



## Increasing Competitive Advantage through Implementation Green Human Resource Management (GHRM) Model at the Leading UMKM of Tasikmalaya City

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### ABSTRACT

This study aims to determine the understanding of leading MSMEs in Tasikmalaya City regarding Green Human Resource Management (GHRM), analyze and determine the extent of the role of Green Human Resource Management (GHRM) in increasing Sustainable Business Performance or increasing the competitive advantage of Leading MSMEs in Tasikmalaya City. The research sample consisted of 39 leading MSMEs spread across 5 (five) sub-districts in Tasikmalaya City. The data analysis used in this study was descriptive analysis. The results of the study showed that only a few MSMEs already knew about the concept of GHRM but had not been able to apply it optimally to their businesses. The results of this study also produced a GHRM concept/model that can be applied to leading MSMEs in Tasikmalaya City which includes background, stimulus, implementation and expected output from the implementation of Green Human Resource Management. The background explains why Green Human Resource Management needs to be implemented, Stimulus is something that encourages subjects both organizationally and individually to implement/do something. Some determinants that are thought to encourage a company or individual employee to behave in an environmentally friendly manner are, environmental ethics awareness, organizational culture and organizational/leadership commitment. The concept is expected to increase the competitiveness of MSMEs and produce a better company work environment.

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## 1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are an economic sector that plays an important role in the economy of a country, including Indonesia. MSMEs contribute significantly to Gross Domestic Product (GDP) and job creation. In addition, MSMEs are also the backbone of the local economy and provide opportunities for small entrepreneurs to grow and develop.

The success of MSMEs often depends on government support, access to capital and the ability to adapt to market and technological changes. In Indonesia, MSMEs receive various supports such as access to financing, training, and business guidance from various government and private institutions.

Despite their great potential, MSMEs also face challenges, such as limited capital, lack of management skills, and limited market access. Therefore, improving the quality and competitiveness of MSMEs through innovation, digitalization and increasing access to the global market is very important to advance this sector.

The Ministry of Cooperatives and SMEs has launched various programs to support MSMEs, including skills training, facilitating market access, and improving financial literacy. These programs are expected to help MSMEs overcome challenges and improve their competitiveness in local and global markets.

**Table 1**  
**Statistics of MSMEs in Indonesia in 2023**

Indicator	2023 Data
Number of MSMEs	64 million
Contribution of MSMEs to GDP	40%
Distribution of KUR	IDR 50 trillion
Percentage of MSMEs that Receive Financing through BPR	35%
Main Challenges for MSMEs	Access to Capital, Technology, Marketing

*Source: Ministry of Cooperatives and SMEs 2023.*

According to Kurilof in Pasaribu (2005), to ensure the survival of Micro, Small and Medium Enterprises (MSMEs), MSME actors must have four balanced capabilities, namely [1] Managerial Ability: This ability includes aspects of planning, organizing, driving and controlling the business, [2] Financial Ability: MSME actors must have skills in managing finances, including bookkeeping, cash flow management and financial planning, [3] Marketing Ability: This ability includes an understanding of the market, marketing strategies, and skills in promotion and sales, and [4] Operational Ability: This ability includes management of the production process, distribution and quality of products or services.

The following is data on Leading MSMEs in Tasikmalaya City:

**Table 2**  
**Leading MSMEs of Tasikmalaya City**

No	Leading MSMEs	Types of MSMEs	Location	City	Number (Business Unit)
1	Embroidery	Fashion	Kawalu District	Tasikmalaya	23
2	Beautiful Clogs	Fashion / Handicraft	Tamansari District	Tasikmalaya	1
3	Mendong Mat	Handicraft	Purbaratu District	Tasikmalaya	18
4	Mendong Mat	Handicraft	Cibeureum District	Tasikmalaya	1
5	Batik	Fashion	Cipedes District	Tasikmalaya	8
6	Shrimp crisp	Food	Cipedes District	Tasikmalaya	2
7	Beautiful Umbrella	Handicraft	Indihiang District	Tasikmalaya	6
8	Furniture	Handicraft	Tawang District	Tasikmalaya	3
9	Convection	Fashion	Cihideung District	Tasikmalaya	2
<b>Total</b>					<b>64</b>

