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## Factors Influencing the Adoption of Sustainable Practices: Fashion Brand MSMEs in Jakarta

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### Abstrak

Lebih banyak pengusaha fesyen Indonesia harus mampu memasukkan keberlanjutan ke dalam praktik bisnisnya untuk mencapai pembangunan berkelanjutan di sektor industri fesyen di masa depan dengan dukungan yang tepat dari masyarakat, pemerintah, dan industri. Namun dalam perjalannya masih terdapat hambatan dalam penerapan keberlanjutan secara luas di industri fesyen Indonesia. Penelitian ini menggunakan Teori Difusi Inovasi (IDI) yang membahas beberapa variabel profitabilitas, kompatibilitas, kompleksitas, trial dan observability yang mempengaruhi brand fashion skala UMKM di Jabodetabek dalam mengadopsi fashion berkelanjutan. Penelitian ini menggunakan metode kuantitatif Smart PLS 3.0 (PLS-SEM). Temuan penelitian menggunakan purposive sampling terhadap 30 UMKM Fashion Brand yang berlokasi di Jabodetabek. Temuan penelitian ini menunjukkan bahwa kompatibilitas dan kemampuan untuk dicoba memiliki pengaruh yang besar terhadap pengambilan keputusan Pengusaha Mode dalam keberlanjutan. Penggunaan praktik berkelanjutan dapat membantu pengusaha fesyen Indonesia untuk terus eksis dalam jangka panjang. Kreativitas dan inovasi menjadi urat nadi sektor fesyen Indonesia. H2: Kompatibilitas terhadap keberlanjutan berpengaruh positif dan signifikan terhadap keputusan mengadopsi keberlanjutan & H4: Uji coba terhadap keberlanjutan berpengaruh positif dan signifikan terhadap keputusan mengadopsi keberlanjutan. Trialability adalah kemampuan untuk mencoba material, metode produksi, atau strategi komersial baru yang mendukung keberlanjutan tanpa mengorbankan ekspresi artistik khas yang menjadi ciri khas fesyen Indonesia.

Kata Kunci: *Fashion Entrepreneur, Keberlanjutan, UMKM, Adopsi Difusi Inovasi, Teori IDI*

## Abstract

More Indonesian fashion entrepreneurs should be able to include sustainability into their business practices to assist the sustainable development of the sector in the future with the correct backing from society, the government, and the industry. In the process of this journey, there are still obstacles in the way of the Indonesian fashion industry's widespread adoption of sustainability. The research uses the (IDT) Diffusion of Innovation Theory to discuss several variables of profitability, compatibility, complexity, trial and observability that influence MSME-scale fashion brands in Jabodetabek in adopting sustainable fashion. The research used the quantitative Smart PLS 3.0 (PLS-SEM) method. The research findings used purposive sampling of 30 Fashion Brand MSMEs. The finding of this study demonstrates that compatibility and trialability have a considerable effect on Fashion Entrepreneur decision's adoption in sustainability. Using sustainable practices can help Indonesian fashion entrepreneur continue to exist in the long run. Creativity and innovation are the lifeblood of Indonesia's fashion sector. H2: Compatibility toward sustainability has a positive and significant effect on the decision to adopt sustainability & H4: Trialability toward sustainability has a positive and significant effect on the decision to adopt sustainability. Trialability is the ability to try out new materials, production methods, or commercial strategies that support sustainability without sacrificing the distinctive artistic expressions that are characteristic of Indonesian fashion.

*Keywords: Fashion Entrepreneur, Sustainability, MSMEs, Adoption of Innovation Diffusion, IDT Theories*

## INTRODUCTION

It has been found that senior management, competitors, and suppliers have a greater influence on the spread of environmentally conscious innovation (Snare and Sumner 2016). In Indonesia's local fashion industry, various parties including fashion entrepreneurs within the MSMEs scale have a big influence on the spread of environmentally conscious innovation. The fashion industry in Indonesia is very diverse, with many fashion entrepreneurs operating on an MSME scale. These entrepreneurs can be involved in various segments, from ready-to-wear clothing, and accessories, to traditional textile and batik products. MSMEs in the fashion sector have a significant contribution to the Indonesian economy, both in terms of job creation and local economic income especially through the development digital era (Pratiwi and Puspaningtyas 2022)

Due to the problems of fast fashion carbon emissions in the clothing industry will increase to 50% by 2030 because the fashion industry generates three to five percent of the world's carbon emissions, making it one of the least sustainable industries. About half of the fiber produced is oil-based polyester, with the remaining 25% coming from cotton, which uses a lot of water, land, fertilizer, and pesticides (McKinsey & Company 2022). Sustainable fashion has to grow because it's a contentious topic with no precedent and no regulations

(Velasco-Molpeceres et al. 2023). Still, there aren't many Indonesian fashion labels that incorporate sustainable practices (Yunita 2023).

