

The Influence of Green Innovation, Customer Co-Creation, and Brand Activism on the Competitive Advantage of Organic Food MSMEs in Jakarta

Gatot Wijayanto¹, Halek Mu'min², Rival Pahrijal³

¹ FEB Universitas Riau

² Universitas Ciputra

³ Nusa Putra University

Article Info

Article history:

Received Sep, 2025

Revised Sep, 2025

Accepted Sep, 2025

Keywords:

Green Innovation

Customer Collaboration

Brand Activism

Competitive Advantage

Organic Food MSMEs

ABSTRACT

This study examines the influence of green innovation, customer collaboration, and brand activism on the competitive advantage of organic food micro, small, and medium enterprises (MSMEs) in Jakarta. With increasing consumer demand for environmentally friendly and ethically produced goods, MSMEs face the challenge of aligning business practices with sustainability and social values. A quantitative research design was applied using survey data from 150 MSME owners and managers. Respondents completed a structured questionnaire measured on a 1–5 Likert scale, and data were analyzed using SPSS version 25. The results show that green innovation, customer collaboration, and brand activism each have a positive and significant effect on competitive advantage. Green innovation emerged as the strongest predictor, emphasizing the importance of eco-friendly practices in differentiating products and improving operational efficiency. Customer collaboration also contributed positively, highlighting the role of co-creation and consumer trust in sustaining market relevance. Similarly, brand activism significantly enhanced competitive advantage, reflecting that MSMEs advocating for sustainability and social causes build stronger loyalty and brand differentiation. The findings contribute to the literature on sustainable entrepreneurship and provide practical implications for MSMEs in developing competitive strategies that integrate innovation, customer engagement, and socially responsible branding.

This is an open access article under the [CC BY-SA](#) license.



Corresponding Author:

Name: Gatot Wijayanto

Institution: FEB Universitas Riau

Email: gatot.wijayanto@lecturer.unri.ac.id

1. INTRODUCTION

The increasing global awareness of environmental sustainability and health consciousness has reshaped consumer preferences, particularly in the food industry, where consumers are now more inclined to

choose organic food products that are perceived as healthier, safer, and environmentally friendly. This trend provides both opportunities and challenges for micro, small, and medium enterprises (MSMEs) engaged in organic food production, especially in urban centers such as Jakarta,

where enterprises must adopt innovative strategies that align with sustainability values and evolving consumer expectations. Consumers in Jakarta show a strong inclination towards organic food due to health consciousness and environmental concerns, which significantly impact their purchase intentions [1]. Globally, the organic food market is growing at an annual rate of 20–22%, driven by consumer demand for products free from harmful chemicals and pesticides [2]. This creates opportunities for MSMEs to cater to health-conscious consumers who are willing to pay a premium for quality products [2]. While organic production practices that avoid genetic engineering and chemical additives also align with consumer expectations for sustainability and environmental preservation [3]. However, MSMEs face logistical challenges in moving organic products to market, particularly due to limited production volumes and the need for efficient supply chains [3], while trust and certification processes remain critical as consumers are often skeptical about the authenticity of organic labels [3]. To overcome these barriers, MSMEs can enhance competitiveness by adopting sustainable practices and improving transparency in their supply chains to build consumer trust [4], while also leveraging consumer attitudes towards health and environmental sustainability to effectively position their products in the market [1].

Green innovation has emerged as a critical driver of competitive advantage in the organic food sector, referring to the implementation of environmentally friendly practices, products, and processes that reduce negative ecological impacts while enhancing business performance. For MSMEs, adopting green innovation not only meets consumer demand for eco-friendly goods but also creates differentiation in increasingly crowded markets, while at the same time contributing to operational efficiency and compliance with regulatory frameworks that prioritize sustainability. Green process innovation significantly enhances sustainable business performance by improving waste management and energy conservation

practices, particularly in the food and beverage sector where such innovations lead to better sustainability outcomes [5]. In developing economies, green process and organizational innovations have a more substantial impact on business performance compared to green product innovations, highlighting the importance of process improvements in achieving competitive advantage [6]. Furthermore, green innovation contributes to competitive advantage by enhancing brand reputation, enabling differentiation, and providing cost leadership through resource efficiency and green product development, which are critical in meeting market demand and regulatory compliance [7]. In the context of Indian firms, green innovation has been shown to improve competitive edge through strategic initiatives that align with corporate social responsibility and market expectations [7]. The adoption of green innovation is also mediated by effective business strategies and environmental management practices, which foster innovation and enhance competitiveness by making businesses more efficient and responsive to consumer needs [8]. In practice, MSMEs in the culinary sector have successfully implemented process innovations and waste management practices, collaborating with local communities to prevent environmental pollution and increase their competitive advantage [8].

