

PRODUCT INNOVATION AND QUALITY IN MUSLIM FASHION MSMEs : CHALLENGES AND OPPORTUNITIES IN BANDUNG

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ABSTRACT

Bandung is part of the UNESCO Creative Cities Network in Indonesia, which is expected to become a world Muslim fashion center, but currently, its growth is threatened due to the entry of well-known brands and imported products, while Muslim fashion MSMEs in Bandung City are still far behind. This study aims to determine the level of product innovation and product quality produced by Muslim fashion MSMEs in Bandung City, as well as any matters related to product innovation and product quality that still need to be improved to increase the competitiveness of their businesses. The descriptive analysis method was used to analyze product quality and innovation in 100 Muslim fashion MSMEs in Bandung City, Indonesia. The results of this study found that the larger the business scale, the higher the level of product innovation; the quality level of small businesses is higher than the quality level of micro-businesses, but the quality level of medium enterprises is lower than the quality level of small businesses. The results of this research can be useful for developing product innovation models and product quality for the Muslim fashion industry.

Keywords : Innovation; Product Quality; Muslim Fashion Industry; MSME

ABSTRAK

Bandung adalah bagian dari Jaringan Kota Kreatif UNESCO di Indonesia, yang diharapkan menjadi pusat mode Muslim dunia, tetapi saat ini, pertumbuhannya terancam karena masuknya merek-merek terkenal dan produk impor, sementara UMKM fesyen Muslim di Kota Bandung masih jauh tertinggal. Studi ini bertujuan untuk mengetahui tingkat inovasi produk dan kualitas produk yang dihasilkan oleh UMKM fesyen muslim di Kota Bandung, serta hal-hal terkait inovasi produk dan kualitas produk yang masih perlu ditingkatkan untuk meningkatkan daya saing bisnis mereka. Metode analisis deskriptif digunakan untuk menganalisis kualitas dan inovasi produk pada 100 UMKM fesyen muslim di Kota Bandung, Indonesia. Hasil penelitian ini menemukan bahwa semakin besar skala usaha, semakin tinggi tingkat inovasi produk; tingkat kualitas usaha kecil lebih tinggi daripada tingkat kualitas usaha mikro, namun tingkat kualitas usaha menengah lebih rendah daripada tingkat kualitas usaha kecil. Hasil penelitian ini dapat bermanfaat untuk mengembangkan model inovasi produk dan kualitas produk bagi industri fesyen muslim.

Kata Kunci: Inovasi; Industri Fesyen Muslim; Kualitas Produk; UMKM

INTRODUCTION

A creative economy is a new economic paradigm that relies on ideas, concepts, or creativity generated by human resources as the main factor in its economic activities. In 2017, the creative economy sub-sector that provided the second largest contribution was the fashion sub-sector, with a contribution of 18.15%. The top creative economy export in 2016 was the fashion subsector, at 54.54% (Creative Economy Outlook, 2019). From this data, it can be seen

that the fashion sub-sector has an important role in the creative economy and has the highest contribution to the export of creative economy products. Muslim fashion, which is included in the fashion subsector of the creative economy, is currently growing rapidly in demand because the majority of Indonesia's population is Muslim. Bandung, as part of the UNESCO Creative Cities Network in Indonesia, has the potential to become the World Muslim Fashion Center.

Currently, Muslim fashion producers in Bandung City face growth challenges due to the entry of well-known brands, while Micro, Small, and Medium Enterprises (MSMEs) in the same sector are still lagging behind in global market competition. The most significant challenge for the creative economy of the fashion industry, including the Muslim fashion industry in Bandung City, is the rapid change in trends that must be responded to by implementing a mature innovation strategy to create products that are able to meet consumer expectations, as well as maintaining high product quality in order to maintain customer loyalty.

This study aims to investigate the conditions and developments of Muslim fashion industry SMEs in Bandung City, based on observed phenomena. The most significant challenge for the creative economy of the fashion industry, including the Muslim fashion industry in Bandung City, is the rapid change in trends that must be responded to by implementing a mature innovation strategy to create products that are able to meet consumer expectations, as well as maintaining high product quality in order to maintain customer loyalty.

