

Maslahah radical innovation: Breakthrough to achieve corporate sustainability in small and medium industries (SMI) batik in central java province

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Abstract: SMIs are an extraordinary industrial sector because they are able to absorb a larger sales force than large industries, and provide the most significant contribution to the national gross domestic product (GDP). Within the framework of national economic performance, the MSME sector has a large contribution to the Indonesian economy, which has more than 64.2 million business units, contributing 61.9% to Gross Domestic Product (GDP) and absorbing 97% of the workforce (Kememparekraf, 2023). SMEs as drivers of the creative economy are able to produce the concept of collaboration between creativity, culture, economy, and technology in the contemporary world accompanied by the most dynamic innovation, and provide new opportunities for economic growth. This study aims to explore a new conceptual model that can fill the limitations of previous studies and research gaps that focus on the concept of radical innovation masalah with risk handling mediation to achieve corporate sustainability. The concept of radical innovation masalah is expected to improve risk handling and encourage the achievement of corporate sustainability in batik SMEs in Central Java province. The results of this study indicate that if radical halal innovation in products increases, it will trigger an increase in risk handling, supported by empirical data. Changes that occur as a result of radical innovation in products, have consequences for the existence of risks that require handling by batik SMEs. The conclusion of this study is that if radical humanist innovation in the process increases, it will trigger an increase in corporate sustainability, not supported by empirical data. This indicates that radical humanist innovation in the process is less able to encourage the achievement of corporate sustainability. If risk handling increases, it will trigger an increase in corporate sustainability, supported by empirical data. With increased risk handling in batik SMEs, it encourages the achievement of corporate sustainability.

Keywords: Corporate sustainability, Masalahah radical innovation, Small and medium industries (SMI).

1. Introduction

Radical innovation is currently trending as a management strategy to improve company performance. Richard Leifer, et al, (2000) that radical innovation is very important for their long-term growth and renewal . Furthermore, Sukitsch et al., (2015) Technological innovation has a big influence and is able to change the market and produce advantages for companies. Y. Chen & Gayle, (2019) argue that radical innovation on company technology will affect product quality .

Islam sees innovation as something new and has the benefit of adding or creating social and economic values, this shows that Islam is practiced but also the ability of Islam to absorb new ideas and ways of behaving that creatively utilize the insights and experiences of all those who call themselves "Muslims". (Berkey, 1995) . Innovation is part of a person's mentality, namely being innovative (Aisyah, 2017) . Islam views innovation as a benefit. for individuals as economic actors, which leads to positive economic activity , and makes a person more productive (Pranjoto, 2021) .

Batik is a traditional art work that is rich in culture with values that are passed down from generation to generation. As a craft, Batik has high artistic value and has been part of Indonesian culture for a long time and the image of batik has received high appreciation and a strategic position. In a competitive industrial environment, innovation in the batik industry has an important role in improving the economy. Innovation is not limited to large-scale companies that generally have research and development (R&D) divisions, but small-scale industries also need innovation activities (de Jorge & Suárez, 2011 ; Charoenrat & Harvie, 2014 ; Noor, 2014 ; Karabulut, 2015 ; Ganzer et al., 2017) .

The phenomenon that occurs is the inaccuracy of innovation investment in batik SMEs , resulting in the inefficiency of innovation, especially innovation activities that require large investments, because they are hampered by traditional patterns that are difficult to adopt something new. Financial constraints not only limit innovation activities, especially innovation activities that require large capital , such as the purchase of production equipment and waste management that have been almost untouched. SMEs also have weaknesses in the ability to innovate effective and efficient management , especially the constraints of recruiting highly skilled workers and changing organizational cultures that carry a high risk of failure . So is the ability to innovate in terms of competing in local, domestic or global markets .

Based on the phenomenon of batik SMEs in Central Java province , as well as recommendations and limitations of previous research results , the formulation of the problem in this study is How is the *radical innovation* masalah development model? (MRI) can improve *risk handling* to achieve *corporate sustainability* in batik SMEs in Central Java province ?

Furthermore, the *research* questions are:

1. How radical *innovation* has the potential to increase *corporate sustainability* in batik SMEs in Central Java province?
2. How does the masalah of *radical innovation* affect *risk handling* in batik SMEs in Central Java province?
3. How the influence of *risk handling* on *corporate sustainability* in batik SMEs in Central Java province?