Source : <https://opendata.tasikmalayakota.go.id/>, 2024

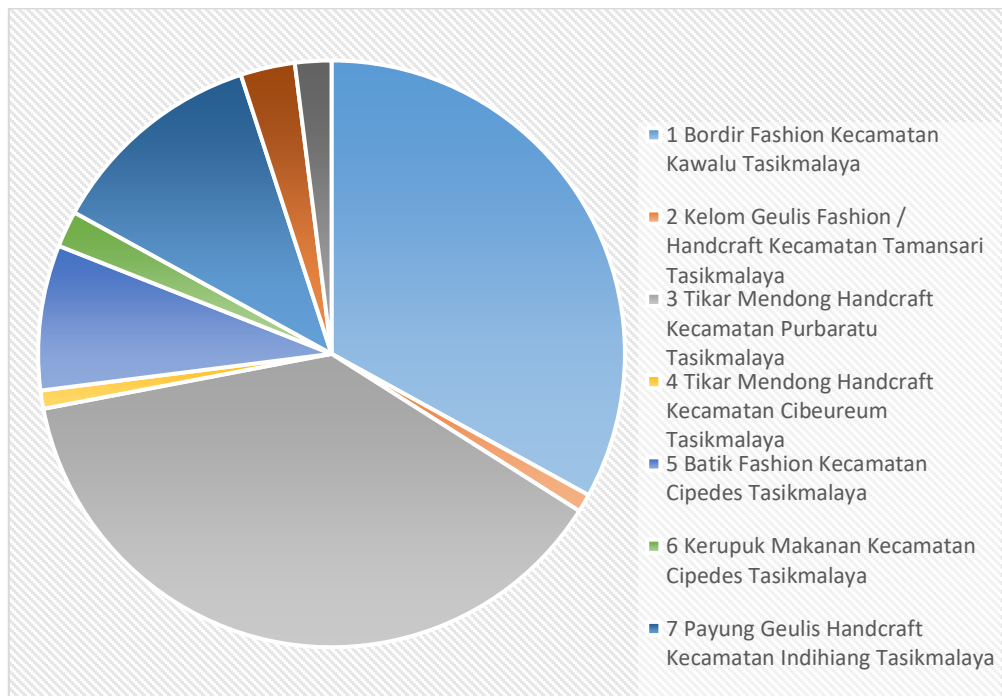
$$n = \frac{64}{(64) \cdot 0.12 + 1} + \frac{64}{(64 \cdot (0.01) + 1)} + \frac{64}{1.64} = 39$$

From the sampling calculations above, in this study the sample used is The leading UMKM in Tasikmalaya City are 39 businesses with the following details:

**Table 3**  
**Stratified Random Sampling**

No	Leading MSMEs	Types of MSMEs	Location	City	Sample (Business Unit)
1	Embroidery	Fashion	Kawalu District	Tasikmalaya	$23/64 \cdot 39 = 14$
2	Beautiful Clogs	Fashion / Handicraft	Tamansari District	Tasikmalaya	$1/64 \cdot 39 = 1$
3	Mendong Mat	Handicraft	Purbaratu District	Tasikmalaya	$18/64 \cdot 39 = 11$
4	Mendong Mat	Handicraft	Cibeureum District	Tasikmalaya	$1/64 \cdot 39 = 1$
5	Batik	Fashion	Cipedes District	Tasikmalaya	$8/64 \cdot 39 = 5$
6	Shrimp crisp	Food	Cipedes District	Tasikmalaya	$2/64 \cdot 39 = 1$
7	Beautiful Umbrella	Handicraft	Indihiang District	Tasikmalaya	$6/64 \cdot 39 = 4$
8	Furniture	Handicraft	Tawang District	Tasikmalaya	$3/64 \cdot 39 = 2$
9	Convection	Fashion	Cihideung District	Tasikmalaya	$2/64 \cdot 39 = 1$
<b>Total</b>					<b>39</b>