In addition to innovation, customer collaboration plays a vital role in shaping competitive advantage by fostering closer relationships between MSMEs and their customers, enabling co-creation of products, better market responsiveness, and improved customer loyalty. In the organic food sector, where trust and transparency are paramount, engaging customers in product development and brand communication enhances credibility and long-term competitiveness. Co-creation involves stakeholders, including customers, in the development and improvement of products and services, leveraging collective expertise to enhance outcomes [9], and in the context of organic food, this can manifest through exchanging ideas on product development and joint

technical systems, leading to both monetary and non-monetary value creation [10]. Active customer engagement in co-creation activities, such as collaborative design and shared experiences, significantly contributes to improved customer satisfaction and product innovation [11], while transparent communication and customer involvement in the production process further strengthen trust and loyalty [12]. Moreover, collaborative marketing innovation supported by strong network ties accelerates time-to-market and enhances MSME performance by integrating resources for product development and promotion [13], with social capital derived from entrepreneurial networks serving as a strategic resource that enables MSMEs to overcome challenges and sustain a competitive edge [13].

Another essential factor influencing MSMEs' success is brand activism, which unlike traditional corporate social responsibility, requires companies to take clear stances on social, environmental, and ethical issues; for organic food MSMEs, this may involve advocating for sustainable agriculture, fair trade, or public health awareness, thereby fostering stronger emotional connections with consumers and differentiating themselves from competitors. In the Indonesian context, brand activism can significantly enhance competitive advantage by aligning business practices with societal values, especially when integrated with green innovation and customer collaboration to create a robust competitive edge. Green marketing strategies are crucial for MSMEs to remain competitive and sustainable, as they not only enhance environmental conservation but also build consumer trust and influence green purchase behavior [14], while Strategic Green Marketing Orientation (SGMO) has been shown to positively impact competitive advantage and marketing performance, emphasizing the importance of strategic approaches in green marketing [15]. At the same time, consumer engagement and sustainable market research are vital for building brand loyalty and legitimacy, helping MSMEs understand consumer needs and preferences [16], with consumer

involvement in sustainable practices further mediating perceptions to increase loyalty and legitimacy [16]. Moreover, brand activism as a form of corporate social responsibility can improve corporate image and generate competitive advantage by aligning business practices with societal expectations [17], while environmental positioning strategies enable small-scale agricultural producers to present their products more effectively and enhance their competitive standing in the market [18].

Previous research has often focused on large corporations or examined these constructs in isolation, leaving a gap in understanding how these strategies interact within small-scale enterprises in emerging markets. Therefore, this study aims to analyze the influence of green innovation, customer collaboration, and brand activism on the competitive advantage of organic food MSMEs in Jakarta. The findings are expected to offer theoretical contributions to the literature on sustainable entrepreneurship and practical insights for MSMEs seeking long-term growth in the organic food sector.

2. LITERATURE REVIEW

2.1 *Green Innovation*

Green innovation is a strategic approach that enables MSMEs in the organic food sector to achieve long-term competitiveness by integrating environmentally friendly practices into their operations, aligning with ecological sustainability while enhancing brand reputation and attracting environmentally conscious consumers. The adoption of green innovation encompasses product, process, and management innovations that collectively contribute to sustainable business performance, such as green product innovation that develops environmentally friendly products to meet consumer demands for

sustainability [19], and green process innovation in waste management and energy conservation, which significantly improve sustainable business performance and operational efficiency [5]. Moreover, green innovation reflects a long-term strategic commitment to balancing economic, environmental, and social demands, thereby satisfying diverse stakeholder expectations [20], and ensuring that MSMEs align their business models with the expanding green economy to secure long-term competitiveness and stakeholder satisfaction [20]. In this context, managerial environmental concern plays a vital role in moderating the relationship between green innovation processes and sustainable performance, underscoring the importance of leadership in driving and sustaining green initiatives [19].

2.2 Customer Collaboration

Customer collaboration in the organic food sector is pivotal for aligning products with consumer needs, enhancing trust, and fostering innovation, as it involves active customer participation in product development, feedback, and service improvement—an approach crucial for maintaining credibility and market responsiveness. The literature highlights that customer co-creation not only improves product quality and reduces the risk of product failure by better aligning offerings with consumer expectations [21], but also strengthens competitive positioning through deeper customer relationships and

enhanced brand loyalty [21]. For MSMEs, co-creation strategies serve as cost-effective methods to gain insights and achieve sustainable competitive advantage by leveraging customer input for strategic marketing decisions and improved market positioning [22]. Moreover, co-creation fosters innovation by incorporating customer feedback into product and service development, leading to more innovative and competitive offerings [22], while continuous feedback loops enable firms to anticipate customer needs, proactively address potential issues, and enhance loyalty and satisfaction [22].