2. Literature Review

2.1. Innovation Theory

Innovation is a process that is designed and managed to create value for services, products, processes, technologies and business systems. (Edwards, WR, Kum, P., Ranjan, 2002) . Innovation practices indicate the disposition of an organization to develop, improve and offer products and services in the market (Gumusluoglu & Ilsev, 2009) . Innovation becomes prerequisites for achieving sustainable competitive advantage , which can be utilized for product and process improvements for the sustainability of the company. (Gupta, 2021) . Innovation makes companies grow faster, survive in a tough & highly competitive business environment, and excel in the market. Innovation has long been part of corporate strategy, and is recognized as a potential source of corporate growth and sustainability (Schumpeter, 1934) through changes in products, processes, business models and/or organizational structures (Dewar & Dutton, 1986) .

2.2. Benefits

Maslahah, etymologically, comes from the word al-salah meaning goodness and benefits. (Abû Ishâq al-Syâtibi, nd) . The word al-mashlahah indicates the understanding of something with many goodness and benefits. Sometimes the term al-islihs is used which means seeking goodness , then Salma, (2020) , the word maslahah or istislah is accompanied by the word al-mu fate which means things that are appropriate and appropriate to use. Terminologically, maslahah has been given a meaningful meaning by several scholars of us ûl al-fiqh , Al-Gazâli (d. 505 H), for example, said that the meaning of *genuine* of maslahah is attracting/realizing benefits or getting rid of and avoiding harm (jalb manfa'ah or daf' madarra h) (Asmawi, 2014) .

2.3. Corporate Sustainability

The concept of *corporate sustainability* began with the publication of *the Brundtland Report* in 1985 (Bhatia & Tuli, 2015). *The Brundtland Report* emphasized the importance of reporting on the progress of economic growth with efficient use of natural resources and environmentally friendly (Gallo & Christensen, 2011). The report highlighted three important dimensions for sustainable development, namely; environmental protection, economic development, and social justice (Lackmann et al., 2012).

2.4. Empirical Research Model

2.4.1. Masalahah Radical Innovation (MRI)

The problem of radical innovation (MRI) is a novelty that provides benefits in the industrial environment and changes customer expectations positively according to Islamic law. Radical innovation is related to the right managerial mindset and the system that facilitates it. Organization, culture, process, launch strategy, and top management involvement have a major influence on the success of radical innovation. From a management perspective, radical innovation is characterized by uncertainty and new knowledge, exploration of new markets, technologies, and business models. Radical innovation is discovery (exploration), incubation (experimentation) and acceleration (development) (O'Connor et al., 2008). Innovation is a very expensive innovation with a high level of uncertainty and risk that is oriented towards corporate sustainability. The findings of Kennedy et al., (2017) identified strategic directions in the radical innovation process, namely new technologies that support corporate sustainability, integration of sustainability performance in product development, building markets. which is sustainability-oriented, by utilizing openness of information.

Islam views innovation according to study results Pranjoto, (2021) has the following objectives: 1) to seek Allah's pleasure (Mardlatillah); 2) the desire to obtain welfare from Allah; 3) seeking Allah's grace; 4) intending to seek and obtain rewards from Allah; 5) the business carried out is connoted with preparation for life in the hereafter; 6) beneficial for the welfare of humanity; 7) producing goods and services needed for human life; and 8) bringing blessings and sustenance to all parties. So that from several of these objectives will direct the organization in carrying out radical innovation oriented towards halal innovation as a whole.

2.5. Radical Innovation Halal in Products

The intensity of business competition encourages companies to systematize the process of developing new innovative products both in terms of variety and trend (Richard Leifer, 2000; Gina Colarelli O'Connor, 2000). Several studies explain that *radical innovation* provides various tools and methods that can be used to break product design rules and generate creative ideas for companies. (Richard Leifer, 2000; Gibson & Birkinshaw, 2004; Cooper, 2005; O'Connor et al., 2008)

Halal in the Quran, is defined as something or an action that is permitted by sharia (Islamic Law). The concept of halal is a condition that encourages Muslims to seek, use clean products and services (Anuar et al., 2018). The term clean here has a broader meaning, namely including a person's life, for example halal food means food that is to be consumed is safe, produced in a clean environment and shows its own quality.

