

## ***ABSTRACT***

*Micro, small, and medium enterprises (MSMEs) play a crucial role in Indonesia's economy, especially in the technology and eco-friendly product sectors. However, many face challenges in developing sustainable innovations to maintain business continuity amid intense competition.*

*This study aims to analyze the role of innovation capability in supporting the business sustainability of eco-friendly MSMEs. A qualitative case study approach was used, focusing on three MSMEs: OCECO, Pure Bubble, and Puri Hana. Data were collected through in-depth interviews and analyzed descriptively.*

*The findings show that innovations in products, processes, and marketing help these businesses improve operational efficiency, create social value, and reduce environmental impact. They also implement educational marketing strategies to raise consumer awareness. Despite challenges such as limited resources, these MSMEs remain committed to sustainable practices.*

*This research is expected to contribute as a reference for further studies on innovation and business sustainability, particularly in the context of eco-friendly MSMEs. Practically, it encourages business actors to continuously innovate and utilize technology efficiently to enhance competitiveness and ensure long-term sustainability.*

*Keywords: MSMEs, Small Businesses, Innovation Capabilities, Eco-friendly, Business Sustainability.*