

## PROFICIENT Community Services

### Become an Environmentally Friendly MSME Through Green Human Resource Management

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#### ABSTRACT

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*This community service activity aims to accelerate the implementation of sustainable business using green human resource management. The object of service is culinary MSMEs in Purwokerto Regency that have started or are interested in implementing the concepts. Seminars, training, workshops, mentoring and monitoring methods are used in this activity. The coaching activities have unequivocally proven that integrating environmentally sustainable practices through green management and green human resource management in culinary MSMEs in Purwokerto yields tangible and positive results. Participating MSMEs have demonstrated heightened awareness, knowledge, and effective implementation of environmentally friendly practices, aligning with the sustainable development goals (SDGs) The recommendations are government support, easy network access, and continuous education.*

## A. INTRODUCTION

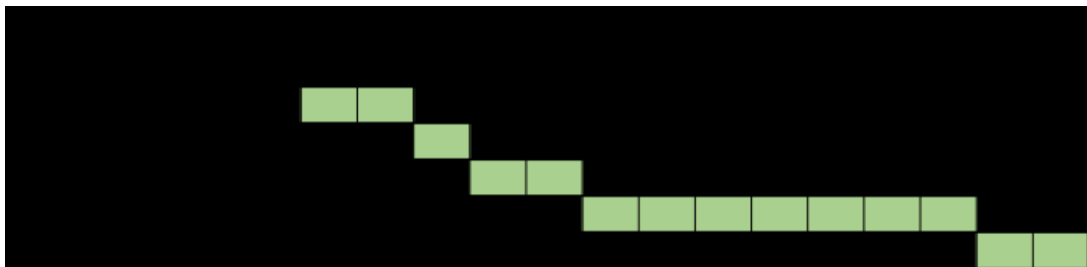
Micro, Small, and Medium Enterprises (MSMEs) hold a significant role in the Indonesian economy, particularly in Purwokerto. However, there tends to be a disregard for environmental concerns in the pursuit of economic improvement. Encouraging MSMEs to adopt environmentally friendly practices can not only mitigate negative environmental impacts but also enhance the competitiveness of their products in an increasingly sustainability-conscious market. Customer value serves as the central point of any business model. Sustainable business models are essential for creating long-term value for both individual customers and society (Lüdeke-Freund, 2010).

Those condition aligns with the vision of a "well-being society 6.0" (Frosinini, 2024), which advocates for an economy that prioritizes the common good, allowing individuals to define and achieve their quality of life. Thus, it becomes essential to prioritize bolstering the capacity of MSMEs in Purwokerto to operate in an environmentally sustainable manner.

**B. IMPLEMENTATION METHOD**

1. Socialization and Seminars. Hold seminars and workshops on the importance of environmentally friendly business.
2. Invite resource persons from academics, business practitioners and environmental NGOs. Training and Workshops: Training on waste management, use of environmentally friendly raw materials, and energy efficiency. Workshop on green production techniques and environmental management.
3. Assistance and Consultation. Direct assistance to MSMEs to implement environmentally friendly practices. Consultation on processing environmental certification and marketing strategies for environmentally friendly products.
4. Monitoring and Evaluation: Periodic evaluation of MSMEs that have participated in the program. Assessment of the economic and environmental impacts of implementing environmentally friendly practices by MSMEs.

**Time Table**



**C. DISCUSSION**

**C.1. COMPARISON**

Comparing culinary MSMEs in Indonesia between provinces and between cities requires analysis of various aspects such as culinary types, business scale, challenges, opportunities and contribution to the local economy. Here are some points of comparison.

**1. Type of Culinary.**

- Provinces and Big Cities (such as: Jakarta, Surabaya, Bandung). Serving various types of culinary delights, both traditional and modern. Tends to have a wider variety of international food. The level of innovation and creativity in developing new menus is higher due to intense competition.
- Provinces and Small Cities (such as: Yogyakarta, Solo, Makassar). Traditional Culinary: More focus on traditional food with unique regional flavours. The variety of modern and international culinary delights may be more limited than in big cities.

**2. Business Scale**

- Provinces and Big Cities. Culinary MSMEs in big cities tend to have a larger business scale with more customers. More are adopting modern technology such as online delivery services and digital payments.
- Provinces and Small Cities. Business scales tend to be smaller with more local market coverage. The use of technology may not be as intensive as in big cities.

