Chapter 20
Eco-Innovation Enablers and Typology in Green Furniture Manufacturing

Yudi Fernando  
Universiti Sains Malaysia, Malaysia

Muhammad Shabir Shaharudin  
Universiti Sains Malaysia, Malaysia

Wah Wen Xin  
Universiti Sains Malaysia, Malaysia

ABSTRACT

Fierce competition has forced firms to be more creative and innovative to increase market share. Differentiating between green products or services with conventional products or services is one of the ways for firms to improve their business sustainability. The objective of this chapter is to explore the eco-innovation enablers and design its typology to measure the current green business practices in industry. Although there are many well-documented enablers or practices of eco-innovation that have been researched, this chapter focuses on practices that contribute towards the successful adoption of eco-innovation by one SME in green furniture manufacturing. This chapter uses the case study method as a source of data collection. Eco-innovation typology has been found in this study to define the effort of green company by looking at the target of eco-innovation versus the mechanism of eco-innovation.

INTRODUCTION

The furniture industry will grow and prosper through constant innovation and improvements in the manufacturing process. (H. Mardiyanto, Central Java Governor, 2013)

Firms today face a number of environmental challenges such as pollution, scarcity of natural resources, global warming, and a growing demand for environmentally-friendly goods. It is
Eco-Innovation Enablers and Typology in Green Furniture Manufacturing

not a secret that environmental management, also known as eco-innovation (Kemp & Pearson, 2008), plays an important role due to increasing climate change and uncontrollable business activities. Some many major business disasters include the 2011 earthquake and resulting tsunami in Japan, various earthquakes in Indonesia, flooding in Thailand, and pollution in China. It is no longer one nation’s problem but rather a global concern in which such catastrophes mostly affect poor and developing countries. As such, it has an impact on the policymaking and rules in the business industry. However, considering social, economic, and environmental benefits alone is not sufficient as policies and businesses are also subject to political factors. Businesses are very concerned about expansion and profitability, and for any business to achieve this it has to ensure continuity in improvement and innovation (Schumpeter, 1934; Baumol, 2002).

This chapter has two objectives: 1) to explore the eco-innovation enablers in green furniture; 2) to design eco-innovation typology to measure the current green business practices in industry. Some of the drivers of eco-innovation from previous studies are discussed from past studies to guide the authors in identifying enablers. This chapter is organized by first explaining various types of eco-innovation definitions and concepts that would be useful to know when comparing the results of this chapter with previous research, as well as eco-innovation practices that are useful to SMEs. In this study we first reviewed the furniture industry in Indonesia and then selected a sample from a company that managed eco-innovation activities successfully. This company is also as a premier supplier of green furniture to overseas markets. As this is a case study, brief information concerning the firm is presented. Then, the chapter discusses the methodology used and several tools that helped in the analysis of the findings. Last, this chapter provides the discussion, limitations, recommendations for future studies and the conclusion. It is hoped our work concerning the eco-innovation practices in this SME will contribute to the existing eco-innovation concepts and practices, especially in understanding how SMEs in emerging markets can compete by undertaking eco-innovation.

LITERATURE REVIEW

Innovation

In extant management literature, innovation is perceived as a relatively new concept (Türker, 2012). However, innovation is no longer a new concept and phenomenon to popular belief. Türker (2012) argued that innovation is as old as human-kind itself. According to Fagerberg, Mowery, and Nelson (2006), innovation seems to be something integrally “human” about the tendency to deliberate about better ways of doing things and practice in reality. This deep-rooted and well-established concept had been worked by scientists during the history of the social sciences.

According to Schumpeter (1934), innovation is defined as “to produce means to combine materials and forces within our reach. To produce other things, or the same things by a different method, means to combine these materials and forces differently”. To explain the statement above, Schumpeter (1934) used the concept named “new combinations” for his explanation. It is a strong connection between the definition of innovation that commonly being adopted today and Schumpeter’s “new combinations”. The “new combinations” can be any new product with which customers are not familiar; a new technique of production that not yet being practised in the branch of manufacture concerned; a new supply source of raw materials and resources; a new target marketplace; or a new organization of any industry (Schumpeter, 1934). Therefore, “new goods” do not fully reflect the meaning of innovation.