

---

## STRATEGY FOR IMPLEMENTING GREEN HUMAN RESOURCE MANAGEMENT IN MICRO SMALL MEDIUM ENTERPRISES

Lyra Lasita<sup>1\*</sup>, Dessy Amanda<sup>2</sup>, Sultan Hibrizi<sup>3</sup>, Wira Kurniawan Panjaitan<sup>4</sup>,  
Fahrul Rozi Tarigan<sup>5</sup>, Abdul Hafiz<sup>6</sup>  
<sup>1,2,3,4,5,6</sup> Faculty of Economic and Business  
Universitas Muslim Nusantara Al-Washliyah  
Email: [liralasita@gmail.com](mailto:liralasita@gmail.com)

---

### Abstract

*This article discusses the strategy for implementing Green Human Resource Management (GHRM) in Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. This research highlights the significant potential for the development of green technology in MSMEs, as well as the role of human resources in achieving sustainable development. GHRMs are considered important in promoting environmentally friendly practices within the organization, which can improve the organization's performance and employees' commitment to green initiatives. Some of the key points discussed included the growth of MSMEs in Indonesia and their contribution to the economy and job creation, the challenges faced by MSMEs related to funding and resources, and the need to adopt GHRM practices such as recruitment, training, and environmentally friendly performance management. GHRM's objectives include promoting the sustainable use of resources and improving the environmental performance of the organization. This study also raises several research questions regarding MSMEs' knowledge about GHRM, the development of GHRM in Indonesia, and its implementation strategies.*

**Keywords :** *Strategy, Green Human Resource Management, Micro Small and Medium Enterprise, Human Resource Management*

---

### A. INTRODUCTION

The opportunities for the development of green technology in the MSME sector are huge and promising, especially in the context of environmental protection and improving the quality of life. One of the approach models used in several developed countries is the green economy approach, which is a model of economic development approach that does not rely on economic activities on excessive exploitation of natural resources and the environment (Makmun, n.d.). The role of human resources in realizing sustainable development is realized by applying the concept of Green Human Resource Management (GHRM). The concept of GHRM emerged with increasing awareness or saving the environment from damage or extinction. This concept is able to move HR behavior to improve the performance of an organization or company with an "environmentally friendly" label. The development of MSMEs in Indonesia is based on secondary data that shows that the number of MSMEs is increasing every year, except in 1998, when the Asian financial crisis occurred during the 1997-1998 period which also hit Indonesia.

In 1997, there were around 39.765 million MSMEs, or around 99.8%, of the total business units in Indonesia. Of these, the most dominant is UMI which reaches almost 98%, while the UK portion is only around 1% and UM is even less, less than 0.1%. The role of human resources is an important factor for the progress of an MSME. Quality human resources can help MSMEs survive from competitors and grow. Some of the roles of human resources in MSMEs include:

1. MSMEs need to ensure that the selected employees have the skills and knowledge that are appropriate for the job.
2. Training can help employees master the job, increase their motivation, and loyalty to the company.

3. MSMEs can create an open and mutually supportive work environment between all jobs.
4. When MSMEs begin to develop, the organization structure can be adjusted through key persons who match their competencies.
5. MSMEs can restructure the team and internally review and update work plans.

Which is often a serious obstacle for many MSMEs to survive or develop. The literature includes research results from (Schiffer and Weder,2001), (Bigstand et al.2003), (Ou and Haynes 2006), (Shen et al. 2009), (Tundui, 2012), (Abdul shaleh and Worthingtong, 2013), (Msoka, 2013), (Weldeslasie et al,2015), and (Wiliam,2017) all of which show that the main obstacle faced by many MSMEs is lack of capital. In his research in Ethiopia, (Weldeslasie et al, 2005) explained that the lack of investment capital experienced by a company results in its growth. Behavior patterns that care about and create the environment and social life can be pursued or created by the community with the support of several parties, including MSME entrepreneurs. The existence of MSMEs is referred to as the spearhead in poverty alleviation , considering its role as an absorber of the number of workers that is still so that it has an impact on income equality and improving the community's economy, motivation to become an environmentally friendly entrepreneur (Green Entrepreneur) to clean up alternatives to the creation of *green entrepreneurs* for MSMEs. Although the study was conducted on culinary micro entrepreneurs, at least this model can be a reference for the development of similar strategies at other business levels such as small and medium scale in other sectors.