Changes in consumer behavior are often difficult to implement, particularly in countries where the lower middle class predominates, like Indonesia, where people's behavior is already accustomed to standard items and practical consumption patterns. (Juliana 2023). Especially MSME due to several obstacles. Diffusion innovation theory is a very relevant framework in the context of sustainable fashion. This theory can help understand how sustainable practices in the fashion industry can be adopted by various parties such as brands, designers, producers and consumers.

## RESEARCH METHOD

In this research, purposive sampling was used where researchers intentionally chose 30 fashion entrepreneurs as respondents mainly located in Jakarta who have business in the level of MSMEs (Micro, Small, Medium Enterprises) based on specific criteria relevant to the research objective. Although the number of respondents is limited to 30. PLS-SEM produces findings with smaller sample numbers and achieves high levels of statistical power, although higher sample sizes are usually desirable (Hair et al. 2021). The author ensures that the respondents are representative of the population being studied. With limited respondents, researchers typically construct simpler models with a limited number of latent variables and indicators. As a result, the study's sample size was accepted. Based on the result

### Fashion Brand Age

- 1-5 years: 18.5%
- 5-10 years: 29.6%
- More than 10 years: 51.9%

### Business Location

- Jakarta: 29.6%
- Outside Jakarta: 66%

### Number of Employees

- 1-25 people: 92.3%
- Other :7,7%

## Relative Advantages

The degree to which an innovation is thought to be better than the concept it replaced. An invention will spread faster through adoption if its perceived relative advantage is higher. Although the degree of relative advantage can be quantified in terms of money, other significant components frequently include convenience, satisfaction, and social prestige. In perspective, consumer a high level of consumer education regarding sustainable concerns will raise awareness and enhance people's attitudes (Sofiani and Saefuloh 2019). In other perspectives the benefits of adopting sustainability for MSMEs producer in the fashion industry, particularly focusing on market appeal, ethical sourcing, quality craftsmanship, brand reputation, and access to the international market. (Brown and Vacca 2022)

H1: Relative advantage toward sustainability has a positive and significant effect on the decision to adopt sustainability.

## Compatibility

To the extent to which potential adopters believe an invention aligns with prevailing norms and values of a social system such as people's needs, past experiences, and current values therefore it will be adopted more quickly than one that does not. Indonesian fashion brands promote traditional weaving, dyeing, and batik techniques to uphold the cultural history and encourage sustainability (Hidayani 2024).

H2: Compatibility toward sustainability has a positive and significant effect on the decision to adopt sustainability.

## Complexity

The degree to which an innovation is thought to be challenging to use and comprehend is its complexity. While some innovations are easier for most people in a social system to understand, others are more complex and will take longer to catch on. New concepts that are easier to understand will typically be adopted more quickly than innovations that call for the adopter to acquire new knowledge and abilities.

H3: Complexity toward sustainability has a positive and significant effect on the decision to adopt sustainability.

## Trialability

Trialability is the extent to which an invention may be tested in a limited situation. Innovations that are divided tend to be embraced more rapidly than those that cannot be tried on in every sequence of time. The sustainability aspect can be adapted to an approach that refers to cultural aspects, because Indonesia is rich in traditions from various regions,

with various techniques of batik, songket, weaving. A trialable innovation indicates fewer risks when acquiring knowledge by doing.

H4: Trialability toward sustainability has a positive and significant effect on the decision to adopt sustainability.

### Observability

The degree to which an innovation's effects are apparent to other people is known as its observability. Adoption is more likely when innovations are easy for people to see the benefits of. When friends and neighbors inquire about an adopter's innovation evaluation, this visibility encourages peer debate about the new idea. Other consumer inventions may spread more slowly because they are less noticeable than obvious trends or fashion statements. Timeless patterns, longevity, and simplicity are frequently given precedence over flashy or intriguing styles in sustainable fashion.