Product innovation is the process of creating new products to meet the needs of either an external marketplace or individual consumers (Reguia, 2014; Su, 2023). The innovation process encompasses more than just developing new products. Product innovation can be classified as either the introduction of a new product that is exclusive to the company or the introduction of a new product that is available in the market (Ramadani et al., 2019). Apart from innovation, the quality of a product also plays an important role in a company, because it can create consumer trust. Product quality is the comprehensive set of features and characteristics of a product or service that are contingent upon its capacity to meet expressed or implied requirements (Kotler & Armstrong, 2016; Wantara & Tambrin, 2019). Consumer trust in the products produced by a company can increase consumer loyalty until, finally, the company is able to continue to survive in the face of business competition.

This study will analyze product innovations that have been carried out by MSME business actors, especially in the Muslim fashion industry sub-sector in Bandung City, and analyze the quality of the products produced. This study will be useful for the development of the creative industry, especially in the fashion sub-sector, especially in Muslim fashion on a micro and small business scale. This study analyzes product innovations that have been carried out, especially in the Muslim fashion industry sub-sector, and analyzes the quality performance

of the products produced. Research on the Muslim fashion sub-sector and these variables is scarce, but these findings are crucial for the sustainability of micro and small businesses.

LITERATURE REVIEW

Product Innovation

Constant company performance depends on innovation, especially technological innovation. (Su, 2023). Innovations can be put into three categories: product innovations, process innovations, and organizational innovations, which are innovative or enhanced methods for organizing a company's assets (Su, 2023). Product innovations are increasingly vital instruments that can provide enterprises with the potential to enhance their performance (Cooper, 1984; González & Chacón, 2014; McColl-Kennedy & Schneider, 2000). Product innovation can result in significant profitability as it promotes the advancement of more intangible resources (González & Chacón, 2014).

Moreover, Jajja et al. (2017) stated that the higher the level of product innovation, the higher the efficiency of the firm for all levels of product innovation. Product innovation is not only a tool to improve the competitiveness of a company but also a major factor in improving business efficiency. No matter what stage of innovation a company is at, any improvement in product innovation will always have a positive impact on operational efficiency, production, and resources. According to them, there are five dimensions of product innovation:

1. The novelty or uniqueness of our products or services.
2. Customer orientation for our new products or services.
3. Frequency of introduction of new product or service.
4. Contribution of our products or service in expanding market size (number of end customers).
5. Value for customers in our product or service.

Much research has been conducted on product innovation, considering its important role in a company's strategic planning. Arfi & Hikkerova (2019) explores product innovation (PI) in organizations, focusing on the role of digital platforms (DPs) in facilitating it. This study provides insight that the adoption of digital platforms in strategies accelerates product innovation by creating a more effective knowledge-sharing environment. However, this study also emphasizes that organizational motivation, opportunities, and capabilities in utilizing digital platforms must be strengthened for product innovation to be successful and provide long-term competitive advantage (Arfi & Hikkerova, 2019). Falahat et al. (2020) Exploring the capabilities of product innovation, market intelligence, pricing, and marketing communication can affect the competitiveness and international performance of SMEs that export. Companies that have better product innovation tend to be more competitive in the global market and ultimately have higher export performance. The results of this study provide insights for SMEs

and policymakers to emphasize more product innovation and pricing strategies for improving their global competitiveness (Falahat et al., 2020). In conclusion, although digital platforms and strategic capabilities like market intelligence, pricing, and marketing communication are essential for advancing product innovation, companies must also bolster their internal motivation, opportunities, and competencies to optimize innovation success and secure a sustainable competitive advantage in the global market.

Product Quality

Fast fashion companies prioritize trendiness over the quality of physical products, often sacrificing the latter to sustain low pricing and rapid production timelines (Shen & Chen, 2019). Such an approach may lead to consumer unhappiness, as product quality is a crucial determinant of consumers' willingness to pay and overall contentment (Brun & Castelli, 2008; Shen & Chen, 2019). Inconsistency in quality is prevalent throughout the fashion business (Shen & Chen, 2019). To guarantee product quality standards, it is essential to assess manufacturers prior to production to ensure the successful creation of high-quality items (Tomaru et al., 2013).