### 3. Challenge

- Provinces and Big Cities. Competition between culinary businesses is very tight so MSMEs must continue to innovate to survive. Rent and other operational costs tend to be higher.
- Provinces and Small Cities. Market access is more limited, so customer reach is not as big as in big cities. Limited access to capital and investment can be an obstacle.

### 4. Opportunity

- Provinces and Big Cities. A wider and more diverse market allows for faster business development. Better infrastructure supports the distribution and marketing of culinary products.
- Provinces and Small Cities. Small cities with large tourism potential can take advantage of the uniqueness of local culinary delights to attract tourists. Strong local community support can help the sustainability of culinary MSMEs.

### 5. Contribution to the Local Economy

- Provinces and Big Cities. Culinary MSMEs in big cities often become an important economic pillar, with a significant contribution to employment and regional GDP. Culinary innovations that emerge from big cities often become national trends.
- Provinces and Small Cities. Culinary MSMEs play an important role in maintaining and introducing local culture through traditional food.
- Community Empowerment: Becomes one of the main sources of livelihood for many families in the area.

Culinary MSMEs in Indonesia exhibit a vibrant diversity across provinces and cities, each presenting unique opportunities for growth and innovation. While larger cities showcase a wide array of culinary offerings and embrace modern technology, smaller cities uphold traditional culinary treasures, laying the foundation for culinary tourism. Despite facing different challenges, these MSMEs play a significant role in bolstering the local economy and safeguarding Indonesia's rich cultural heritage. By offering the right support and understanding, culinary MSMEs across Indonesia can thrive and make enduring contributions to the nation's economy and society.

## C.2. GREEN MANAGEMENT AND GREEN HUMAN RESOURCE

Green management is the holistic approach of fostering innovation to attain sustainability, minimize waste, promote social responsibility, and gain a competitive edge through continual learning and development (Loknath & Azeem, 2017). This is achieved by wholeheartedly embracing environmental objectives and strategies that are seamlessly integrated with the organization's overarching goals and strategies.

Green human resource management involves implementing HRM practices that aim to enhance the overall environmental sustainability of an organization (Labella-Fernández & Martínez-del-Río, 2019). The green HR practices can play an important role in improving environmental performance in organizations (Wiguna, et.al, 2023). Implementing green management and green human resources (HR) in culinary MSMEs in Indonesia can be a

strategic step to increase business sustainability and competitiveness. Some ways to apply this concept are as follows.

### **Green Management**

1. Waste Management. Reducing the use of unnecessary materials, reusing materials that can still be used, and recycling waste, the concept of Reduction, Reuse, Recycle (3R). Utilize organic waste from the kitchen to make compost which can be used as fertilizer.
2. Use of environmentally friendly raw materials. Prioritize raw materials from local sources to reduce the carbon footprint due to transportation. Using organic raw materials which are more environmentally friendly and healthier.
3. Energy and Water Efficiency. Use energy efficient kitchen equipment. Use water efficiently and install water-saving devices.
4. Use of environmentally friendly packaging. Choose packaging that is easily decomposed or can be recycled. Reduce excessive use of packaging.

### **Green Human Resources (HR)**

1. Recruitment and Selection. Environmental Awareness: Looking for candidates who have awareness and commitment to environmental issues. Provide training on environmentally friendly practices from the start of work.
2. Training and Development. Hold regular training on environmentally friendly practices, such as waste management, energy efficiency, and use of organic raw materials [Green Training]. Competency Development: Encourage employees to develop competencies related to sustainability and environmental management.
3. Occupational Health and Safety. Creating a healthy work environment by reducing the use of hazardous chemicals and ensuring a clean workplace. Ensure all safety procedures are carried out to reduce the risk of work accidents.
4. Employee Engagement. Encourage employees to get involved in green initiatives and provide input on how environmentally friendly practices can be implemented. Provide incentives to employees who contribute significantly to implementing environmentally friendly practices.

### **Implementation Case Study**

#### **1. Warung Ijo in Jakarta**

- Waste Management. This stall practices waste management by separating organic and non-organic waste and using local waste processing services to recycle waste.
- Use of Local Raw Materials. All raw materials used come from local farmers to reduce the carbon footprint and support the local economy.