Innovations will typically be accepted faster than other innovations if recipients believe they have more relative advantage, compatibility, trialability, observability, and less complexity. While other factors influence adoption rates as well, prior research suggests that these are the key attributes of innovations that best explain adoption rates.

H5: Observability toward sustainability has a positive and significant effect on the decision to adopt sustainability

### Research Instrument and Measurement

#### Data Collection

This study's questionnaire employed a five-point Likert scale. (1 – Strongly disagree until 5 – strongly disagree).

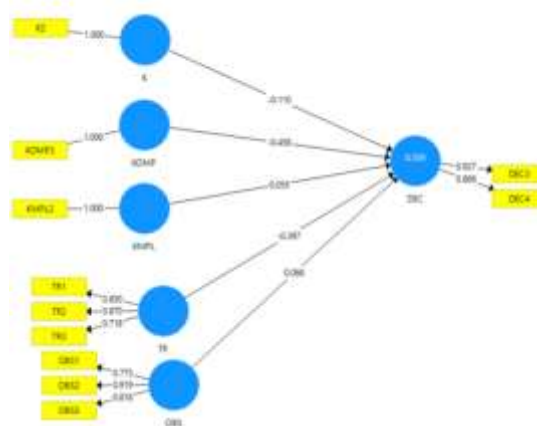


Figure 1 : Result model

Table 1 : Loading composite reliability, Average Variance Extracted (AVE)

Construct /Item	Instrument	Loading	Composite Reliability	AVE
Relative Advantages (K_2)	Can sustainable practices help increase branding appeal or prestige?	1,000	1,000	1,000
Compatibility (KOMP_3)	Sustainable practices / Sustainability are in line with the values and goals of your fashion label.	1,000	1,000	
Complexity (KMPL_2)	Natural fiber fabrics / environmentally friendly materials are difficult to find.	1,000	1,000	1,000
Trialability (TR_1)	Natural or natural coloring trials are important to make environmentally friendly fashion products.	0,850	0,855	0,665
(TR_2)	Trials on the use of natural fiber fabrics/environmentally friendly materials are important to make environmentally friendly fashion products.	0,870		
(TR_3)	Are important trials carried out (design, patterns, product durability, etc.) to create innovation in making environmentally friendly fashion products?	0,718		
Observability (OBS_1)	Indonesian consumers (in the family circle) are currently seen using a lot of environmentally friendly fashion products	0,775	0,877	0,705
(OBS_2)	Indonesian consumers (in office environments) are currently seen using a lot of environmentally friendly fashion products.	0,919		
(OBS_3)	Indonesian consumers (society in general) currently seem to be using a lot of environmentally friendly fashion products	0,818		

Decision (DEC3)	I decided to postpone the concept of sustainability in my brand label.	0,927	0,892	0,805
(DEC4)	I decided to reject the concept of sustainability in my brand label.	0,866		

Table 2 : Discriminant Validity

	DEC	K	KMPL	KOMP	OBS	TR
DEC	0,897					
K	-0,439	1,000				
KMPL	0,123	-0,017	1,000			
KOMP	-0,621	0,561	-0,158	1,000		
OBS	-0,297	0,288	-0,159	0,497	0,839	
TR	-0,551	0,226	-0,009	0,314	0,239	0,815

DEC, decision; K, Relative Advantages; KMPL, Complexity; KOMP, Compatibility; OBS, Observability; TR, Trialability.

Table 3 : Hypotheses Testing (Mean, STDEV, T-Values, P-Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Result
H1 : K -> DEC	-0,110	-0,113	0,225	0,489	0,625	Rejected
H2 : KOMP -> DEC	-0,458	-0,429	0,210	2,180	0,030	Accepted
H3: KMPL -> DEC	0,055	0,074	0,124	0,447	0,655	Rejected
H4: TR -> DEC	-0,397	-0,401	0,141	2,810	0,005	Accepted
H5 :OBS -> DEC	0,066	0,016	0,141	0,470	0,639	Rejected

Table 2 displays the study's hypothesis testing result, which revealed that all hypotheses were accepted (P values < 0,05). The finding of this study demonstrates that Compatibility has a considerable effect on decision, or that Hypothesis 2 is accepted. Furthermore, Trialability has a considerable effect on the decision (hypothesis 4) is accepted.