Product quality is one of the important things that companies must consider to generate consumer interest in the products offered. Product quality is the ability of a product to demonstrate its function; this includes overall durability, reliability, accuracy, ease of operation, and product repair, as well as other product attributes (Armstrong et al., 2014). Furthermore, product quality is also defined as the ability of a product to provide results or performance that match or even exceed what the customer wants (Armstrong et al., 2014). The product quality indicator in this research was adopted from (Armstrong et al., 2014) in (Wantara & Tambrin, 2019). That is performance, features, reliability, compliance, durability, serviceability, aesthetics, and perceived quality. Product quality is one of the important things that companies must consider to gain consumer interest in the products offered. The company's efforts to pay attention to product quality aim to meet consumer expectations for related products.

Many previous studies have been conducted to analyze the condition of product quality or improve it. (Shamsuzzoha et al., 2013) focuses on how to improve product quality and competitiveness in the fashion industry by highlighting the importance of collaboration between small and medium enterprises (SMEs) to create more innovative and high-quality products. This study provides insight that product quality in the fashion industry depends not only on materials and design but also on production efficiency, business collaboration, and the ability to adapt to a dynamic market (Shamsuzzoha et al., 2013). Ren et al. (2021) discusses data-driven methods for predicting product quality in complex production systems. The study concludes that by implementing deep learning and soft sensor-based models, manufacturing companies can

significantly improve quality control, reduce reliance on manual inspection, and increase productivity in increasingly complex production environments (Ren et al., 2021).

RESEARCH METHODOLOGY

This study employs a descriptive method to provide an overview of the situation by collecting, processing, and qualitatively analyzing data, ultimately drawing conclusions from the analysis results. Descriptive research is also usually conducted in organizations to study and describe the characteristics of groups of workers. The data collection used in this study was carried out by means of interviews, questionnaires, and observations. Interviews were used to determine phenomena that occurred and to dig deeper into the results of the questionnaire. Observations were made on the observed objects to see the real conditions. This questionnaire was used to analyze the current conditions of innovation and product quality in the Muslim fashion sector. The use of the questionnaire itself was carried out using several statements built from previous studies. The population of companies engaged in the Muslim fashion industry in the city of Bandung. In this study, the author used the convenience sampling technique to provide a descriptive picture of the conditions of innovation and quality of each company. Since the exact number of companies in the population is uncertain, the research sample size was determined using Rao Purba's formula with a 10% tolerance, resulting in a value of 96.04, which was rounded up to 100.

The questionnaire statements for the product innovation variable were adapted and developed from research conducted by (Jajja et al., 2017) in Table 1. The questionnaire statements for the product quality variable were adapted from research conducted by (Kotler & Armstrong, 2016) in (Wantara & Tambrin, 2019) which has been adjusted to suit the conditions of the Muslim fashion sector. There are seven dimensions, as shown in Table 2.

RESULT AND DISCUSSION

Table 3 shows the condition of each dimension of product innovation in the Muslim fashion MSME industry in Bandung. The findings show that certain dimensions are categorized as “high”, such as the level of new product novelty (4,246), speed of product development (4,111), frequency of new product launches (4,275), and value for customers (4,460). However, the use of the latest technological innovations (3,145) and customer orientation toward new products (3,178) are only in the moderate category. Overall, the average score of all dimensions is 3,902, which is still in the moderate category. This data shows that although several aspects of Muslim fashion MSMEs' product innovation in Bandung are quite good, there is still room for improvement, especially in the application of the latest technology and increasing orientation toward customer needs. Focusing on these two aspects can be an important strategy

for industry players to increase competitiveness and strengthen Bandung's position as the centre of world Muslim fashion.