Emphasizing and motivating small entrepreneurs to initiate the emergence of environmentally friendly behavior in their business operations, which will then be developed into a conventional entrepreneur model to be based on green business principles. The concept of Green Human Resources Management (GHRM) was introduced as an effort to meet the needs that have an impact on the balance between the growth of the company to create wealth and the protection of the natural environment that makes it possible to build a successful future. GHRM integrates environmental management and human resource management (HRM). The implementation of GHMRN in Indonesia can be started in the implementation of HRM functions, namely environmentally friendly recruitment and selection, analysis and design of environmentally friendly jobs, environmentally friendly training and development, and environmentally friendly performance management. This research will analyze about:

1. How to increase the knowledge of MSME actors about green human resource management?
2. The development of the implementation of green human resource management in Indonesia.
3. The strategy for implementing green human resource management for MSMEs.

## **B. LITERATURE REVIEW**

### **1. Micro, Small and Medium Enterprises**

Micro, small and medium enterprises (MSMEs) are forms of people's economic activities that are small-scale and meet the criteria of net worth or annual sales and ownership as regulated in the Law. MSMEs will develop of four main economic activities (core businesses) that are the driving force for development, namely agribusiness, the manufactur industry, human resources, and marine business. MSMEs will also develop of mainstay areas, to be able to accelerate economic recovery through a regional or regional approach, namely by selecting regions or regions to accommodate priority programs and the development of sectors and potentials.

### **2. Human Resource Management**

Human Resource Management is a planning, organizing, coordinating, compensation, integration, maintenance, and dismissal of human resources in order to achieve organizational goals. HR terminology refers to people in an organization. Human Resource Management is an

element that runs the green movement (Prathima & Misra, 2012). HR is the utilization, development, research, giving, remuneration, and management of individual members of an organization or a group of employees. HRM concerns the design and implementation of planning systems, structuring employees, employee development, career management, performance evaluation, employee compensation, and good employment relations. HRM involves all management decisions and tactics that directly affect the people who work for the organization. Proper utilization of human resources involves understanding individual or organizational needs so that the potential can be fully explored. So in simple terms, the definition of MSDM is to manage human resources from the entire potential available in an organization, both public and private organizations.

HR in the context of business, is a person who works in an organization which is often called an employee. It takes a long time to understand HR because in essence, studying this discipline means studying other disciplines such as management science, psychology and behavioral sciences. A systematic learning of HR is to start by understanding the definition and then the context. There is no equal definition of HR. Three definitions for comparison can be put forward:

1. Amstrong (1994) defines HR as how people can be managed in the best way in the interests of the organization.
2. According to Keenoy (1990) HR is a method of simulating the results of employee resources by integrating HR into business strategy.
3. According to Storey (1995) HR is a typical approach, to employee management that seeks to achieve competitive excellence through the development of strategies from employees who are able and have high commitment by using integrated, structural and personnel techniques.

There are several important components in human resource management which include:

#### 1. Management Function

The management functions are further divided into 4, there are:

- Planning: The function of HR management planning is mainly to help the company know complete information and get advice or suggestions related to employees.
- Organizing: The process of organizing is to form an organization, then divide it into units that are in accordance with different functions in the organizational units, but have the same goal.
- Directing: Directing means giving instructions and inviting employees so that they are aware and willing to carry out work according to the company's specifications.
- Controlling: controlling means seeing, observing, and assessing actions or work according to planned results or targets. If there is a deviation from the original plan, it needs to be corrected by giving instructions to employees.

#### 2. Operational Function

The operational functions are further divided into 6, there are:

- Procurement: The procurement function is to obtain the type and number of workforce that suits the needs of the organization to achieve organizational goals.
- Development: Development is related to the improvement of skills through training/training, which is important for worker performance due to the ever-evolving technological changes, readjustment of positions, and the increasing complexity of managerial tasks.
- Compensation (*compensastion*): Compensation is the provision of adequate and reasonable wages to workers for their contributions/services to the objectives of the organization. Compensation is usually received in the form of money plus other allowances for a month.
- Integration: Employees are individually asked to change their views that have been unfavorable to the company to suit the company's desires and goals.