## RESULT AND DISCUSSION

Compatibility is crucial to Indonesian Fashion Entrepreneur

Including sustainable methods in fashion, labels is a great approach to supporting fashion entrepreneur brand's objectives and is in line with modern principles. Today's consumers are becoming more aware of moral concerns including animal welfare, the environment, and fair work standards. Using sustainable practices shows that fashion entrepreneurs are committed to ethical responsibility, which appeals to customers who care about the environment and society. One of the main factors determining what consumers decide to buy these days is sustainability. Consumers tend to favor firms that put sustainability first, whether it is by using eco-friendly products, procuring products ethically, or reducing carbon footprints. Identifying as a sustainable fashion brand will help fashion entrepreneurs draw in and keep these ethical customers. Using sustainable methods will help fashion entrepreneurs stand out from rivals in the crowded fashion market. It offers a distinctive marketing concept that appeals to a rising market of buyers who are actively looking for sustainable products and who care about the environment.

Using sustainable practices can help fashion entrepreneurs continue to exist in the long run. Since sustainable practices are seen as the way of the future for the Indonesian fashion industry, the government of Indonesia encourages them to follow them to preserve and enhance their competitiveness in the global market (Nisrina and Ardi 2022). Operational expenses can be decreased and efficiency can be improved by adopting the circular economy concepts, cutting waste, and optimizing resources (Pucci, Tufarelli, and Giliberti 2022). This strengthens the fashion brand's commitment to sustainability while also helping the business line. Committing to sustainability strengthens the fashion brand's reputation and fosters trust. Customers are more likely to believe in firms that run their business with responsibility and openness. Respecting sustainable principles can improve stakeholder interactions and boost brand loyalty.

Including sustainability in design and production processes promotes innovation and creativity. It pushes you to investigate cutting-edge technologies, substitute materials, and fresh business strategies that preserve quality and aesthetic appeal while reducing environmental effects.

Trialability is crucial to Indonesian Fashion Entrepreneur

In the context of sustainability, trialability refers to the capacity to test and experiment on a smaller scale with sustainable practices, technology, or business models before fully



incorporating them into operations. For Indonesian fashion entrepreneurs, this idea is essential for several reasons:

Indonesia is a multicultural nation with a wide range of environmental, cultural, and economic circumstances. What functions well in one area or among a certain population may not be in another. Fashion entrepreneurs can adjust and customize sustainable solutions to suit certain local demands and preferences because of trialability. A large number of fashion entrepreneurs in Indonesia work in situations with limited financial resources as well as limited access to sustainable materials or technologies. Trialability makes it possible to deploy changes gradually, which lowers risks and helps control expenses related to widespread acceptance.

Trialability is a teaching tool that helps business owners improve their comprehension of sustainable practices by letting them learn from their mistakes. It offers firsthand knowledge and perceptions of the prospects and real-world difficulties of incorporating sustainability into the operations of the fashion industry. Creativity and innovation are the lifeblood of Indonesia's fashion sector. Trialability is the ability to try out new materials, production methods, or commercial strategies that support sustainability without sacrificing the distinctive artistic expressions that are characteristic of Indonesian fashion. Including stakeholders in trialability projects, such as manufacturers, suppliers, and customers, encourages cooperation and buy-in. Feedback can be given and sustainable solutions that are more likely to be embraced by all parties involved in the value chain can be co-created with it.

Like many other nations, Indonesia is progressively putting environmental sustainability-related rules and guidelines into effect. Trialability enables business owners in the fashion industry to assess adherence to these rules and proactively fix any problems or weaknesses in their processes. Adopting sustainable practices early and implementing them well might provide fashion labels a competitive edge in the global market. Fashion entrepreneurs may use trialability to develop and set their brands apart from the competition by catering to clients who care about the environment with eco-friendly goods and services.

## CONCLUSION

To summarize, compatibility & trialability in sustainability is critical for Indonesian fashion entrepreneurs as it enables them to successfully incorporate sustainable practices into their enterprises through innovation, adaptation, and success. Small-scale experimentation allows businesses to take advantage of possibilities, overcome obstacles,

and support the long-term growth of Indonesia's thriving fashion sector. With a longer research period, a bigger sampling size would be advantageous.

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