Source : <https://opendata.tasikmalayakota.go.id/>, 2024



**Figure 1**

**Leading MSMEs of Tasikmalaya City**

Source : <https://opendata.tasikmalayakota.go.id/>, 2024

The implementation of Green Human Resources Management in the MSME sector faces various challenges. Here are some problems encountered related to the implementation of GHRM in MSMEs:

1. MSMEs in Tasikmalaya City experience limitations in terms of resources, both human and financial, which are the main obstacles in implementing GHRM practices. Lack of knowledge and understanding of the importance of environmentally friendly human resource management is also a major challenge. Many MSME actors have not realized the long-term benefits of green HR management. This phenomenon is reinforced by the results of research conducted by Renwick, et al. (2013) which concluded that many MSMEs still do not understand the concept of GHRM.
2. Despite government efforts to support environmental sustainability, specific policies for GHRM in MSMEs in Tasikmalaya City are often absent or still minimal. Jabbour et al.'s (2016) research revealed that many MSMEs do not receive clear guidance or incentives on how to implement GHRM practices, so business actors tend to focus on short-term profits.
3. The implementation of GHRM practices in MSMEs in Tasikmalaya City, such as ongoing training, effective waste management, and investment in environmentally friendly technology, often requires quite high costs, which becomes a problem for MSME actors. In accordance with research conducted by Tang (2018) which explains that MSMEs, which have limited financial capacity, often have difficulty in allocating budgets for these things, especially if there are no direct results felt from the investment.
4. Employees in UMKM in Tasikmalaya city are often not actively involved in the implementation of GHRM. This is in accordance with research conducted by Pinzone (2016) which explains that this can be caused by minimal training and education

related to environmental responsibility, as well as the lack of incentives for employees to be involved in environmentally friendly initiatives.

### **MSMEs**

MSMEs are trading businesses managed by individuals or business entities and in accordance with the criteria of small-scale or micro-scale businesses. In accordance with the definition of MSMEs, the criteria for MSMEs can be distinguished, including micro-scale businesses, small-scale businesses, and medium-scale businesses. With this classification, the government also hopes that MSMEs will be able to play a role in building the national economy, including developing businesses based on regional potential and market-oriented (Hadion et al., 2021). MSMEs (Micro, Small and Medium Enterprises) is a term used to describe business categories that are distinguished based on economic scale, number of employees and total assets or turnover (Tulus, 2019). MSMEs are often the backbone of the economy, especially in developing countries, including Indonesia. MSMEs play a role in driving economic growth, creating jobs, and encouraging innovation and sustainability of the local economy. The government often provides support to MSMEs through various programs, such as capital assistance, training, and market access to encourage the development of this business.

### **Green Human Resources Management(GHRM)**

Green Human Resources Management (GHRM) is an approach to human resource management that integrates environmentally friendly practices into HR policies and processes. G-HRM aims to encourage pro-environmental behavior in the workplace, reduce the organization's carbon footprint and support environmental sustainability.

GHRM refers to the use of HR policies and practices to promote sustainable resource use within an organization. These practices include green hiring, green training, green performance appraisals and green compensation which are all designed to increase environmental awareness and environmentally friendly behavior in the workplace (Renwick et,al, 2013).

GHRM also includes aspects such as promoting a green culture in the work environment, where employees are encouraged to get involved in company sustainability initiatives, such as recycling, energy reduction and other environmentally friendly practices (Jabbour, 2011).

### **Competitive Advantage**

Competitive advantage is a concept in strategic management that describes an organization's ability to outperform its competitors in terms of performance, productivity, or efficiency. Competitive advantage is obtained when a company can create more value for its customers than competitors can offer, allowing the company to maintain or expand its market share. Porter (1985) stated that competitive advantage is achieved through differentiation and cost leadership strategies. Differentiation involves creating products or services that are considered unique in the industry, while cost leadership focuses on producing goods or services at a lower cost than competitors. Prahalad and Hamel (1990) in the core competencies theory stated that an organization's core competencies, such as unique technology or specialized expertise, can be a major source of competitive advantage.