2.3 Brand Activism

Brand activism represents a strategic evolution from traditional corporate social responsibility (CSR) by requiring companies to take explicit stances on social, environmental, political, or cultural issues, thereby aligning brand values with societal concerns to foster deeper connections with consumers and differentiate themselves in competitive markets. For organic food MSMEs, this may take the form of promoting sustainability, advocating healthy lifestyles, or supporting ethical farming practices, with empirical evidence showing that consumers—especially younger generations—favor brands demonstrating social engagement and authenticity, which enhances loyalty and market positioning [23], [24]. As a long-term strategic approach, brand activism is reactive in addressing societal issues and positions brands favorably in

consumer perception, as seen in companies like Gucci and Puma that successfully engaged in activism to enhance brand positioning [23], [24]. Consumers perceive brand activism as values-based and externally communicated, where authenticity is determined by measurable actions, brand-cause fit, and consistency [25], and brands aligning messaging, purpose, and values with prosocial practices are regarded as authentic, building trust and loyalty [26]. However, while brand activism can increase visibility and engagement, it also carries risks such as backlash or boycotts if perceived as opportunistic or inauthentic [24], making authenticity and alignment with core values critical for sustainable impact [25].

2.4 *Competitive Advantage*

For MSMEs in the organic food sector, achieving competitive advantage involves leveraging unique product attributes, sustainable practices, and strong consumer relationships, with the Resource-Based View (RBV) emphasizing the importance of intangible resources such as innovation, customer trust, and brand reputation in sustaining long-term competitiveness. Differentiation can be achieved through unique product offerings, such as the distinctive fermentation process used by Aroma Khas Poncokusumo Tempe Chips, which enhances product quality and traditional value, alongside continuous innovation in product development and diversification to meet evolving consumer preferences [27]. Sustainable

practices, including green supply chain management, play a vital role in improving operational efficiency and strengthening brand image [28], while Peruvian organic food exporters demonstrate how sustainability can be leveraged to meet international demand and align with global consumer preferences for environmentally responsible products [29]. Building strong consumer relationships through market orientation—understanding and responding to consumer needs—is also essential for MSMEs to remain competitive, supported by customer loyalty programs and digital marketing strategies that enhance brand reputation [28]. However, MSMEs face challenges such as certification costs and profitability gaps, which necessitate strategic support like government subsidies and innovative farming techniques to strengthen their competitive position [29], while long-term sustainability further requires investment in human capital and knowledge management processes [30].

2.5 *Previous Research*

Several studies provide insights into the relationships among green innovation, customer collaboration, brand activism, and competitive advantage. Green innovation, customer collaboration, and brand activism are pivotal in enhancing firm performance and competitiveness, yet most studies have focused on large corporations in developed economies, leaving a gap in understanding these dynamics within MSMEs in emerging markets like Indonesia. Green innovation can significantly

enhance product differentiation and competitive advantage by integrating sustainable design into product development, meeting growing consumer demand for eco-friendly products while reducing resource consumption and pollution—an essential step for MSMEs targeting environmentally conscious markets [31]. Collaborations with external partners provide MSMEs access to critical knowledge and resources, enabling the creation of energy-efficient and environmentally friendly products, which is particularly beneficial for those lacking internal innovation capabilities [32]. Customer collaboration also plays a key role, as engagement with major customers can incentivize green innovation through stable relationships and responsiveness to customer expectations, especially in competitive and polluting industries [33], while co-innovation with institutional partners can enhance innovation efficiency, boost outputs, and strengthen market positioning through a green orientation [34]. Furthermore, brand activism—though less examined in the MSME context—can be inferred as a strategy that fosters consumer trust and strengthens long-term competitive positioning, with MSMEs that adopt green orientations and engage in brand activism likely to improve their market presence and consumer loyalty, similar to larger firms [35].

2.6 Hypotheses Development

Based on the theoretical foundations and prior research, the following hypotheses are proposed:

H1: Green innovation has a positive and significant influence on the competitive advantage of organic food MSMEs in Jakarta.

H2: Customer collaboration has a positive and significant influence on the competitive advantage of organic food MSMEs in Jakarta.

H3: Brand activism has a positive and significant influence on the competitive advantage of organic food MSMEs in Jakarta.

3. METHODS

3.1 Research Design

This study employs a quantitative research design to examine the influence of green innovation, customer collaboration, and brand activism on the competitive advantage of organic food MSMEs in Jakarta. Quantitative methods were chosen to enable statistical measurement of relationships among variables and to ensure objectivity in the findings. The research applies a survey approach using structured questionnaires as the primary data collection instrument.

3.2 Population and Sample

The population in this study consists of owners and managers of micro, small, and medium enterprises (MSMEs) engaged in organic food businesses in Jakarta. Given the limited accessibility to the entire population, purposive sampling was employed to select respondents who meet the criteria of being actively involved in decision-making processes related to innovation, collaboration, and branding strategies. A total of 150 respondents were selected as the sample, which is considered adequate for statistical analysis in social science research.

