possesses a high entrepreneurship orientation, in which creativity is basically an impulse that will take the company in carrying the business innovation. The viewpoint is in line with Kim (2018) who elaborates that entrepreneurship process requires entrepreneurship orientation for entrepreneurship orientation determines the initiated business development goals. Third, the environment and competition conditions that keep changing must become a thrust for SMEs in developing green entrepreneurship orientation as a proactive effort and intensively scanning the changes of business competition and environment. For SMEs which are able to seize the green opportunity and take risks as a challenge through eco-innovation capability must expand the market share with the growth of potential market opportunity that currently leads to the green product trend. The emergence of green entrepreneurship grows in SMEs as a potential market opportunity will encourage the development of green product which is supported by green innovation capability as a form of green knowledge creation. Companies with high learning orientation process allow for radical innovations (Aloulou, 2019), which enable to lift the level of changes in the companies. It is believed that it will be able to enhance the marketing performance of SMEs. Fourth, SMEs with all the limited natural resources possessed should be able to grow companies' commitment to always learn, willingness to accept new ideas, and extracting external information as the foundations for learning intensity, but the learning will provide impacts on the company's performance only if the efforts of learning are related effectively to the goals of organization (Slater & Narver, 1995).

### Limitations and Future Research

This study does not escape from some limitations arise. First, the research model employs variables that explore more on the internal capabilities of SMEs. The future researches should preferably include the linkage of the government supports for the growth of standardized green entrepreneurship and green product as well. Second, this study explores more on the SMEs' abilities in developing green product to improve their market performance. The future researches should be dyadic by measuring perceptions of customers, thus, the results of this research is integrated and clearly illustrates the opportunities in developing this green product indeed has promising customers.

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