#### **2. Sustainable Restaurant in Yogyakarta**

- Composition. Processing organic waste into compost which is then used as fertilizer for small gardens around the restaurant.
- Green HR Practices. Provide regular training to employees regarding the importance of environmentally friendly practices and how to implement them in their daily work.

### **C.3. THE ROLE OF MSMEs IN OVERCOMING TALENT SHORTAGE**

MSMEs have a real role in overcoming the talent shortage in Indonesia. With a large and diverse workforce population, MSMEs can be an important pillar in developing skills and improving the quality of the workforce. The following are several ways how MSMEs can play a role in overcoming the talent shortage problem.

#### **1. Education and Skills Training**

- Internal Training Program. Provide on-the-job training to improve employee technical and managerial skills [on-the-job training]. Focus on developing soft skills such as communication, teamwork, and leadership.
- Collaboration with Educational Institutions. Collaborating with vocational high schools (SMK) and universities to provide internship programs that provide practical experience to students. Organize regular training with educational institutions to ensure employees continue to develop industry-relevant skills.

#### **2. Increasing the Attractiveness of MSMEs as A Workplace**

- Inclusive Work Environment. Implement policies that support employee welfare, such as work flexibility, health benefits, and career development opportunities. Create an inclusive and supportive work culture to attract and retain talent.
- Recognition and Awards. Develop reward programs for outstanding employees to increase motivation and retention. Provide clear career paths and opportunities for professional development.

#### **3. Application of Technology in Human Resources Management**

- Employee Management System HRIS (Human Resource Information System): Using a human resources information system to manage employee data, training and career development. Leverage digital platforms to recruit and manage talent more efficiently.
- E-Learning and Online Training. Use e-learning platforms to provide ongoing training that employees can access at any time. Hold webinars and online workshops to improve employee skills on a regular basis.

#### **4. Partnerships and Networking**

- Collaboration with Industry. Form alliances with large companies and industrial organizations for joint training programs and talent development. Active in the business community to share best practices and training opportunities.
- Government and Institutional Support. Utilize government support programs such as skills training and incentives for workforce development. Collaborating with non-governmental organizations (NGOs) for training and workforce empowerment programs.

#### **5. Development of Innovation and Creativity**

- Encourage Innovation Innovative Environment: Create a work environment that encourages innovation and creativity among employees. Establish a business incubator to help employees develop innovative ideas into real projects.

- Investment in R&D. Invest funds in research and development to create innovative new products and services. Collaborate with academics for joint research that can enhance employee skills and knowledge.

MSMEs in Indonesia are well-positioned to address the talent shortage through proactive strategies. These strategies include prioritizing education and skills training, enhancing attractiveness as employers, leveraging technology, fostering partnerships, and driving innovation. By consistently implementing these strategies, MSMEs can elevate the skills of their workforce, attract top talent, and play a vital role in fostering sustainable economic growth in Indonesia.

#### **C.4. THE ROLE OF UMKM AND ESG [ENVIRONMENTAL SOCIAL GOVERNANCE]**

MSMEs have an important role in the Environmental, Social and Governance (ESG) context. Implementation of ESG principles can improve business sustainability, business reputation and competitiveness. The following is an explanation of the role of MSMEs according to the 5P principles: People, Planet, Prosperity, Partnership and Peace.

1. People – Employee Empowerment. Providing training and skills development to employees to increase productivity and work quality. Employee Welfare: Providing safe, fair and healthy working conditions for all employees, and ensuring their welfare. Community Empowerment: Involving local communities in the supply chain and providing employment opportunities to local residents.

Example: Holding regular training programs for employees on safe and efficient work practices. Providing incentives and health benefits for employees. Forming partnerships with local communities to improve the economy of the surrounding community.

2. Planet - Environmental Management. Adopt environmentally friendly business practices to reduce negative impacts on the environment. Resource Efficiency. Use resources efficiently to reduce waste and energy consumption. Natural Resources Conservation: Support and be involved in environmental conservation and preservation efforts.

Example: Implementing an effective waste management system and recycling materials. Using energy-saving technology and renewable resources in business operations. Reduce the use of single-use plastic and choose environmentally friendly raw materials.

3. Prosperity (Prosperity). Contribute to local economic growth through job creation and increased income. Increase innovation and productivity to ensure long-term business sustainability. Implement responsible financial practices to ensure financial health and sustainability.