In other words, halal is an object or action that is permitted to be used or done according to Islamic law (Ali, 2017). Furthermore, Annabi et al., (2017) explained that to be safe and alert to dirt /impurity, individuals must follow instructions on what is halal and what should be done, as well as Based on the Sunnah, society must consider what is halal and haram to maintain their religion and honor (Tieman, 2011).

The inclusion of a halal statement on a product packaging to indicate that the product is a halal product, where the indicators for measuring the halal label are the manufacturing process, raw materials, and specificity (Negara et al., 2021). This is to reduce the risk of the product during the production, storage, and shipping processes that have the potential to affect the safety of the product regarding its halal status (Wahyuni et al., 2019). Furthermore, individuals perceive it as a risk of

consumption and actions to avoid dubious and questionable products (Tieman, 2011). So that radical halal innovation in products is a novelty with various new tools and methods that are in accordance with sharia to be utilized in producing creative product ideas . So Hypothesis 1 in this study is:

Hypothesis 1: If radical halal innovation in products increases, it will trigger an increase in risk handling.

Product innovation is a way to increase value as a business corporation that can lead a company to achieve competitive advantage and market leadership (Schreiber et al., 2016) . Furthermore, Kantabutra & Punnakitikashem, (2020) believe that in carrying out innovation, companies are long-term oriented for new market expansion with a priority on company sustainability. Study Kelib, (2018) explains that the higher the product innovation, the higher the sustainability of the company , which means that product innovation has an effect on the sustainability of the company . Referring to the research above, the hypothesis 2 is formulated:

Hypothesis 2: If halal radical innovation in products increases, it will... triggering an increase corporate sustainability

2.6. Ethical Radical Innovation in Marketing

Dynamic marketing developments, encourage companies to immediately make changes, considering the conveniences offered by today's technology. Currently, the marketing world of the digital revolution 4.0 will enter the 5.0 era after which is more focused on artificial intelligence . Marketing in the era of society 5.0 which is very closely related to digitalization . Here, the role and position of sharia marketing is very urgent in providing marketing guidelines that are in accordance with the rules of the Qur'an and Hadith so as not to give rise to elements of *gharar* (uncertainty) and *tadlis* (fraud) that oppress one of the transacting parties (Santoso, 2019 ; Majidah, 2022) .

From an Islamic perspective , the marketing process can be implemented fairly without ignoring targets and risks. (Santoso, 2019) . There are nine marketing ethics that will be the principles for sharia marketers in carrying out marketing functions, namely: 1). Have a spiritual personality (*taqwa*); 2). Behave well and sympathetically (*Shidq*); 3). Behave fairly in business (*Al-Adl*); 4. Behave in a serving and humble manner (*Khidmah*); 5). Keep promises and do not cheat; 6. Be honest and trustworthy (*Al-Amanah*); 7). Do not like to suspect (*Su'uzh-zhann*); 8). Do not like to badmouth (*Ghibah*); 9). Do not bribe (*Riswah*) (Hermawan, 2006 ; Hasan, 2014 ; Luntajo, 2016) .

The objectives of sharia marketing can be achieved if the marketing process is applied by utilizing the nine characters. Where all forms of business and negotiations in marketing in accordance with sharia , by including the intention of sincerity only to achieve divine pleasure (Luntajo, 2016) . So what is meant by radical ethical innovation in marketing In this study , namely marketing innovation with characteristics that describe the business in the spiritual *brand* of marketing objectives based on Islamic principles. Referring to the results of the study, hypothesis 3 which is composed:

Hypothesis 3: If radical ethical innovation in marketing increases , it will trigger an increase in risk handling.

Marketing innovation is understood as a continuous process, where entrepreneurs have potential profit opportunities in the market. Taking greater opportunities by combining marketing systems with market competitive capabilities to facilitate new product launches and new market promotions (Ren et al., 2010) . According to Jiang, (2002) this combination determines whether marketing innovation will provide strategic value for the sustainability of the company. Based on the results of previous research, the 4 hypotheses formulated are:

Hypothesis 4: If ethical radical innovation in marketing increases , it will trigger an increase in corporate sustainability.

2.7. Radical Innovation Humanistic Process

Islamic law has a universal and humanist nature regardless of race, skin color, nationality and status (Hermawan, 2006) . Humanism in Islam emphasizes the value and position of humans equally in all things. This means that everyone must treat fellow human beings well regardless of race, ethnicity, religion, or profession.

