

Study of Envy-Friendly Small-Medium Industries in Green Industry Context in the Manufacturing Industry Sector in Bangka Belitung Island Province

Angga Sucitra*

Department of Management
Universitas Terbuka
Bandung, Indonesia

*angga-sucitra@ecampus.ut.ac.id

Yusuf Yusuf

Department of Management
Universitas Terbuka
Pangkalpinang, Indonesia
yusuf_se@ecampus.ut.ac.id

Christianingrum Christianingrum

Department of Management
Universitas Bangka Belitung
Pangkalpinang, Indonesia
syifa.meyra@yahoo.com

Anggraeni Yunita

Department of Accounting
Universitas Bangka Belitung
Pangkalpinang, Indonesia
anggi21.ay@gmail.com

Abstract—The purpose of this study is to identify the manufacturing industries sector in the Province of Bangka Belitung Islands that has met the criteria for environmentally friendly Small and Medium Industries, identify the constraints faced by the manufacturing industries sector in the Province of Bangka Belitung Islands to become envy -friendly Small and Medium Industries and identify and analyze strategies that must be done to encourage Small and Medium Industries to become envy - friendly businesses. The approach chosen in this study was a qualitative study with a Focus Group Discussion (FGD), which involved several respondents from different groups. The sampling technique used to get respondents is purposive sampling. The data collection method used in this study is Quasi Multistage Random Sampling which involves Stratified Random, Simple Random Sampling and Purposive Sampling. The results of this study found that the Small and Medium Industries in the Bangka Belitung Islands Province are still not ready to implement the concept of green industry because they do not yet know and understand the importance of the implementation of the green industry. At present the Department of Industry and Trade of the Province of Bangka Belitung Islands has just carried out a socialization stage on the green industry. Regulation regarding the obligations of Small and Medium Industries carrying out green industry-based processing activities has not been established, so this concept is still voluntary. The orientation of the Bangka Belitung Islands Province Industry and Trade Office towards the new Small and Medium Industries at the stage of shifting the Market Place from conventional to digital based.

Keywords: *small and medium industries, envy-friendly, green industry*

I. INTRODUCTION

In relation to business sustainability, green business is an important issue for future economic growth. Green business is a business that causes little negative impact on the environment, both the natural environment, society and the economy. People are now thinking about the importance of saving the earth and its ecosystem. Therefore, every business sector has moral obligations to run an environmentally friendly business.

MSMEs in Indonesia are still the business sector with the majority compared to large industries. The rapid development of the Micro, Small and Medium Enterprises sector in Indonesia is inseparable from the characteristics of MSMEs which are business sectors that are resistant to global risks. MSME has a very crucial role in the national economy, both in absorbing labor, providing various products and services needed and as a source of community income. Even though it has a very big role in the economy, but related to environmental problems, it is suspected that MSMEs have a significant contribution in reducing the quality of the environment caused by waste generated in various forms, production processes that have not been efficient either in the use of raw materials, energy, and the use of other auxiliary materials.

From various studies it is known that only a small number of MSMEs have started to apply the principle of environmentally friendly, and even then, due to pressure from external parties and not because of awareness that appears internally. The MSME sector has an important role to make it happen. This role is obtained because the MSME sector is the sector that has the closest relations with the community. It is realized that to be an environmentally friendly MSME needs to

meet certain criteria, of course cost is still crucial for MSMEs to become an environmentally friendly MSME.

Therefore, to encourage conventional MSMEs to be environmentally friendly, a variety of information, both internal and external, is needed as well as various obstacles encountered. From the internal side, aspects that need to be known include: awareness and perceptions of business actors related to environmental issues, interests, interests, and readiness of business actors and the efforts that they have made or are currently undertaking to switch from conventional systems to environmentally friendly. In the meantime, other important information needed is various constraints or difficulties that may be faced by MSMEs, including management, technical, marketing aspects, and financing aspects that are required by business actors in migrating from conventional to environmentally friendly systems. From the external side, the crucial aspect that needs to be known is the role of financial institutions and related stakeholders (Ministry of Environment and Government).

The research focuses on the study of environmentally friendly MSMEs in the context of green industry. More specifically, this research needs to be carried out so that it can be seen how much MSME is prepared in the manufacturing industry sector in Bangka Belitung to become environmentally friendly MSMEs and what obstacles and strategies can be taken to encourage MSMEs to become environmentally friendly businesses.

II. LITERATURE REVIEW

Green Industry is the commitment of each industry to reduce the impact on the environment due to the production process and the products it produces through the efficient use of resources continuously and low carbon that is applied to the selection of raw materials, production processes, final products, and services in an activity / industry [1].

Green industry is a concept of industrial development that is economically, environmentally and socially sustainable, where every type of industry has the potential to be "green". In the Manila Declaration Action Plan, steps needed to formulate the intensity of using natural resources and carbon emissions from the industrial sector in Asia have been formulated, as well as monitoring efforts on a national scale. In the declaration, the pillars included in the green industry are clean production of products and services that are environmentally sound as well as growth and competitiveness. Overall, the concept of green industry is a way to develop a sustainable industrial sector, both economically, environmentally and socially (EPS 2009).

Industries that can apply the green industry are those engaged in the "environmental good" sector and services, including: the recycling industry, waste treatment, waste disposal, waste transport, environmental consultants, waste water treatment industry, air pollution control, processing equipment waste, the manufacturing industry and the installation of renewable energy equipment, energy consultants, specialized laboratories for measurement and environmental analysis, and industries that produce clean

technology. According to the OECD, per capita consumption of natural resources in the Asian region is much lower compared to developed countries (OECD) [2].

