



Green Economy Sustainability on MSMEs: Connecting on Quality of Human Resources to Facilitate Green Development

Dwi Nurvania Edar¹, Muhammad Idrus Taba², Rahmat Riwayat Abadi³

^{1,2} Hasanuddin University, Makassar, Indonesia

³State University of Makassar, Makassar, Indonesia
edardn23a@student.unhas.ac.id

Abstract. This study aims to analyse the contribution of self-efficacy and passion for work to the success of the green economy in the sustainable MSME business sector. Self-efficacy is an individual's belief in their ability to achieve goals, while passion for work describes dedication and love for work. These two factors are essential in encouraging implementing environmentally friendly business practices in the MSME sector. This study uses a case study approach by reviewing relevant literature and secondary data related to the success of MSMEs in implementing green economy principles. The study results indicate that high self-efficacy encourages bolder decision-making in green innovation. At the same time, passion for work strengthens the commitment of business actors to long-term sustainability. These two factors contribute significantly to creating added value for businesses and strengthening the competitiveness of MSMEs in facing environmental and economic challenges. The implication of this study is the importance of developing internal capacity and motivation for MSME actors in supporting the success of a sustainable green economy.

Keywords: Business Success, Green Economy, Passion for Work, Self-Efficacy, Sustainable MSMEs.

1. Introduction

The concept of a green economy is increasingly becoming the focus of global policy in dealing with the environmental crisis and climate change. A green economy prioritizes sustainable economic growth while maintaining environmental sustainability. A report from the United Nations Environment Programme (UNEP) states that adopting a green economy can reduce carbon emissions in various developing countries through increased energy efficiency and the use of renewable resources [1]. This highlights the importance of multiple sectors, including micro, small, and medium enterprises (MSMEs), in encouraging the implementation of a green economy.

As a country rich in natural resources, Indonesia has taken significant steps to adopt a green economy, primarily through the MSME sector. Based on data from the Central Statistics Agency [2], MSMEs contribute around 61.97% of Indonesia's total Gross Domestic Product (GDP), and more than 97% of jobs in Indonesia are absorbed by this sector. On a local scale, such as in Makassar City, more than 60,000 MSMEs are spread across various sectors, including trade, services, and the creative industry [3]. Therefore, the transformation of MSMEs towards more sustainable practices is essential to protect the environment and strengthen their competitiveness and business resilience amidst global economic challenges.

Environmental sustainability has become a pressing global concern. The MSME sector must contribute to creating a sustainable economy through the implementation of environmentally friendly business practices. The concept of a green economy refers to an economic model that is inclusive, sustainable, and minimizes negative environmental impacts. However, the success of implementing a green economy in the MSME sector is highly dependent on the characteristics of the business actors themselves, including self-efficacy and passion for work.

Self-efficacy, or an individual's belief in their ability to complete a task, is essential in influencing entrepreneurs' decisions and innovations. High self-efficacy allows individuals to face challenges more confidently and take innovative risks [4]. In the context of MSMEs, self-efficacy encourages entrepreneurs to adopt environmentally friendly technologies and introduce sustainable business practices. A highly successful entrepreneurs are likelier to innovate using renewable energy and reducing waste emissions [5]

In addition to self-efficacy, passion for work also plays a significant role in driving the success of the green economy. Passion for work refers to the intrinsic drive that motivates individuals to innovate and

adapt to market demands that increasingly support environmentally friendly practices.

Entrepreneurs with harmonious passion tend to be more committed to green innovation and sustainable business practices [6]. This is reinforced by the study, which shows that passion for work mediates between self-efficacy and success in implementing the green economy [7].

However, the main obstacle MSMEs face in adopting a green economy is the need for knowledge and government support. A survey by the Makassar City Environmental Service [8] showed that 65% of MSMEs in Makassar admitted to difficulties implementing environmentally friendly practices due to limited knowledge, resources, and self-confidence. A study also emphasized that with adequate support from the government, MSMEs often find it easier to transform towards a green economy [9].

Based on this background, this study aims to analyze the contribution of self-efficacy and passion for work to the success of a green economy in the sustainable MSME sector. With a case study approach and literature review, this study is expected to provide deeper insights into how these two factors can contribute to achieving sustainability goals in the MSME sector.

In this context, strengthening psychological factors such as self-efficacy and passion for work among MSME actors is a crucial strategic step. In line with the findings that increasing self-efficacy and intrinsic motivation can strengthen business actors' commitment to sustainability and encourage green innovation [10]. Support from the government and related institutions, such as training and financial incentives, is also critical to ensure the adoption of a green economy in the Indonesian MSME sector.