Regardless of how management is implemented, and how innovation is stated as a corporate strategy, it is undeniable that humans here as employees have the responsibility for the implementation of innovation in an organization. Where humanist values, namely not liking to stand out, prioritizing harmony and balance in life, being tolerant, not easily conflicting with others, liking to give in, being polite, respecting others, having sympathy and empathy, loving peace, and being able to control oneself facilitate the achievement of innovation goals (Sula, 2006).

Process innovation is the act of introducing new production processes or new daily activities (Najib & Kiminami, 2011). Process innovation describes changes in the way a company produces or provides final services. According to Kanter, (1985), although individual employee contributions may be small, cumulatively these contributions can be a major force for change in an organization.

For that reason, it is very necessary for organizations to ensure a responsive, dynamic and adaptive environment to the needs of the organization, which supports changes at all times (Cerinsek, G., Dolinsek, S. and Oliveira, 2007). The importance of process innovation to improve employee competence, because there are rapid, complex, dynamic changes and high uncertainty which result in the development of risks in the company. (Alvesson, 2001; Nam, 2014).

So the definition of radical humanist innovation in the process in this study is a novelty that involves all members of the organization based on their abilities, and treats everyone well regardless of race, ethnicity, religion, or profession. Referring to the research above, the 5th hypothesis that is formulated is:

Hypothesis 5: If humanist radical innovation in the process increases, will trigger increased risk handling

Every organization requires competent human resources to provide excellent service, which is oriented towards value (*customer value*) so that the organization does not merely pursue achieving high work productivity, but rather focuses on performance in the process of achieving it. (Mannayong & Haerul, 2020; Denhardt & Denhardt, 2015; Perry et al., 2014; Osborne et al., 2013). Radical innovation will encourage increased employee competence to create abilities, skills and knowledge in carrying out tasks (Mannayong & Haerul, 2020). Creative and innovative are the keys to the success of a company's sustainability (Preiss et al., 2007). Improving skills and knowledge is a strategy aimed at increasing efficiency and effectiveness in order to sustain organizational performance. (Sanders, 2006; Ashok K Gupta & Singhal, 2017).

Innovation will encourage the quality of human resources which will produce human resources who are committed, efficient, effective and productive for the sustainability of the company's performance. (Cerinsek, G., Dolinsek, S. and Oliveira, 2007; Sanders, 2006; Mannayong & Haerul, 2020). Referring to the study above, the 6th hypothesis that is formulated is:

Hypothesis 6: If humanist radical innovation in the process increases, then it triggers an increase in corporate sustainability

2.8. Risk Handling

Risk is defined as a decision in the face of uncertainty that has the potential to result in bad consequences (J. Adams, 1995). To handle risks appropriately, managers need to be aware of the content and impact of all alternatives before making a decision. Risk handling is a strategic management decision to handle risks appropriately (M.-T. Wang & Chou, 2003). Furthermore, Fan et al., (2008) Risk management is the stage when management makes decisions to reduce, eliminate, or avoid the potential impact of risk.

Risk management methods are classified into four categories, namely risk avoidance, risk transfer, risk mitigation and risk acceptance (Rybka & Bondar-Nowakowska, 2013); (von Detten & Hanewinkel, 2017), and risk retention (M.-T. Wang & Chou, 2003). So risk handling is an action taken to avoid risk, by reducing the possibility of risk occurring, or reducing losses arising from risk.

Business activities are always characterized by an intrinsic relationship with risk (Osuszek & Ledzianowski, 2020; Tiwari & Suresha, 2021). In carrying out business activities, companies are inseparable from complex social and economic problems. This requires companies to take actions or

operational steps aimed at reducing the impact of unexpected risks. The study, Settembre-Blundo et al., (2021) shows empirical evidence of the relationship between corporate risk and corporate sustainability according to the ESG paradigm. The same results were conveyed by Bakos & Dumitrascu, (2017) , which proposed a risk management model that leads to sustainable corporate behavior, with research results that corporate capabilities, risk management and corporate sustainability cannot be separated. Referring to the results of the study, it explains that *risk handling* in this study is an action taken by SMEs to avoid, reduce, and prevent risks as an effort to achieve *corporate sustainability* . Hypothesis 7 what is proposed in this study is:

Hypothesis 7: If risk handling increases, it will trigger an increase in corporate sustainability .