As shown in Table 4, the analysis of product innovation across Muslim fashion MSMEs in Bandung reveals variations by business scale, including micro, small, and medium enterprises. The results of the study show that the aspects of the level of new product novelty, frequency of product launches, and product value for customers consistently obtain a high category at all business scales. However, the use of the latest technological innovations in product development is still in the moderate category for all business scales, which indicates challenges in technology adoption.

Overall, the average scores across micro, small, and medium enterprises fall within the moderate category, indicating that although there are dimensions with high scores, the competitiveness of product innovation in Muslim fashion MSMEs still has room for improvement. The focus of improvement can be directed at the aspects of the use of the latest technological innovations and customer orientation, especially for the micro and small business categories, which tend to have lower scores than the medium category. By improving these two aspects, Muslim fashion MSMEs in Bandung can be better prepared to face global competition and further strengthen their position as part of the World Muslim Fashion Centre.

The results indicate that Muslim fashion MSMEs in Bandung excel in various aspects of product innovation, notably in novelty, development speed, launch frequency, and consumer value. The findings substantiate the assertion that innovation is an essential catalyst for competitiveness and organizational efficiency (Cooper, 1984; González & Chacón, 2014; Jajja et al., 2017; McColl-Kennedy & Schneider, 2000). Nevertheless, the adoption of technology and customer focus is minimal across all firm sizes, indicating limitations in utilizing digital platforms and systematically incorporating consumer demands. This aligns with (Arfi & Hikkerova (2019), who asserted that digital platforms enhance innovation solely when bolstered by sufficient organizational competencies, and with Falahat (2020), who highlighted the significance of customer-centric innovation for global competitiveness. Paseru & Ginting (2024) established that product innovation substantially affects purchasing decisions, highlighting the necessity of connecting innovation strategies with customer requirements to enhance market results.

Based on Table 4, the analysis of the product quality level in the companies studied shows that all dimensions of product quality have high scores. The dimensions measured include performance (4,731), features (4,391), conformance (4,475), durability (4,464), serviceability (4,214), and aesthetics (4,633), with an overall average reaching 4,485, which is in the high category. The data shows that the companies studied generally already have good

product quality in various aspects, especially in aesthetics and performance, which are the two dimensions with the highest scores.

Although all aspects of product quality are classified as high, serviceability has a lower score than other dimensions. The lower score indicates that there is room for improvement in the aspect of ease of product repair or maintenance. By improving serviceability, companies can provide added value to customers, especially in increasing post-purchase satisfaction. Overall, the high quality of these products provides a competitive advantage for the company, which can be utilized to strengthen competitiveness in the Muslim fashion market, especially in facing competition with imported products and global brands.

Table 5 shows that all dimensions of product quality achieve high scores among the surveyed companies, indicating that there is no significant difference in product quality based on business scale. The aesthetics dimension has the highest score in all categories (Micro: 4.634, Small: 4.663, Medium: 4.605), indicating that the aesthetic aspect is highly considered in the Muslim fashion industry in Bandung. In addition, performance also obtains a high score, especially on the small scale (4.813), indicating that the products produced are quite competitive in terms of performance and market appeal.

Although most dimensions achieve high ratings, the serviceability dimension records the lowest score, particularly among medium-scale enterprises (4.053). The result shows that the larger the scale of the business, the more challenges there are in providing product repair or maintenance services to customers. Therefore, although the quality of Muslim fashion MSME products in Bandung is quite adequate, improving serviceability can be an important strategy to increase customer satisfaction and competitiveness, especially for medium-scale businesses that face more challenges in operations and customer service.

In terms of product quality, the study demonstrates consistently high performance in product quality across all aspects, especially aesthetics and functionality, hence affirming the notion of quality as the capacity to meet or surpass customer expectations (Armstrong et al., 2014). Nonetheless, the diminished score in serviceability indicates that after-sales support is still inadequate, especially within medium-sized firms. This discovery aligns with the assertions of Shen & Chen (2019), who contended that discrepancies in service and quality management frequently compromise long-term satisfaction within the fashion sector. This further corroborates the findings of Rahmi & Ariyanti (2022), who illustrated that product quality significantly influences customer satisfaction when congruent with consumer value judgments. Consequently, although product quality is a current strength of Muslim fashion MSMEs in Bandung, augmenting serviceability becomes a strategic imperative to maintain consumer confidence and loyalty, thereby enhancing competitiveness in both domestic and international

markets. Strengthening these aspects of innovation and quality will not only support business sustainability but also contribute to positioning Bandung as a leading global hub for Muslim fashion.