3.3 Variables and Indicators

The research model comprises three independent variables and one dependent variable, namely Green Innovation (X1), Customer Collaboration (X2), Brand Activism (X3), and Competitive Advantage (Y). Green Innovation (X1) refers to the adoption of environmentally friendly practices in product development, packaging, and processes, with indicators including eco-friendly product innovation, sustainable process improvement, and environmental management practices. Customer Collaboration (X2) involves the active engagement of customers in value creation, measured through customer involvement in product development, feedback integration, and co-creation activities. Brand Activism (X3) captures firms' engagement in social and environmental issues beyond traditional CSR, with indicators such as environmental activism, social justice advocacy, and authenticity in brand positioning. Meanwhile, Competitive Advantage (Y) reflects the ability of MSMEs to differentiate and sustain superior market performance, indicated by product uniqueness, customer trust, sales growth, and market positioning. All variables were measured using multiple items on a 5-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree.

3.4 Data Collection Techniques

Primary data were collected using a structured questionnaire distributed directly to respondents. The questionnaire was divided into sections covering demographic information, green innovation, customer collaboration, brand activism, and competitive advantage. To ensure validity and reliability, the questionnaire items were adapted from prior studies and pre-tested with a small group of MSME owners before full distribution.

3.5 Data Analysis Techniques

The collected data were processed using SPSS version 25 through several analytical steps to ensure the validity and robustness of the findings. First, descriptive analysis was conducted to present respondents' profiles and general response

patterns. Next, validity and reliability testing was performed using Pearson correlation to assess item validity and Cronbach's alpha to evaluate internal consistency reliability. Classical assumption testing, including normality, multicollinearity, and heteroscedasticity tests, was then carried out to confirm the robustness of the regression analysis. Multiple linear regression analysis was employed to examine the effect of green innovation, customer collaboration, and brand activism on competitive advantage. Finally, hypothesis testing was conducted using t-tests and F-tests, with significance determined at the 5% level ($p < 0.05$). Through these procedures, the study ensured that the empirical findings were valid, reliable, and capable of explaining the influence of the independent variables on the competitive advantage of organic food MSMEs in Jakarta.

4. RESULTS AND DISCUSSION

4.1 Descriptive Findings

The descriptive analysis was conducted to provide an overview of respondents' characteristics and the distribution of responses across the research variables. Out of 150 respondents from organic food MSMEs in Jakarta, 60% were female and 40% male, indicating that women play a dominant role in managing and owning organic food enterprises. In terms of age, 25% were below 30 years, 55% between 30–45 years, and 20% above 45 years, showing that most entrepreneurs are in their productive age. Regarding education, 40% held undergraduate degrees, 35% completed high school, 20% held diplomas, and 5% had postgraduate degrees, suggesting that the majority possess adequate educational backgrounds to adopt innovative and sustainable practices. Business experience varied, with 48% having more than five years, 32% between three to five years, and 20% less than three years, indicating a balance between established and newer MSMEs. In terms of scale, 68% employed fewer than 20 workers, classifying them as micro or small enterprises, while 32% fell under medium enterprises. Revenue levels showed that 62% reported

annual revenues below IDR 2 billion, 25% between IDR 2–5 billion, and 13% above IDR 5 billion.

The descriptive statistics of the research variables, measured on a 1–5 Likert scale, further support these findings. Green Innovation scored a mean of 4.12 (SD = 0.58), reflecting strong eco-friendly practices such as sustainable sourcing, packaging, and waste management. Customer Collaboration had a mean of 4.05 (SD = 0.61), showing that most MSMEs actively involve customers through feedback, co-creation, and communication to strengthen trust and relevance. Brand Activism scored 4.09 (SD = 0.55), indicating that MSMEs openly take stances on social and environmental issues, particularly in advocating healthy lifestyles and sustainable agriculture. Competitive Advantage recorded the highest mean at 4.18 (SD = 0.57), suggesting that respondents perceive strong differentiation in terms of product uniqueness, loyalty, and credibility. Collectively, these findings highlight that organic food MSMEs in Jakarta are strongly committed to sustainability and customer engagement, with green innovation, customer collaboration, and brand activism embedded in their strategies, thereby enhancing their competitive advantage in response to market demands for ethical and sustainable business practices.

4.2 Measurement Model Results

Before conducting regression analysis, validity and reliability tests were performed to ensure that the research instruments were statistically sound and capable of accurately measuring the intended constructs. Validity was assessed using the Pearson Product-Moment Correlation between each indicator and its total construct score, with results showing that all item correlation values exceeded 0.304 and were significant at the 0.05 level, confirming validity. For instance, items measuring green innovation such as eco-friendly product design, sustainable packaging, and waste reduction demonstrated correlation coefficients ranging between 0.522 and 0.716. Likewise, customer collaboration items,

including customer involvement in product development and feedback integration, produced coefficients from 0.483 to 0.696. Brand activism items yielded correlations between 0.55 and 0.73, while competitive advantage items ranged from 0.601 to 0.755. All values surpassed the critical threshold, indicating that the indicators effectively represented their respective constructs.