- Maintenance: Maintenance means trying to maintain and improve existing conditions.
- Separation/release/retirement: relates to employees who have worked for the company. Its main function is to ensure employee retirement.

### **3. Green Human Resources Management (GRHM)**

Green human resources management is a very wise approach to the performance and function of human resources in an organization, where the scope is the basis of all initiatives carried out by this innovation is stated as the development, implementation, and maintenance of a sustainable system whose goal is to make the people in the organization environmentally friendly (Owino & Kwarisa, 2016).

#### **a. Purpose of Green Human Resources Management (GRHM)**

The main goal of the GHRM is to promote the sustainable use of resources and improve the environmental performance of the organization. By implementing GHRM practices, companies can attract and retain individuals who have a high level of environmental awareness, as well as increase employee commitment to green initiatives.

The alignment of human resource management with environmental management is called *Green Human Resource Management* which aims to help companies to stimulate environmental performance through increasing employee commitment to the environment (Schuler & Jackson, 2014). To achieve a company's eco-friendly environmental goals, GHRM is a very important strategy tool. This can be achieved by attracting and retaining talented green individuals who have specialized skills and knowledge of *Green Human Resource Management* (Sudin, 2011).

#### **b. Function of Green Human Resources Management (GRHM)**

GHRM is a method that helps create an environmentally friendly workforce that can understand and appreciate the eco-friendly culture in an organization. These green initiatives can maintain their green goals throughout the process of hiring, recruiting and training human resources, compensating, developing, and improving the company's human resources. The Human Resources Department of a company is able to play an important role in the creation of a culture of sustainability in the company. HR processes play an important role in translating Green HR policies into practice; Therefore, human resources and their management play an important role in fulfilling the objectives of Employment Management.

## **C. METHOD**

This research is a descriptive analysis research. Descriptive analysis is a statistic used to analyze data by describing or describing the data that has been collected as it is without intending to make generalized conclusions or generalizations, Sugiyono (2004). Descriptive research is a form of research aimed at describing existing phenomena, both natural and man-made phenomena

## **D. RESULTS AND DISCUSSION**

### **1. Increasing The knowledge Of The Importance of Green Human Resource Management**

In an effort to improve seen from various aspects that have occurred showing that positive attitudes influence consumers' intention to buy environmentally friendly products, it is not surprising that the research conducted is not surprising that most young people who have a more positive attitude than older consumers about purchasing environmentally friendly products, younger consumers are not only concerned with the present but also with the effects that occur in the the future of the actions they are taking now and prefer to be consumers of the green market.

Through the strategic aspect, it can be seen from increasing environmental awareness where MSME actors need to understand the importance of reducing environmental impacts and

developing sustainable business practices. And it is necessary to improve employees' abilities and knowledge about GHRM, such as waste management, the use of renewable energy, and the development of environmentally friendly products. Through the development of GHRM policies, MSME actors need to develop policies and procedures that support GHRM practices, optimize the use of resources and reduce operational costs through GHRM, and improve the company's image as an environmentally conscious and sustainable company.

This aspect has its own challenges and solutions in its work where from a challenge regarding resource limitations, we can allocate resources effectively and efficiently. Challenges that involve lack of awareness, we can start by conducting training and campaigns in awareness about the importance of GHRM.

## **2. Development of Green Human Resource Management in Indonesia**

The development of GHRM in Indonesia shows an increase in awareness of the importance of environmentally friendly practices in human resource management. The GHRM aims to promote the sustainable use of resources and improve the environmental performance of the organization. This has encouraged various Micro, Small, and Medium Enterprises (MSMEs) to adopt this practice in response to the need for environmental sustainability and increase consumer appeal.