2.9. Corporate Sustainability Based on Maslahah Radical Innovation

Corporate sustainability is often associated with social and environmental aspects, where companies consider the impact of social and environmental aspects of their activities on the company's long-term business performance. The aspects measured are how companies act in relation to labor, human rights, communities, and environmental responsibility (Bellucci et al., 2019) . Companies are increasingly paying attention to environmental and social issues and devoting great attention to social and environmental commitments (Elkington, 1998 ; Bellucci et al., 2019)

So far, profit has been the only measure of a company's success, but public expectations have changed and encouraged more attention to social performance, the environment, and corporate innovation. There is a relationship between innovation and corporate sustainability , where Radical innovation is recognized as necessary to achieve substantial ecological improvements (Haemmerle et al., 2012) . Corporate sustainability is often associated with technological advances that generate innovation (Boons & Lüdeke-Freund, 2013) . Technological innovation plays a significant role in generating radical changes in manufacturing processes, creating opportunities related to the ecological and social impacts of a product or service (Payne et al., 2009 ; Prahalad & Hart , 2010) .

3. Research Methods

Using *the mixed methods research* type that is research methods to determine whether there is convergence, difference, or combination by combining quantitative and qualitative research . by combining These two methods separately will strengthen each other or conversely reduce each method 's weaknesses so that they become strengths (Morgan, 1998) .

3.1. Analysis Techniques

Data analysis through a qualitative approach collected from in-depth interviews was analyzed using thematic analysis techniques , namely efforts to identify, analyze and report patterns from the collected data (Braun & Clarke, 2019 ; Braun, 2016) . For interviews that have been completed, data collection is carried out and transcribed into a script, printed and reconfirmed with the original recording, and if necessary, corrections are made as appropriate. Themes refer to certain patterns of meaning found in the data collection obtained from the results of interviews after verification to find repetition of certain patterns of meaning .

To analyze the data in this study, The Structural Equation Modeling (SEM) from the AMOS 24.0 software package was used. This model is a collection of statistical techniques that allow testing a series of relatively complex relationships (Ferdinand, 2014b) . The advantages of SEM applications in management research are its ability to confirm the dimensions of a concept or factor and its ability to measure theoretically existing relationships.

4. Research Results and Discussion

4.1. Respondent Description

This section presents the description of respondents obtained based on the answers to the questionnaires of 159 Batik IKM respondents representing three clusters, namely the Laseman cluster,

the Laweyan cluster and the Pasirsari cluster. Based on the results of the respondents' answers about self-identity, it can be explained that the quantitative description of respondents in this study can be presented in several characteristics, namely age, gender, education level, length of business establishment, marketing area with the following details:

4.2. Variable Description

4.2.1. Qualitative Results

Qualitative descriptions to define the conceptual *maslahah of radical innovation* in research are conducted through discussion forums with experts who understand the Al-Quran and Hadith as well as academics from universities.

4.2.2. Focus Group Discussion with Experts

The results of discussions with experts can be seen in the study of Islamic legal theory (*usûl al-fiqh*), *maslahah* is identified with various meanings, namely principles (*principle* , *al-asl* , *alqâ'idah* , *al-mabda* '), sources or legal evidence (*source* , *al-masdar* , *al-dalîl*), doctrine (*doctrine* , *al-dâbit*), concepts (*concept* , *al-fikrah*), methods (*method* , *al-tariqah*), and theories (*theory* , *al-nazariyyah*).

Etymologically, *al-maslahah* means goodness, usefulness, appropriateness, suitability, harmony, propriety. While in terminology, *maslahah* means identical to *al-khair* (virtue), *al-naf'* (benefit), *al-husn* (goodness), namely everything that leads to goodness and benefit, for example business or trade is a cause that leads to profit, while in the meaning of sharia, *maslahah* is the cause that leads to *al-Syari* ' goals, both regarding worship and muamalah. Word of Allah QS. Al Baqarah; 168 " *O mankind! Eat what is lawful and healthy on earth, and do not follow in the footsteps of Satan. Look! he is an open enemy to you* "