Reliability was then examined using Cronbach's Alpha to assess the internal consistency of each construct, yielding strong results across all variables: green innovation (0.825), customer collaboration (0.808), brand activism (0.845), and competitive advantage (0.868). Since all values were above the minimum threshold of 0.70, the constructs were deemed reliable for further analysis. These results confirm that the research instruments met the necessary criteria for both validity and reliability, ensuring that the indicators used to measure green innovation, customer collaboration, brand activism, and competitive advantage were accurate and consistent. Consequently, the data collected can be confidently used for hypothesis testing through regression analysis.

4.3 Structural Model Results

After confirming the validity and reliability of the research instruments, multiple linear regression analysis was conducted to examine the influence of green innovation, customer collaboration, and brand activism on the competitive advantage of organic food MSMEs in Jakarta. The regression model can be formulated as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$$

Where:

Y = Competitive Advantage

X1 = Green Innovation

X2 = Customer Collaboration

X3 = Brand Activism

The regression analysis produced an R^2 value of 0.64, indicating that 64% of the variance in competitive advantage can be explained by green innovation, customer collaboration, and brand activism, while the remaining 36% is influenced by other factors

not included in this study. The Adjusted R^2 of 0.63 further confirms the robustness of the model. The ANOVA test results showed $F = 56.423$, $p < 0.001$, which means the overall regression model is statistically significant, indicating that the three independent variables collectively have a meaningful influence on competitive advantage.

The coefficient analysis (t-test) revealed that green innovation ($\beta = 0.312$, $t = 4.852$, $p < 0.001$), customer collaboration ($\beta = 0.278$, $t = 4.218$, $p < 0.001$), and brand activism ($\beta = 0.295$, $t = 4.673$, $p < 0.001$) each have a positive and significant effect on competitive advantage. This implies that MSMEs adopting eco-friendly designs, sustainable packaging, and environmental management practices are more likely to differentiate themselves in the market; involving customers in co-creation and integrating feedback strengthens market positioning; and advocating for sustainability and social causes fosters customer trust and loyalty, supporting long-term competitiveness. The regression equation derived from the coefficients is: Competitive Advantage = $0.412 + 0.312(\text{Green Innovation}) + 0.278(\text{Customer Collaboration}) + 0.295(\text{Brand Activism}) + e$. These findings demonstrate that all three independent variables significantly contribute to competitive advantage, with green innovation exerting the strongest influence, followed by brand activism and customer collaboration, suggesting a synergistic effect between sustainability-oriented innovations, customer engagement, and socially responsible branding in enhancing competitiveness in the organic food sector.

Discussion

The findings of this study highlight the strategic importance of green innovation, customer collaboration, and brand activism in enhancing the competitive advantage of organic food MSMEs in Jakarta. The results are consistent with prior studies and provide new empirical evidence in the context of small enterprises in emerging markets.

First, green innovation was found to have the strongest positive influence on competitive advantage, supporting the

argument that eco-friendly innovations not only reduce environmental impact but also create differentiation in competitive markets. Green marketing and sustainable supply chain practices enable MSMEs to stand out by promoting eco-friendly products and practices, thereby building consumer trust and brand loyalty [36], while the integration of Environmental, Social, and Governance (ESG) strategies in food sector SMEs has been shown to increase market share by 10% and productivity by 25%, underscoring the advantages of sustainable practices [37]. Beyond market differentiation, green innovation enhances operational efficiency by reducing waste and optimizing resource use through green supply chain management [38], with the adoption of clean technologies resulting in up to a 20% reduction in operating costs for SMEs [37]. Despite these benefits, MSMEs still face barriers such as high costs and regulatory compliance, but policy support, financial incentives, and collaborative networks can ease the transition [39]. In the context of organic food MSMEs, adopting sustainable production processes, eco-friendly packaging, and environmentally responsible supply chains strengthens credibility and appeals to health-conscious consumers, while the synergy between green marketing and sustainable supply chains creates a reinforcing loop that enhances both operational sustainability and market differentiation [36]. This indicates that sustainability-driven innovation is not merely about compliance but represents a strategic driver of long-term competitiveness.