## **2. METHOD**

This study uses a descriptive research model, which aims to provide a systematic, factual, and accurate description of the facts and relationships between the phenomena being

investigated. Sugiyono (2016). This study was conducted on MSMEs / Creative Industries spread across 8 (eight) sub-districts in Tasikmalaya City including Batik MSMEs, Kelom Geulis MSMEs, Payung Geulis MSMEs, Embroidery MSMEs, Mendong MSMEs. The research period was 3 (three) months using the Data collection techniques used in this study were:

1. Observation

Observations on leading MSMEs were conducted to gain an in-depth understanding of successful business practices, including management strategies, innovations, and technology implementation. In this activity, the author identified MSME success factors, operational strategies, or green management implementation. Observations were conducted directly on leading MSMEs/creative industries in 8 (eight) sub-districts of Tasikmalaya City.

2. Interview

Interviews on leading MSMEs were conducted to obtain in-depth qualitative data on how the MSMEs achieved success, the business strategies they used, and the challenges they faced. Interviews were conducted with the owners or key employees of the MSMEs.

3. Questionnaire

The questionnaire on leading MSMEs was conducted to systematically collect data from MSME actors about various aspects of their business that contributed to their success. The measurement scale used in this study was the Guttman scale. The alternative answers in the Guttman scale in this study were the answers "Already Done" or "Not Done" where the negative statement with the highest score (answer Not Done) is 1 and the lowest (answer Already Done) is 0..

### 3. RESULTS AND DISCUSSION

The term Green Human Resources Management (GHRM) is a new concept for most professionals in the HR field. Before implementing environmentally-based HR practices, it is a good idea for companies / MSMEs to first understand what the concept means. Researchers conducted interviews with business owners or MSME actors in Tasikmalaya City regarding the application of the GHRM concept to their businesses. Based on the results of the interviews, on average, business actors were not very familiar with the concept of Green Human Resources Management before.

In implementing a new system in a company, of course there are several advantages and disadvantages. The advantages of Green Human Resources Management that can be applied in MSMEs include [1] GHRM helps companies reduce negative impacts on the environment through the implementation of environmentally friendly practices, such as waste reduction, energy savings, and more efficient use of resources. This supports MSMEs to become more sustainable and environmentally responsible, [2] MSMEs that implement GHRM demonstrate their commitment to environmental issues, which can improve the company's reputation in the eyes of employees, customers and other stakeholders. A good reputation can increase customer loyalty and attract the best talent, [3] GHRM practices often encourage operational efficiencies that can reduce company costs in the long term. For example, saving energy through the use of green technology or reducing paper use with digitalization can result in cost savings, [4] implementing GHRM helps companies ensure compliance with increasingly stringent environmental regulations in many countries. By

implementing greener practices, MSMEs will be able to avoid legal sanctions and obtain incentives or support from local governments.

The following are the results of observations on several leading MSMEs in Tasikmalaya City, regarding whether or not they have implemented GHRM in their businesses:

**Table 4. Green Recruitment**

No	Information	Do		Do not do	
		f	%	f	%
1	Does this UMKM include environmental elements as one of the employee recruitment criteria?	4	10%	35	90%
2	Does this SME provide information about the company's policy on environmental sustainability during the employee recruitment process?	2	5%	37	95%
3	Does this SME ask questions related to environmental management during interviews with prospective employees?	3	8%	36	92%
4	Does this SME choose prospective employees who are aware of environmental management?	2	5%	37	95%
5	Does this SME select prospective employees who have personally carried out environmental management?	2	5%	37	95%

Source: Processed by Researchers, 2024

Based on the table above, it is known that an average of 93% of respondents or leading MSMEs in Tasikmalaya City have not included environmental elements in their employee recruitment strategies. This is influenced by limited business resources. In the interview and discussion process, respondents stated that they carried out recruitment practices according to needs to fill employee vacancies without considering the GHRM concept.