Maslahah is a representation of the foundation of Islamic Sharia which is aimed at the interests of human life as servants of Allah, both regarding their worldly life and their *spiritual life* . Islamic Sharia upholds the principles of justice (*adâlah*), compassion (*rahmah*), and *maslahah* . Any legal rule that deviates from these principles is essentially not part of Islamic Sharia, even though rationalization (*ta'wîl*) is sought to make it part of Islamic Sharia. As in QS. Al-'Araf: 56, Allah SWT says " *and do not cause damage on the face of the earth, after (Allah) has repaired it.*"

Benefits here is not based on human desires or merely for the good based on their desires. But that is the basis for realizing *maslahah* here it is based on the goals outlined by Allah SWT in order to create benefits for His creatures. *Maslahah* is the benefit desired by His servants. The classification of benefits born from the application of the laws that have been established by Allah SWT into five basic categories as mentioned by Imam al-Ghazaly, namely religion, soul, property, mind and descendants.

The results of the discussion understand *maslahah* as a benefit with pleasure or something that can lead to pleasure and also reject everything that is painful and reject everything that can lead to unwanted things. As the Word of Allah QS. Al-Baqarah: 185 " *Allah wants ease for you, and does not want hardship for you* ." It can be understood from the verse above that Allah SWT always wants ease for humans to carry out the various rules that He has set, both in the form of commands or prohibitions in order to create benefits for humanity during their lives in this world and the hereafter.

The results of discussions with experts, understanding *the maslahah of radical innovation* is very important in the business world, because a business will not be said to be successful when it only stagnate, without producing a change that provides goodness, delivers pleasure and prevents losses with the permission of Allah SWT.

4.2.3. Focus Group Discussion With Practitioners

Forum Group Discussion with practitioners Next, discuss the meaning of *radical innovation maslahah* and its benefits for batik SMEs with practitioners who are representatives of batik artisan associations from each cluster totaling 6 people, cultural figures (Abdul Syukur, owner of Batik Taman Lumbini, Batik Artists, educators and researchers of batik art), then batik observers (Afif Syakur, head of the

Indonesian Batik preservation sector), and from academics from universities totaling 2 people, a total of 10 people.

The FGD resulted in the masalah being general in nature, in essence supporting the realization of goals that bring benefits and prevent damage, while still having to consider the dimensions of community interests and social realities that are constantly changing.

Furthermore, innovation is universally defined as something newly introduced. Innovation is thinking and doing something new to add or create useful values, both social and economic benefits. To produce innovative behavior, one must see innovation fundamentally as a process that can be managed. Innovation is very important for batik SMEs to produce change. Innovation in batik SMEs is organized, has processes, principles, types, sources, goals, and cycles to achieve better things.

The results of the discussion agreed that innovation is an important factor in the success of company development which can provide opportunities for a comprehensive approach to modernization including new techniques, organizational methods, and other developments in products and processes.

The implementation of discussions with practitioners to align perceptions regarding the meaning of the *radical innovation masalah concept* resulted in:

- a. A lawful change.
- b. A goodness in the form of modernization that has a positive impact by providing convenience to all with the permission of Allah SWT (God universally)
- c. Form of business as a new process of creativity in achieving benefits and happiness because of Allah SWT.
- d. It is a rejection of harm/fraud, namely something that results in loss.
- e. Any changes by the will of God (Allah SWT), not the will of humans, if humans also wish to bring about change for him, it must be in line with His provisions and must not be contradictory. And if it is contradictory, even though the change can bring goodness, then it is not considered as a benefit.

4.3. Discussion

Based on the calculation through confirmatory analysis and structural model test as presented in Table 1, showing good results, this model can be accepted. Furthermore, testing of the hypothesis proposed in this study was carried out.

The results of the hypothesis by analyzing the significance of the estimated values, critical ratio and probability values, are presented in Table 1.

Table 1.
Regression weight of structural research model.

			Estimate	SE	CR	P
RH	<---	IRHP	0.416	0.093	4,490	***
RH	<---	IREP	0.043	0.916	1,047	0.072
RH	<---	IRHuP	0.253	0.089	3,306	***
CS	<---	IRHP	0.163	0.069	2,347	***
CS	<---	IREP	0.054	0.139	1,084	0.063
CS	<---	IRHuP	0.052	0.179	1,090	0.068
CS	<---	RH	0.494	0.073	6,729	***

5. Conclusion

This study aims to test the variables that affect sustainable organizational performance and its implications. In the Introduction Chapter, the research gap and gap phenomena that underlie this research have been developed as a problem in this study, namely How is the *radical innovation masalah*

development model (MRI) can improve *risk handling* to achieve *corporate sustainability* in batik SMEs in Central Java province .