CONCLUSION

Muslim fashion manufacturers in Bandung City should enhance product innovation, particularly by incorporating the latest technological advancements into new product development. This can be done, for example, by using software to design their products. Additionally, manufacturers should enhance customer orientation for new products by involving customers in the design process or soliciting their opinions on upcoming products.

Furthermore, the level of product quality in Muslim fashion manufacturers on a small scale is greater than that on a micro scale. This means that when the scale of the business increases, initially the quality of the product increases. Muslim fashion manufacturers in Bandung City should maintain and improve the quality of their products, especially when demand for them increases and the scale of their business increases from small to medium. Product innovation and product quality of Muslim fashion manufacturers in Bandung need to be continuously improved so that these companies can continue to maintain their existence, be better able to compete with products from outside Bandung or abroad, and even be able to export abroad.

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TABLES

Table 1 The Operational Variable for Product Innovation based on (Jajja et al., 2017)

Variable	Dimension	Scale
Product Innovation	1. The level of newness of new products	Likert
	2. The use of the latest technological innovations in new product development	Likert
	3. The speed of new product development	Likert
	4. Frequency of introduction of new product or service	Likert
	6. Customer orientation of our new products	Likert
	7. Value for customers in our product	Likert

Table 2 The Operational Variable for Product Quality based on (Kotler & Armstrong, 2016) in (Wantara & Tambrin, 2019)

Variable	Dimension	Scale
Product Quality	1. Performance	Likert
	2. Features	Likert
	4. Conformance	Likert
	5. Durability	Likert
	6. Serviceability	Likert
	7. Aesthetics	Likert

Table 3 The Analysis of Product Innovation Level in the Muslim Fashion Industry

Dimension	Mean value	Category
1. The level of newness of new products	4.246	High
2. The use of the latest technological innovations in new product development	3.145	Moderate
3. The speed of new product development	4.111	High
4. Frequency of introduction of new products or service	4.275	High
5. Customer Orientation of our new products	3.178	Moderate
6. Value for customers in our product	4.460	High
Total	3.902	Moderate

Table 4 The Analysis of Product Innovation Levels in Micro, Small and Medium-Scale Companies

Dimension	Micro	Category	Small	Category	Medium	Category
1. The level of newness of new products	4.085	High	4.350	High	4.303	High
2. The use of the latest technological innovations in new product development	3.049	Moderate	3.175	Moderate	3.211	Moderate
3. The speed of new product development	4.000	Moderate	4.200	High	4.132	High
4. Frequency of introduction of new products or service	4.098	High	4.200	High	4.526	High
5. Customer Orientation of our new products	3.341	Moderate	3.113	Moderate	3.079	Moderate
6. Value for customers in our product	4.256	High	4.625	High	4.500	High
Total	3.805	Moderate	3.944	Moderate	3.958	Moderate

Table 5 The Analysis of Product Quality Levels on Micro, Small and Medium Scales

Dimension	Average Value	Category
1. Performance	4.731	High
2. Features	4.391	High
4. Conformance	4.475	High
5. Durability	4.464	High
6. Serviceability	4.214	High
7. Aesthetics	4.633	High
Total	4.485	High

Table 6 The Analysis of Product Quality Levels on Micro, Small and Medium Scales

Dimension	Micro	Category	Small	Category	Medium	Category
Performance	4.671	High	4.813	High	4.711	High
2. Features	4.268	High	4.325	High	4.579	High
4. Conformance	4.268	High	4.425	High	4.737	High
5. Durability	4.537	High	4.475	High	4.368	High
6. Serviceability	4.220	High	4.375	High	4.053	High
7. Aesthetics	4.634	High	4.663	High	4.605	High
Total	4.433	High	4.513	High	4.509	High