With the existence of several driving factors in the development of GHRM in Indonesia, including:

1. Through government regulations, the Indonesian government is increasingly aggressively issuing policies and regulations that support sustainable business practices, including environmental aspects. This encourages companies to adopt environmentally friendly practices.
2. With pressure from the community, increasing public awareness of environmental issues makes consumers prefer products or services from a company that is responsible for the environment.
3. There is global competition A company in Indonesia through the global market needs to show a commitment to environmental sustainability.
4. Through the availability of human resources in Indonesia has large enough human resources and potential to be developed in the field of GHRM.

The various forms of GHRM implementation in Indonesia can be seen through:

1. Companies that start looking for prospective employees who have awareness and concern for the environment with a green recruitment.
2. Employees are provided with training on environmentally friendly practices and how to apply them in their daily work by conducting green training and development.
3. The company offers incentives or a benefit to employees who contribute to environmental conservation efforts using green compensation.
4. Employees are encouraged to participate in environmental programs organized by the company
5. The company prefers suppliers who are committed to environmental sustainability with environmentally friendly procurement.

Although the development of GHRM in Indonesia is quite promising, there are still several challenges that need to be overcome. There is still a lack of awareness within the company that does not fully understand the importance of a GHRM and its benefits for the business, the lack of resources that the implementation of the GHRM requires a considerable investment both in terms of financial and human resources, and the lack of clear and measurable standards to measure the success of the implementation of the GHRM.

On the other hand, the development of GHRM also opens up great opportunities for a company in Indonesia, including:

1. With companies that implement the GHRM concept will be considered more responsible and sustainable.
2. Environmentally friendly practices can increase the efficiency and productivity of a company.
3. The GHRM concept can encourage the emergence of new innovations that are oriented towards the environment.

### **3. Green Human Resource Management Implementation Strategy for MSMEs**

The implementation of Green Human Resource Management (GHRM) in Micro, Small and Medium Enterprises (MSMEs) is an important strategy to increase environmental awareness and organizational performance. Here are some GHRM implementation strategies for MSMEs:

1. Education and Training: Increase employee knowledge and awareness of the importance of GHRM and eco-friendly practices.
2. Recruitment and Selection: Integrating eco-friendly criteria in the recruitment process to attract individuals with high environmental awareness.
3. Compensation and Incentives: Provide incentives for employees who contribute to green initiatives to increase their commitment to green practices.
4. Workforce Management: Managing the workforce based on the green concept, including career development and rewards.
5. Organizational Development: Improving environmental awareness and organizational performance through the development of strategies and policies.

The implementation of GHRM in MSMEs (Micro, Small, and Medium Enterprises) does have its own challenges, but that does not mean that it is impossible. Starting from small and simple through socialization, start by providing understanding to all employees about the importance of protecting the environment. With simple practices implement practices such as energy saving (turning off lights when not in use, using energy-saving equipment), reducing paper use, and sorting waste. Involve all employees with environmental programs with small programs that involve all employees, such as tree planting activities, cleaning up the environment around the company, or energy-saving campaigns. With creative ideas, invite employees to provide creative ideas in implementing environmentally friendly practices in the workplace.

By integrating GHRM into business processes through recruitment, we are looking for prospective employees who have environmental awareness and an interest in sustainable practices. Hold training related to GHRM, such as training on waste management, energy saving, and the use of environmentally friendly materials. Collaborate with stakeholders through suppliers who provide environmentally friendly raw materials and collaborate with local communities to carry out activities that have a positive impact on the environment. Utilizing technology by using applications to monitor energy and water use, as well as managing waste and social media to disseminate information about environmentally friendly efforts carried out by MSMEs. The challenges of implementing GHRM range from cost, lack of human resources, lack of management support. We can find a solution by starting the implementation of GHRM from small steps that do not require large costs, not all employees have knowledge about the environment. To create solutions by holding training and socialization, management must be fully committed to the implementation of GHRM

### **E. Conclusion**

MSMEs are important for the development of Indonesian economy, contributing to job creation and economic growth. However, companies face challenges such as lack of adequate capital and resources to grow, MSDM functions to manage employee potential effectively, which is crucial for the sustainability and development of MSMEs. Good quality of human resources can help MSMEs compete and adapt to market changes. GHRM is seen as an effective strategy to

strengthen environmental commitment within the organization. By implementing GHRM practices such as green recruitment, training, and performance management, MSMEs can improve their environmental performance while attracting employees who have high environmental awareness. GHRMs not only support economic goals but also contribute to environmental sustainability. By integrating green principles in human resource management, MSMEs can create a work culture that supports sustainability and environmental protection.