Second, customer collaboration also showed a significant positive effect on competitive advantage, aligning with the theory of co-creation, which emphasizes customer involvement in shaping value. For MSMEs, collaboration with customers provides valuable insights into evolving market needs, enables better customization of products, and fosters stronger relationships based on trust and transparency. Co-creation involves stakeholders, including customers, in the development process to enhance the understanding of consumer expectations [9], and practical cases such as Mercur

demonstrate how customer participation can lead to superior product outcomes [40]. The active role of consumers in product development allows for greater customization, aligning products with consumer preferences, reducing the risk of failure, and improving product quality, which strengthens sustainable competitive advantage [22]. Moreover, co-creation fosters transparent relationships through dialogue and shared decision-making, which are crucial for building trust [40], and in the organic food sector where consumer trust is vital, such transparency enhances customer loyalty and brand differentiation [41]. Thus, in the context of Jakarta's organic food MSMEs, active customer collaboration not only sustains differentiation but also builds long-term loyalty that reinforces competitiveness.

Third, brand activism was also shown to significantly improve competitive advantage, consistent with the view that it is a long-term, strategic approach impacting both consumers and society by addressing existing problems and positioning the brand favorably in the market [23]. It requires companies to take clear stances on societal issues, which can strengthen brand positioning and attract consumer attention, though it also carries risks such as backlash or boycotts if perceived as opportunistic [24]. Consumers generally respond positively to brand activism, particularly when it is perceived as authentic, with factors such as measurable action, brand-cause fit, and consistency shaping these perceptions [25], while its effectiveness depends on the brand's ability to align actions with consumer values and societal needs [42]. The case of Oatly illustrates how activism can challenge established consumption and production norms, promote systemic changes, and enhance brand legitimacy [43]. For organic food MSMEs, activism in areas such as sustainability, ethical farming, and healthy lifestyles resonates strongly with socially conscious consumers, especially younger generations, allowing these businesses to differentiate themselves while building emotional connections that foster loyalty and ensure long-term market relevance.

Collectively, the findings indicate that competitive advantage for organic food MSMEs in Jakarta is built upon a synergy of sustainable innovation, customer engagement, and socially responsible branding, aligning with the Resource-Based View (Barney, 1991), which emphasizes that intangible resources such as innovation capabilities, trust-based relationships, and brand reputation are essential for sustaining long-term competitiveness. The study confirms that even resource-constrained MSMEs can achieve market strength by strategically leveraging sustainability and social engagement, thereby addressing the research gap that has predominantly focused on large corporations in developed economies. By demonstrating the relevance of sustainability-driven strategies in the MSME context of developing countries, this research highlights that green innovation, customer collaboration, and brand activism should not be seen as separate initiatives but as integrated components of a holistic competitiveness strategy, enabling organic food MSMEs in Jakarta and similar markets to strengthen differentiation, build loyalty, and sustain market relevance.

5. CONCLUSION

The results of this study demonstrate that green innovation, customer collaboration, and brand activism play critical roles in strengthening the competitive advantage of organic food MSMEs in Jakarta. Green innovation provides the most significant impact by enabling businesses to differentiate their products through environmentally sustainable practices, thereby appealing to health-conscious and eco-aware consumers. Customer collaboration further enhances competitiveness by fostering co-creation, building trust, and ensuring that products remain aligned with consumer needs. Brand activism also significantly contributes to competitive advantage, as MSMEs that take clear stances on social and environmental issues gain consumer loyalty and credibility in increasingly competitive markets.

From a theoretical perspective, the findings support the Resource-Based View (RBV), which emphasizes the importance of intangible resources such as innovation capabilities, trust-based customer relationships, and socially engaged branding in creating sustainable competitive advantage. Practically, the study suggests that MSMEs in the organic food sector should adopt an integrated strategy that combines sustainability-driven innovation, active

customer involvement, and meaningful brand activism to achieve long-term market growth. Future research could expand the scope of this study by comparing MSMEs across different industries or regions in Indonesia, as well as incorporating mediating or moderating variables such as digital transformation or government support to provide deeper insights into the mechanisms that drive competitive advantage in small enterprises.