The company's sustainability is increasing triggered by masalah *radical innovation* , which is built from the dimensions of halal radical innovation in products, ethical radical innovation in marketing, humanist radical innovation in processes. The company has a moral obligation to carry out operations according to applicable ethics and laws in maintaining the continuity of its business, with novelty that provides benefits in the industrial environment and changes customer expectations positively according to Islamic law (*masalah radical innovation*).

The contribution of radical halal innovation to products and ethical marketing innovation can increase customer demand and loyalty which has a positive impact on the company's profits and economic value. Thus, the company's economic development is carried out based on the principles of justice and monotheism and is far from usury (Afrizal, 2018) . Innovation that is not environmentally friendly will have a negative impact on the company's financial performance and sustainability (Pislaru, Marius, Ionut Herghiligi, 2019) . As the Word of Allah SWT QS. Al 'Araf: 56, " And do not do mischief on the earth after (it has been created) in good condition. Pray to Him with fear and hope. Indeed, the mercy of Allah is very close to those who do good. "

Furthermore, risk management built from indicators of avoiding risk, reducing risk, preventing risk and transferring or sharing risk, encourages increased corporate sustainability. The company's commitment to handling risks by implementing the principle of *environmental sustainable goals* has contributed to increasing the company's value (Huber, Celia, Sebastian Leape, Larissa Mark, 2020) . The company's concern for the environment, social obligations to the community have an impact on the company's profitability value (Guo, 2020) . Although it cannot be denied, there are still practices of companies carrying out social and environmental responsibilities with a *negative duty approach*, so that it is done reluctantly and only to reduce social pressure.

Maslahah radical innovation as a breakthrough to improve corporate sustainability, is a form of implementing the fiqh principle which states that basically human actions as servants are bound by the law of Allah. Islamic Sharia upholds the principles of justice (*adâlah*), compassion (*rahmah*), and *masalah*. So it is clear that decisions in making innovations/newness result in *masalah*. As in QS. Al-`Araf: 56, Allah SWT says " *and do not cause corruption on the earth, after (Allah) has set it in order.*" Furthermore, batik SMEs are realized through: 1) radical innovation provides wider benefits for human life (*masalah*), 2) radical innovation in accordance with Sharia values, 3) wealth is essentially owned by Allah which must be utilized as well as possible for the benefit of all humans and distributed evenly to those who need it for the benefit, 4) the principle of brotherhood for all humans, 5) fulfilling the moral ethics contained in Sharia, to achieve corporate sustainability.

1. If radical halal innovation in products increases, it will trigger increased *risk handling* , supported by empirical data. This indicates that radical halal innovation in products carried out by batik SMEs, encourages increased risk handling. Changes that occur as a result of radical innovation in products, have consequences for the existence of risks that require handling by batik SMEs.
2. If radical halal innovation in products increases, it will trigger an increase in *corporate sustainability* , supported by empirical data. This indicates that batik SMEs in carrying out radical halal innovation in products provide positive results, which can increase the sustainability of the company.
3. If radical ethical innovation in marketing increases , it triggers an increase in *risk handling* , not supported by empirical data. This means that radical ethical innovation in marketing is less able to contribute to increasing risk handling.
4. If radical ethical innovation in marketing increases , it will trigger an increase in *corporate sustainability* , not supported by empirical data. This explains that corporate sustainability, not fully triggered by radical ethical innovation in marketing, includes behaving fairly in business (*al-adl*), honest and trustworthy (*al-amanah*), not liking to badmouth (*ghibah*), not doing bribery (*riswah*).

5. If radical humanist innovation in the process increases , it will trigger increased *risk handling* , supported by empirical data. It can be explained that radical humanist innovation in the process can empirically improve risk management in batik SMEs, because it is built on aspects of reliability, speed, dynamism, as well as harmony and justice in responding to every change and problem.
6. If radical humanist innovation in the process increases , it will trigger an increase in *corporate sustainability* , not supported by empirical data. This indicates that radical humanist innovation in the process is less able to encourage the achievement of corporate sustainability.
7. If *risk handling* increases, it will trigger an increase in *corporate sustainability* , supported by empirical data. With the increase in risk handling in batik SMEs, it encourages the achievement of corporate sustainability.

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