**Table 5. Green Training and Development**

No	Information	Do		Do not do	
		f	%	f	%
1	Does this MSME provide training to employees regarding awareness of protecting and preserving the environment, especially the environment around the company?	6	15%	33	85%
2	Does this UMKM provide training on understanding prevention, handling, and how to reduce company waste?	7	18%	32	82%
3	Does this MSME provide an understanding of the importance of environmental sustainability and strive not to pollute the environment?	6	15%	33	85%

Source: Processed by Researchers, 2024

Based on the table above, it is known that an average of 84% of respondents or leading MSMEs in Tasikmalaya City have not included environmental elements in their employee training and development strategies. This is influenced by limited business resources. In the interview and discussion process, respondents stated that they practice employee training and development according to the capabilities of the MSME itself.



**Table 6. Green Compensation and Reward**

No	Information	Do		Do not do	
		f	%	f	%
1	Does this MSME provide awards to employees who are able to maintain environmental sustainability?	5	13%	34	87%
2	Does this MSME provide motivation to employees to always strive to preserve the environment?	6	15%	33	85%
3	Does this MSME provide incentives for employees who behave in an environmentally friendly manner?	6	15%	33	85%

Source: Processed by Researchers, 2024

Based on the table above, it is known that an average of 86% of respondents or leading MSMEs in Tasikmalaya City have not provided compensation to their employees who have good environmental performance. This is influenced by the limited resources of MSMEs.

**Table 7. Green Performance Management**

No	Information	Do		Do not do	
		f	%	f	%
1	Does this SME assign environmental sustainability responsibilities to employees?	3	8%	36	92%
2	Does this MSME conduct an evaluation regarding employee capabilities in protecting the environment?	7	18%	32	82%
3	Does this MSME provide targets for achieving employee capabilities in protecting the environment?	8	21%	31	79%
4	Does this MSME give reprimands to employees who are less able to maintain environmental sustainability?	1	3%	32	97%

Source: Processed by Researchers, 2024

Based on the table above, an average of 88% of respondents answered that the company had not yet assigned environmental sustainability responsibilities to employees. Companies that have not assigned environmental sustainability responsibilities to employees tend to lack systems or policies that support environmentally friendly practices in the workplace. In this situation, employees do not have clear guidance or instructions regarding actions to be taken to minimize environmental impacts. Lack of employee understanding and involvement in environmental sustainability issues can result in less efficient company operational practices, such as excessive energy use, poorly managed waste, and lack of recycling efforts.

The implementation of Green Human Resources Management can help in building a company's image to attract good human resources, and improve the company's image in the community (Deshwal, 2015). The implementation of the GHRM concept in MSMEs certainly includes the integration of environmentally friendly principles in human resource



management. Leading MSMEs that implement GHRM strive to reduce environmental impacts through various strategies such as recruiting employees who care about environmental sustainability, training and development related to environmentally friendly practices, and establishing operational policies that support sustainability.

In practice, leading MSMEs adopt steps such as reducing paper use, promoting recycling, and utilizing environmentally friendly technologies in production and management processes. Employees are invited to play an active role in green initiatives, such as waste reduction, energy efficiency and carbon emission reduction.

The implementation of GHRM will also be able to increase employee motivation and loyalty, because they feel involved in a larger environmental mission. In addition, MSMEs that implement GHRM often receive higher recognition from consumers and business partners, thereby increasing their competitiveness in the market. This also helps companies achieve long-term business sustainability by integrating environmentally friendly practices into every aspect of human resource management.

Based on research conducted by Purnomo (2021), some of the benefits that MSMEs will receive when implementing Green Human Resources Management include a balance between financial performance and environmental protection, attracting more prospective employees because the company has a good or positive image in the community, employee commitment and loyalty to the company, reducing energy consumption, reducing waste to recycling, all of which can reduce costs.