This study aims to analyse the influence of self-efficacy and passion for work on the success of implementing a green economy in the MSME sector, especially in Makassar City. The results confirm that these two variables play an essential role in encouraging the adoption of environmentally friendly practices by MSME actors. This discussion will combine the findings with various relevant theoretical studies and explore the implications of the research results.

2. Study Literature

According to the United Nations Environment Programme, a green economy aims to improve human well-being and social equity while significantly reducing environmental risks [1]. This theory is based on a sustainability approach that focuses on economic growth, the efficient use of resources, and reducing negative impacts on the environment. In the context of MSMEs, implementing a green economy reduces waste, increases energy efficiency, and strengthens competitiveness by improving the company's image in the eyes of increasingly environmentally conscious consumers [11]. In Makassar, many MSMEs have begun to adopt sustainable practices such as reducing plastic use and utilizing renewable energy [3].

Green innovation is essential for MSMEs to adapt to environmental and social demands [12]. This study shows that green innovation, such as reducing waste and using clean energy, is a critical strategy for achieving long-term sustainability for MSMEs. This article also shows that although some MSMEs have initiated these steps, challenges still need to be addressed regarding their practical implementation.

MSMEs play a strategic role in driving the success of the green economy [5]. Based on the approach of development economic theory, MSMEs not only provide jobs and support the local economy but act as a motor of innovation that allows business actors to adapt to environmental and market changes [13]. Data from the Central Statistics Agency shows that the MSME sector contributes 61.97% to Indonesia's Gross Domestic Product (GDP) and absorbs more than 97% of the workforce [2]. In the context of the green economy, MSMEs have great potential to influence sustainability practices through environmentally friendly innovations that can improve operational efficiency and build a positive image [14]. Another research also confirms that MSMEs oriented towards sustainability are more resilient in facing economic and environmental crises [15].

Green marketing can significantly help MSMEs achieve cleaner and more environmentally friendly production [16]. Their study found that combining green marketing and cleaner production helps improve MSMEs' operational efficiency while meeting sustainability goals. This article highlights how MSMEs can leverage green marketing to create a competitive advantage and improve their environmental performance. The self-efficacy theory proposed states that individuals' belief in their ability to complete a task or achieve a specific goal influences how they face challenges and opportunities. In the context of MSMEs, self-efficacy is an essential factor influencing business actors in implementing sustainable business practices [4]. MSME actors with high self-efficacy tend to be more proactive in adopting environmentally

friendly practices and seeking innovative solutions to their challenges [17]. Self-efficacy as an essential mediator between a supportive work environment and innovation performance, ultimately affecting the success of green economy implementation [5].

This study also found that training programs provided by the government and non-governmental institutions play an essential role in increasing the self-efficacy of MSME actors. With this training, MSME actors in Makassar are more confident in innovating and adopting environmentally friendly technology [8]. The passion for work theory developed explained that passion can be divided into two types: harmonious and obsessive [6]. Harmonious passion is balancing work and personal life, encouraging innovation and creativity. On the other hand, obsessive passion often causes stress and dissatisfaction in the workplace. This study found that MSMEs with harmonious passion tend to be more committed to sustainability and environmentally friendly innovation, consistent with research [18].

A survey in Makassar City showed that MSMEs with a high passion for the environment were more enthusiastic about implementing green technology and sustainable practices. This shows that passion is vital in successfully implementing the green economy [7]. Intrinsic solid motivation business actors are a critical factor that drives them to continue innovating despite environmental and economic challenges.

This study found a significant relationship between self-efficacy, passion for work, and the success of green economy implementation. Combining high self-efficacy and a strong passion for work creates a conducive environment for innovation and sustainable decision-making. MSMEs with high self-efficacy and strong passion are more likely to succeed in implementing green economy practices [10]. In addition, a study found that passion for work can mediate the relationship between self-efficacy and the success of sustainability strategies, indicating the importance of intrinsic motivation in achieving success [14].

Government policy support is essential to encourage the transformation of MSMEs towards more sustainable practices. Training and capacity-building programs are important that increase MSME actors' self-efficacy and passion for work [18]. Policies such as tax incentives, access to funding, and the provision of green infrastructure also play an essential role in facilitating this transition [13]. In Makassar City, the government has launched several initiatives to help MSMEs access funding and training to improve their competitiveness in sustainability [3].

A research studied the circular economy in MSMEs. They found that green economic incentives and commitment to the environment significantly influence the implementation of circular economy practices in MSMEs [19]. This study underlines the importance of collaboration between the government, MSMEs, and the community to increase environmental awareness and encourage implementing a circular economy.

