

ABSTRACT

Micro, small, and medium enterprises (MSMEs) play a significant role in the Indonesian economy, but their activities also contribute significantly to environmental problems, such as high levels of unmanaged waste. Low environmental awareness and various obstacles, such as limited access to funding, have become challenges in adopting green innovations needed to support sustainable businesses. Therefore, this research aims to examine the influence of the implementation of green innovation on sustainable business, and to explore the mediating role of environmental awareness. This study is based on the resource-based view (RBV). Using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, this research validates and analyzes data obtained through a questionnaire survey of 168 MSMEs in Bandung City.

The results of this study are expected to contribute, both theoretically and practically, by highlighting the importance and potential of green innovation in supporting sustainable business in the MSMEs sector. These findings are expected to serve as a strategic guide for business actors and policymakers to increase the competitiveness of MSMEs while ensuring business sustainability through the implementation of green innovation.

Keywords: *Sustainable Business, Environmental Awareness, Green innovation, Resource-Based View, MSMEs.*