Green Industry is an industry that in its production process prioritizes efforts to efficiency and effectiveness in the use of resources in a sustainable manner so as to be able to harmonize industrial development with the preservation of environmental functions and can benefit the community (Industrial Bill) [3].

III. RESEARCH METHODOLOGY

This research uses a qualitative research approach. Qualitative research is basically intended as an effort to explore in depth various relevant information from a certain group of respondents who have knowledge or experience and policy makers in accordance with the topic of study. The information collected includes various aspects related to the current real conditions, as well as the reasons or background for the occurrence of an action, views or opinions, as well as the expectations of the target respondents. The approach chosen was a Focus Group Discussion (FGD), which involved several respondents from a variety of different groups.

In accordance with the objectives and scope of the study, the target respondents who were the sources of information in this study included:

- MSMEs that currently have or have not yet carried out an environmental sustainability program in the Manufacturing Industry Sector.
- The research area covers Bangka Belitung Islands Province.

In order to answer the research objectives, information from respondents from several categories is needed. The 3 (three) Government Agencies related to environmental issues and MSMEs who were respondents, namely the Environmental Agency, the Department of Industry, and the Department of Agriculture. These offices were interviewed in each region. The IKM respondents in this study were the Manufacturing Industry Sector.

IV. DISCUSSION

The Industrial Sector has a strategic role in addition to being a major contributor to GRDP, as well as being the largest user of natural resources and absorbing labor. On the other hand, due to the limited availability of natural resources and the limited carrying capacity of the environment in receiving industrial waste and emissions, industrial development which is guided by the sustainability of economic values, social involvement, and protection of environmental quality must be carried out immediately. On this basis, the term green industry emerged that directed the industry to prioritize efficiency and effectiveness in the use of sustainable resources so as to be able to harmonize industrial development with the preservation of environmental functions and be able to benefit the community.

To encourage business players in the industrial sector (IKM), the Ministry of Industry has made various efforts to

encourage the development of the Green Industry, one of which is through the issuance of the Green Industry guidelines themselves, as well as certification for industries that have implemented the Green Industry program. Another effort is to give awards to industry players who have implemented efforts to conserve the use of natural resources and the use of environmentally friendly and renewable resources.

In the industrial sector, the guidelines used by the Ministry of Industry in encouraging or conducting an environmentally friendly assessment of an industry are based on 3 aspects, namely:

- Production processes, including raw materials and auxiliary materials, energy, water, process technology, products, human resources, and the work environment.
- Company Management, including production efficiency programs, community development, awards that have been received and management systems.
- Industrial environmental management, including meeting environmental quality standards, means of managing waste and emissions, and environmental management performance.

At present the provincial government of the Bangka Belitung Islands has not provided specific regulations for small and medium industry players that require environmentally friendly production activities in production inputs, processes and outputs. But the socialization has been carried out by the Provincial Government of the Bangka Belitung Islands to SMEs to carry out environmentally friendly production activities. But the medium industry has voluntarily carried out production activities that are environmentally friendly.

Characteristics of SMEs in the Province of Bangka Belitung Islands are as follows:

- Businesses that are run tend to be done only to survive.
- Low level of income.
- Very high business entry entries due to low business motivation.
- Mindset thinking "difficult crater" (lazy to move).
- Lack of market information for SMEs.
- Inadequate location and business legality.
- Lack of knowledge about the industry being undertaken.
- Weak entrepreneurial competence.
- Low competitiveness and product productivity.
- Simple product packaging.
- Lack of product standardization.
- Lack of promotion facilitation for businesses.

- Production equipment used is still manual / semi-automatic.

The IKM sector in the Bangka Belitung Islands Province is still dominated by Small Industries. An average number of small industries was 99 percent and an average number of medium industries was 1 percent. At present the small industry is still focused on producing distinctive products to consumers. Government support for SMIs is also still focused on the marketing strategy of these local products in order to have a position in the competition of local products in national and even international markets. The relatively small investment value is one of the obstacles for small industries to give priority to environmentally friendly production activities. But for medium-sized industries, they have begun to carry out environmentally friendly production activities by using the minimum amount of production materials that can pollute the environment and build waste disposal systems that do not have a negative impact on the environment.

The causes of IKM in the Bangka Belitung Islands Province have not carried out environmentally friendly production activities are as follows:

- IKM of Bangka Belitung Province still focuses on strengthening marketing.
- The concept of green industry is still voluntary.
- The government's efforts are only limited to the socialization of the importance of green industry for the processing industry.
- There is no regulation that requires SMIs to carry out green industry-based business activities.

One strategy that can be done to foster awareness of SMEs carrying out environmentally friendly production activities is by giving awards to environmentally friendly SMIs. However, socialization and coaching must be carried out intensively and continuously, before a regulation is drafted that requires SMIs to undertake environmentally friendly activities.

Following are the efforts that are being and will be carried out by the government:

- Green industry awards.
- Development of green industry standards.
- Green industry infrastructure development; accreditation committees, certification bodies, and green industry auditors.
- Green industry training.
- Promotion of green companies.
- Implementation of the green industry in the industry and increase industrial capacity in the framework of fulfilling environmental regulations and mandatory instruments.
- Compilation of regulations supporting the green industry.

V. CONCLUSIONS

Based on the research results, the following conclusions are obtained:

- Characteristics of Bangka Belitung SMEs still need time to shift towards green industries that are environmentally friendly, because of the low competitiveness and knowledge of the industry.
- The regional government endeavors to improve the skills of industry players related to good production processes and increase product competitiveness through training facilitation, equipment assistance, packaging and product promotion.

- Green industries must be developed by the government, industry players, the community and academics to form a strong environment and can support the formation of a green industry and go-green mindset in the community.

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