Example: Creating innovative products and services that have high added value. Develop business strategies that focus on long-term growth and sustainability. Manage business finances wisely and transparently.

4. Partnership. Working together with governments, communities and the private sector to achieve common goals. Build sustainable partnerships with suppliers, distributors and customers. Develop a strong business network to support growth and innovation. Example: Collaborating with educational institutions for research and product development. Form alliances with local suppliers to ensure a sustainable supply of raw materials. Participate in business associations and industry networks to share knowledge and experience.
  
5. Peace (Peace). Promote fairness, inclusion and equality in all aspects of business operations. Comply with all applicable regulations and laws, and uphold business ethics. Contribute to social development and community welfare. Example: Implementing anti-discrimination policies and encouraging diversity in the workplace. Providing products and services that are safe and beneficial to society. Engage in social activities and support initiatives that improve the well-being of the community.

MSMEs play a vital role in driving sustainable business practices by adhering to the 5P principles of ESG, which emphasize people, planet, prosperity, partnership, and peace. By incorporating these principles, MSMEs can effectively ensure the longevity of their business while making meaningful contributions to society and the environment. Embracing these principles not only enhances the reputation and competitiveness of MSMEs, but also aids in achieving sustainable development goals and fostering a better world for all.

#### **D. CONCLUSION**

The coaching activities have unequivocally proven that the integration of environmentally sustainable practices through green management and green human resource management in culinary MSMEs in Purwokerto yields tangible and positive results. Participating MSMEs have demonstrated heightened awareness, knowledge, and effective implementation of environmentally friendly practices, aligning with the sustainable development goals (SDGs).

The essence of this initiative is to raise environmental consciousness among MSMEs. It is crucial for MSMEs to recognize the profound impact of their actions on the environment and to embrace eco-friendly practices that can bolster the sustainability of their ventures. By embracing waste management, energy efficiency, and the use of organic materials, MSMEs can contribute significantly to the attainment of the Sustainable Development Goals. The transformative power of this initiative is evident in the adoption of green human resource management by culinary MSMEs, which directly influences their daily operations and long-term business strategies.

Culinary MSMEs have a significant role to play in promoting sustainable development goals. They should prioritize implementing hygienic and healthy practices in food production, ensuring employee welfare, and providing a safe working environment (SDG 3). Moreover, ongoing training on environmentally friendly practices and sustainable business management should be a top priority (SDG 4).

It's crucial to promote equal participation of male and female employees in all aspects of the business and provide equal opportunities for training and development (SDG 5). Creating decent jobs with good working conditions and supporting local economic growth (SDG 8) are vital for fostering a thriving community.

Utilizing green and innovative technologies to increase production efficiency and reduce environmental impact (SDG 9) should not be overlooked. Inclusivity in business by involving local communities and providing fair opportunities for all (SDG 10) is essential.

Implementing waste management practices, reducing plastic use, and choosing environmentally friendly raw materials (SDG 12) are necessary to minimize our environmental footprint. Additionally, reducing carbon footprint through energy efficiency and the use of renewable resources (SDG 13) is crucial.

Lastly, managing waste well to prevent pollution and support practices that preserve the surrounding environment (SDG 14 & 15) is imperative for the sustainability of our planet.

## E. RECOMMENDATIONS

- Limitations

Numerous small and medium-sized enterprises still face financial constraints when considering the adoption of environmentally friendly technologies and practices. The initial costs of implementing green management and HR can often present significant challenges.

- Solution

Government Support. The government has the power to provide incentives and financial support to actively drive the adoption of environmentally friendly practices by MSMEs.

- Limitations

Access to green technologies is somewhat limited, which poses a challenge to the implementation of environmentally friendly practices.

- Solution

Establishing partnerships with environmental institutions and companies that provide green technology is crucial.

- Limitations

It can be challenging to change old habits and to raise awareness among all employees within a short timeframe. It's important to note that not all MSME owners and employees are fully aware of the significance of environmentally friendly practices.

- Solution

Education and Awareness. Increase awareness through effective campaigns and comprehensive training about the crucial importance of sustainability.

Incorporating efficient green management and human resources strategies can empower culinary MSMEs in Indonesia to diminish their environmental footprint while simultaneously bolstering their standing and competitive edge in a market that is progressively prioritizing sustainability.



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