REFERENCES

- [1] S. Jonathan and M. Tjokrosaputro, "The effect of attitude, health consciousness, and environmental concern on the purchase intention of organic food in Jakarta," in *Tenth International Conference on Entrepreneurship and Business Management 2021 (ICEBM 2021)*, Atlantis Press, 2022, pp. 567–574.
- [2] M. B. Basha, "Driving factors of purchase intention towards organic food: A conceptual study," in *2014 4th International Conference on Engineering Technology and Technopreneurship (ICE2T)*, IEEE, 2014, pp. 19–22.
- [3] L. Hamzaoui-Essoussi and M. Zahaf, "The organic food market: Opportunities and challenges," *Org. food Agric. New trends Dev. Soc. Sci.*, pp. 63–88, 2011.
- [4] Ş. G. KÖSE, "IS ORGANIC FOOD A SUSTAINABLE CHOICE? EVALUATING ORGANIC FOOD PRODUCTION IN THE FRAMEWORK OF ENVIRONMENTAL SUSTAINABILITY," *Bus. Manag. Stud. An Int. J.*, vol. 8, no. 4, pp. 685–700, 2020.
- [5] H. S. Syed, "Sustainable Entrepreneurship and Business Performance: Evidence From Food and Beverage Outlets in East Coast Malaysia." University of Malaya (Malaysia), 2021.
- [6] M. P. Singh, A. Chakraborty, and M. Roy, "The link among innovation drivers, green innovation and business performance: empirical evidence from a developing economy," *World Rev. Sci. Technol. Sustain. Dev.*, vol. 12, no. 4, pp. 316–334, 2016.
- [7] N. R. Paulmoni, C. Manonmani, N. N. Kavitha, N. Poonam, P. Dhanasekaran, and N. Mohit, "Impact of Green Innovation (GI) Performance on Competitive Advantage of Firms in India," *ShodhKosh J. Vis. Perform. Arts*, vol. 5, no. 1, pp. 2064–2072, 2024.
- [8] P. F. Finda and H. T. Sutiono, "The Influence Of Business Strategy, Environmental Management, On Competitive Advantage Mediated By Innovation In Eco-Friendly Culinary Ukm In Yogyakarta City," *Primanomics J. Ekon. Bisnis*, vol. 22, no. 3, pp. 125–136, 2024.
- [9] M. Ertz, "Co-creation," *Encyclopedia*, vol. 4, no. 1, pp. 137–147, 2024.
- [10] I. K. Ngugi, "Value co-creation between SME suppliers and large customers in the UK organic food sector." Bournemouth University, 2010.
- [11] A. Rahayu, E. Ahman, and H. Hendrayati, "The Model Of Based Business Performance Improvement Model Co-Creation Value (Study Of Hijab Fashion Msmes In West Java).," *Dinasti Int. J. Educ. Manag. Soc. Sci.*, vol. 6, no. 1, 2024.
- [12] T. B. Q. Hoàn and T. B. B. Hoàn, "Tác động của ESG đối với niềm tin thương hiệu và sự gắn kết của khách hàng tại Thành phố Hồ Chí Minh: Nghiên cứu điển hình trong ngành thực phẩm và đồ uống".
- [13] N. Muna, I. M. Sukresna, and A. N. Praswati, "Collaborative marketing innovation: How to energize social capital to enhance MSME's performance?," *Asian Manag. Bus. Rev.*, pp. 205–220, 2024.
- [14] D. K. P. Bestari and D. A. Butarbutar, "Implementation of green marketing strategies and green purchase behavior as efforts to strengthen the competitiveness of MSMEs in Indonesia," *Budapest Int. Res. Critics Inst. Humanit. Soc. Sci.*, vol. 4, no. 1, pp. 243–254, 2021.
- [15] C. J. Karmel Toryanto and F. Indriani, "Green marketing orientation towards competitive advantage and marketing performance of non-food SMEs in Java," *Int. J. Sci. Res. Manag.*, vol. 10, no. 02, p. 3062, 2022.
- [16] K. J. Mendrofa, "The effect of green marketing, sustainable market research, and consumer engagement on brand loyalty and consumer legitimacy in MSMEs in Indonesia," *Int. J. Business, Law, Educ.*, vol. 5, no. 1, pp. 824–836, 2024.
- [17] G. León, "Characterization and measurement of social responsibility in micro, small and medium enterprises of the caribbean region of colombia," 2019.
- [18] T. DeCarlo and M. Barone, "Company environmental and societal positions as sources of competitive advantage: implications for sustainable agriculture producers," 2005.
- [19] B. Efendi, "Efek Moderasi Kepedulian Lingkungan Manajerial Pada Pengaruh Inovasi Produk Hijau Dan Proses Inovasi Hijau Terhadap Kinerja Berkelanjutan Ukm Sektor Makanan Dan Minuman Di Kabupaten Banjarnegara," *J. Econ. Bussines Account.*, vol. 7, no. 1, pp. 2372–2381, 2023.
- [20] T. Schiederig, F. Tietze, and C. Herstatt, "Green innovation in technology and innovation management—an exploratory literature review," *R&D Manag.*, vol. 42, no. 2, pp. 180–192, 2012.