## REFERENCES

- Lubis, A. S., Lumbanraja, P., Absah, Y., & Silalahi, A. S. (2022). Human resource competency 4.0 and its impact on Bank Indonesia employees' readiness for transformational change. *Journal of Organizational Change Management*, 35(4–5), 749–779. <https://doi.org/10.1108/JOCM-02-2021-0045>
- Safroni, I., Agus, R., Lili, A. W., & Santo, D. (n.d.). Green Human Resources Management Mendukung Kinerja Lingkungan Industri Perhotelan. In *Human Resources Management Mendukung...* (Vol. 457).
- Rahman, F., Sheikh, W., & Shahedul Islam, M. (2019). IMPLEMENTING GREEN HUMAN RESOURCE MANAGEMENT: COST-EFFECTIVE STRATEGIES AND TOOLS. *Article in International Journal of Human Resource Management and Research*. <https://doi.org/10.4172/2169-026X.100264>
- Lorincová, S., Hitka, M., Štarchoň, P., & Stachová, K. (2018). Strategic instrument for sustainability of human resource management in small and medium-sized enterprises using management data. *Sustainability (Switzerland)*, 10(10). <https://doi.org/10.3390/su10103687>
- M., Ardiansah, R., Stefanya Christina, V., Sutoro, M., & Sugiarti, E. (2022). Peran Sumber Daya Manusia Dalam Mengembangkan Kinerja Pada UMKM Griya. *Jurnal Ilmiah Mahasiswa Mengabdikan (JIMAWAbdi)*, 2(1), 1–14. <https://doi.org/10.32493/jmw.v4i2.18633>
- Setyaningsih, R., & LEMBAGA PENDIDIKAN ISLAM MENURUT AHMAD FATAH YASIN Lisartina, D. (2021). TEORI DAN MODEL PENGEMBANGAN SUMBER DAYA MANUSIA. *Jurnal Pendidikan Islam*, 6(1), 1–10. <http://ejournal.sunan-giri.ac.id/index.php/al-ulya/index>
- Astuti, M., & Wahyuni, H. C. (2018). STRATEGI IMPLEMENTASI GREEN HUMAN RESOURCE MANAGEMENT PADA USAHA MIKRO, KECIL DAN MENENGAH (UMKM). *Matrik: Jurnal Manajemen, Strategi Bisnis Dan Kewirausahaan*, 121. <https://doi.org/10.24843/matrik:jmbk.2018.v12.i02.p04>
- Arulrajah, A. A., Opatha, H. H. D. N. P., & Nawaratne, N. N. J. (2016). Green human resource management practices: a review. *Sri Lankan Journal of Human Resource Management*, 5(1), 1. <https://doi.org/10.4038/sljhmr.v5i1.5624>
- Tang, G., Chen, Y., Jiang, Y., Paillé, P., & Jia, J. (2018). Green human resource management practices: scale development and validity. *Asia Pacific Journal of Human Resources*, 56(1), 31–55. <https://doi.org/10.1111/1744-7941.12147>
- Santi, D., & Giovanni, A. (2023). Analisis Swot Terhadap Strategi Pemasaran Usaha Home Industry Kripik Tempe. *Journal of Economics and Business Management*, 2(2), 217–224. <https://doi.org/10.56444/transformasi.v1i2>
- Anis Fitria, Anniez Rachmawati Musslifah, & Faqih Purnomosidi. (2024). Manajemen Sumber Daya Manusia Hijau (Green HRM): Tren Penting Untuk Mendukung Kinerja Berkelanjutan. *Jurnal Riset Dan Inovasi Manajemen*, 2(2), 18–31. <https://doi.org/10.59581/jrim-widyakarya.v2i2.3091>