The discussion can be formulated into a GHRM concept/model which can later be implemented in the Leading UMKM of Tasikmalaya City, as follows:

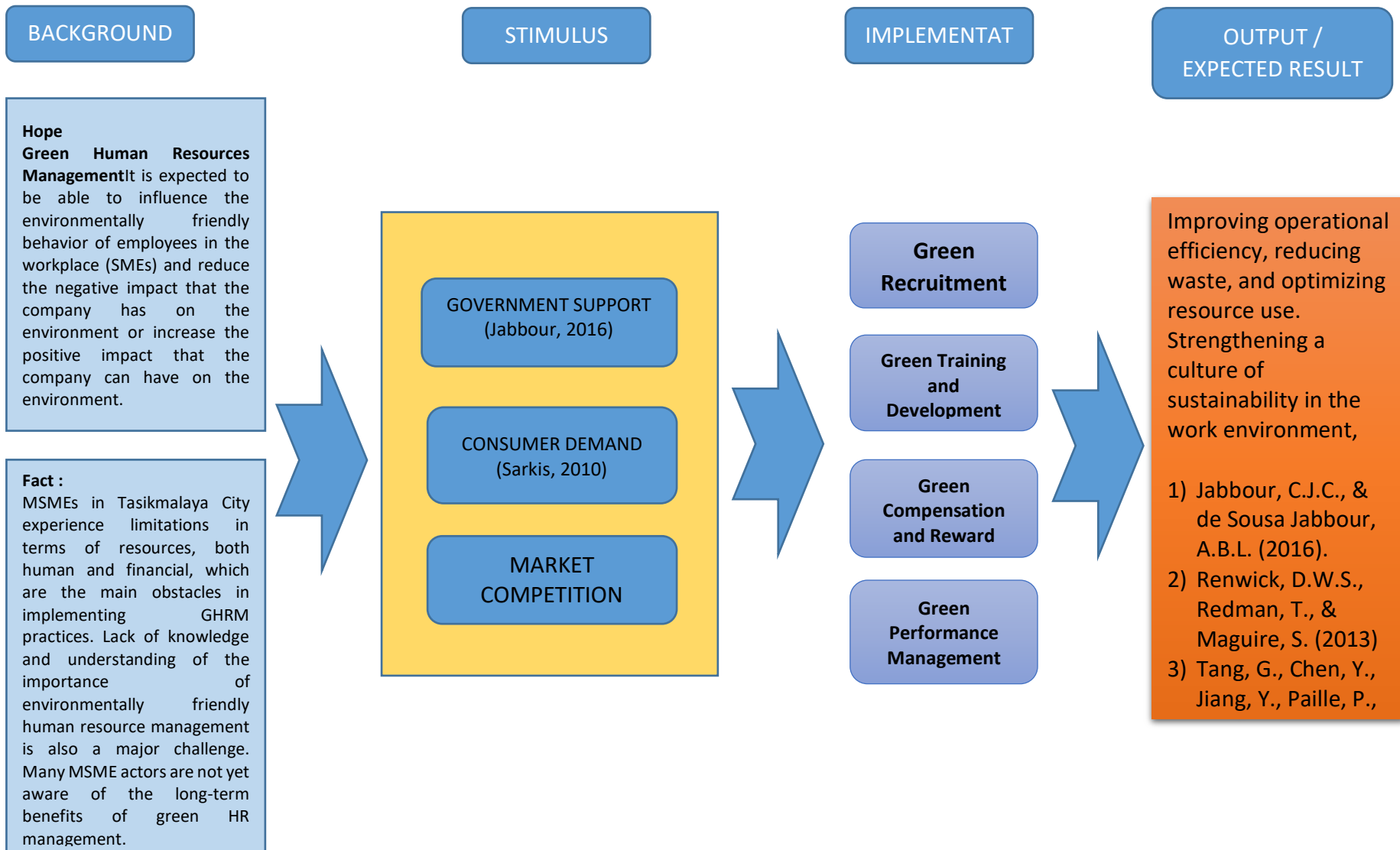


Figure 2

**Concept Model of Green Human Resources Management (GHRM) Implementation in Leading UMKM in Tasikmalaya City**

#### 4. CONCLUSION

The conclusion of the implementation of Green Human Resources Management (GHRM) in MSMEs is that the integration of environmentally friendly practices into human resource management brings many benefits. GHRM helps MSMEs reduce environmental impacts, improve operational efficiency, and build a greener and more sustainable image. In addition, GHRM also contributes to increased employee satisfaction and loyalty, who feel involved in a larger environmental mission. The success of MSMEs in implementing GHRM also provides higher competitiveness in an increasingly environmentally conscious market.

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