- [21] K. Verleye, "The co-creation experience from the customer perspective: its measurement and determinants," *J. Serv. Manag.*, vol. 26, no. 2, pp. 321–342, 2015.
- [22] C. F. M. Zerón, "La Co-Creación de Valor como Estrategia Integral para la Innovación y la Competitividad en las Empresas Modernas," *Rev. Verit. Difusão Científica*, vol. 5, no. 3, pp. 814–842, 2024.
- [23] S. Asenjo McCabe and C. del Pino-Romero, "El activismo de Marca desde la óptica del sector académico, profesional y consultor," 2023.
- [24] A. F. Hem and L. E. Hem, "Merkeaktivisme–muligheter og utfordringer," *Magma*, vol. 26, no. 1, 2023.
- [25] C. Lou, E. Y. S. Goh, D. Chang, H. L. Tan, X. Y. Yap, and X. Zhang, "What is brand activism? Explicating consumers' perceptions of its characteristics, authenticity, and effectiveness," *J. Interact. Advert.*, vol. 24, no. 4, pp. 289–302, 2024.
- [26] J. Vredenburg, S. Kapitan, A. Spry, and J. A. Kemper, "Brands taking a stand: Authentic brand activism or woke washing?," *J. public policy Mark.*, vol. 39, no. 4, pp. 444–460, 2020.
- [27] K. Rahman and S. A. Kultsum, "MSME Development Strategy Of Mendoan And Tempe Keripik ECO 21 Sawangan Puwokerto With SWOT Analysis," *Wealth J. Islam. Bank. Financ.*, vol. 1, no. 2, pp. 113–138, 2022.
- [28] A. Sudirman, O. S. Sinaga, J. Julyanthry, and E. Grace, "Competitive Advantage Analysis Of MSMES In The Culinary Sector: Reviewing The Influence Of Market Orientation And Green Supply Chain Management," *J. Bus. Manag. Ina.*, vol. 3, no. 2, pp. 84–100, 2024.
- [29] C. E. de Almeida, "Sustainability as a Competitive Advantage: The Case of Organic Food Exporters in Peru," *Front. Manag. Sci.*, vol. 4, no. 1, pp. 7–11, 2025.
- [30] S. M. U. Saleem, C. A. Taib, and M. N. M. Asaad, "A systematic literature review of sustainable competitive advantage: identifying directions for future research," *Int. J. Bus. Technol. Manag.*, vol. 5, no. 1, pp. 187–223, 2023.
- [31] Y. Zhu, "Green Innovation: The Key Role of Sustainable Design in Product Development," *Innov. Sci. Technol.*, vol. 4, no. 1, pp. 95–103, 2025.
- [32] L. Melander, "Improving green product innovation through collaboration," *IEEE Eng. Manag. Rev.*, vol. 46, no. 2, pp. 133–137, 2018.
- [33] C. Huang, X. Chang, Y. Wang, and N. Li, "Do major customers encourage innovative sustainable development? Empirical evidence from corporate green innovation in China," *Bus. Strateg. Environ.*, vol. 32, no. 1, pp. 163–184, 2023.
- [34] E. Lafuente and Y. Vaillant, "Greater co-innovation and innovation efficiency through greening," *J. Clean. Prod.*, vol. 428, p. 139516, 2023.
- [35] M. J. Bataineh, P. Sánchez-Sellero, and F. Ayad, "Green is the new black: How research and development and green innovation provide businesses a competitive edge," *Bus. Strateg. Environ.*, vol. 33, no. 2, pp. 1004–1023, 2024.
- [36] O. P. Oyeyemi, K. F. Anjorin, S. E. Ewim, A. N. Igwe, and N. J. Sam-Bulya, "The intersection of green marketing and sustainable supply chain practices in FMCG SMEs," *Int. J. Manag. Entrep. Res.*, vol. 6, no. 10, pp. 3559–3576, 2024.
- [37] J. Pinedo-López, R. Baena-Navarro, Y. Carriazo-Regino, A. Urrea-Ortiz, and D. Reyes-Guevara, "Sustainability strategies: A proposal for food sector SMEs, based on the integration of life cycle assessment and ESG strategies," *J. Infrastructure, Policy Dev.*, vol. 8, no. 12, p. 8934, 2024.
- [38] D. H. Siregar and F. A. Pinagara, "Analysis of The Relationship between Practices and Performance of Green Supply Chain Management in Indonesian Micro, Small, and Medium Enterprises (MSMEs)," *South East Asian J. Manag.*, vol. 16, no. 2, p. 6, 2022.
- [39] B. M. Omowole, A. Q. Olufemi-Philips, O. C. Ofodili, N. L. Eyo-Udo, and S. E. Ewim, "Conceptualizing green business practices in SMEs for sustainable development," *Int. J. Manag. Entrep. Res.*, vol. 6, no. 11, pp. 3778–3805, 2024.
- [40] C. S. Lima and F. R. Brambilla, "Cocriação de valor no relacionamento entre empresa e cliente: um estudo na empresa mercur e seu modelo de interação," *Rev. Gestão e Desenv.*, vol. 19, no. 2, 2022.
- [41] B. Leavy, "Partnering with the customer," *Strateg. Leadersh.*, vol. 32, no. 3, pp. 10–13, 2004.
- [42] A. Miguel and S. Miranda, "How social networks promote brand activism and the importance of authenticity in achieving results," *Inclusión y Act. Digit. Particip. Ciudad. y empoderamiento desde la Divers.*, 2021.
- [43] C. H. Koch, "Brands as activists: The Oatly case," *J. Brand Manag.*, vol. 27, no. 5, pp. 593–606, 2020.