3. Methodology Research

This study uses a quantitative correlational approach to explore the relationship between self-efficacy, passion for work, and the success of green economy implementation in the MSME sector. This approach was chosen to understand how these variables interact and influence the success of green economy implementation simultaneously. The survey method was used to collect primary data from MSME owners or managers who participated in this study. The survey was chosen because this method allows for large-scale data collection and produces data that can be measured quantitatively [20]. In addition, this study uses a cross-sectional design, meaning that data is collected at one point to describe the relationship between the variables studied [21].

The population of this study was all MSMEs registered in Makassar City. According to the Makassar City Cooperative and MSME Service [3], more than 60,000 MSMEs operate in various economic sectors, from trade to the creative industry. This study uses a purposive sampling technique, with inclusion criteria that include MSMEs that; 1) Have been operating for at least two years, 2) Have adopted or are in the process of adopting green economy practices, such as waste reduction, energy efficiency, and use of renewable energy, and 3) Be owned or managed by individuals who are directly involved in decision-making related to business sustainability.

The selected sample size was 250 respondents, which is estimated to be sufficient to produce generalizable results in this study. The number of samples was determined using the Slovin formula, with a margin of error of 5% and a confidence level of 95%, which provides an adequate sample size for statistical analysis [22].

Data was collected through a structured questionnaire designed based on a literature review related to self-efficacy, passion for work, and the success of the green economy. The questionnaire was divided into three parts. The first is self-efficacy, measured using the General Self-Efficacy Scale developed [23], which is validated and used in various entrepreneurship studies. This scale consists of 10 items with a 5-point Likert scale (1= strongly disagree, 5= strongly agree). The reliability of this instrument was measured through Cronbach's alpha, which has previously shown a reliability value of 0.82, indicating high internal consistency.

Passion for Work: Measured using the Passion Scale [6], which consists of two subscales: harmonious passion and obsessive passion. This scale consists of 14 items measured on a 5-point Likert scale. Previous research has shown that this subscale has a Cronbach's alpha value of 0.86 for harmonious passion and 0.79 for obsessive passion, indicating good reliability [6]. Success of Green Economy Implementation: This scale was developed based on sustainability indicators such as energy efficiency, waste reduction, and carbon emission reduction, adapted from the UNEP green economy framework [1]. The scale consists of 10 items using a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). The construct validity of this instrument will be tested using exploratory factor analysis (EFA) to ensure that this instrument effectively measures the success of green economy implementation.

Data collection was carried out in two stages, namely, a trial of the instrument before the questionnaire was distributed, and the trial was carried out on 30 respondents to ensure that the questionnaire could be clearly understood and reliable. This trial allows researchers to improve the instrument if difficulties or ambiguities are found in the questions. Then, the primary data collection: The main data collection was carried out over three months (June to August 2024). The questionnaire was distributed directly to MSMEs through trained enumerators and online questionnaires to reach respondents who were physically demanding access. Enumerators provided an initial explanation of the purpose of the study and ensured that respondents understood the contents of the questionnaire. In addition, informed consent was given to respondents to ensure that their participation in this study was voluntary and that their data would be kept confidential.

4. Result and Discussion

4.1 Analysis and Results

Of the 250 questionnaires distributed, 215 complete and valid questionnaires were returned, resulting in an 86% response rate. Table 1 presents the demographic characteristics of the respondents.

Table 1. Demographic Characteristics of Respondents

Characteristics	Number of Respondents	Percentage (%)
Gender		
Man	125	58.1
Woman	90	41.9
Ages		
20-30 years	70	32.6
31-40 years	80	37.2
more than 40 years	65	30.2
Length of Business		
less than 2 years	30	14.0
2-5 years	90	41.9
more than 5 years	95	44.1

Business Sector		
Food & Drink	90	41.9
Craft	65	30.2
Fashion	60	27.9

Source: Primary data process (2024)

The descriptive analysis results showed that respondents' average self-efficacy was 3.85 (SD = 0.52). In contrast, passion for work showed an average score of 4.10 (SD = 0.45), and success in the green economy showed an average of 3.95 (SD = 0.50). These values indicate that respondents have high confidence in their abilities, a strong passion for their work, and feel that they have succeeded in implementing green economy practices.

The results of the validity test show that all items in the questionnaire have a loading factor greater than 0.5, thus meeting the validity requirements. The reliability test results using Cronbach's Alpha show a high-reliability value, with each variable as follows: Self-efficacy: $\alpha = 0.86$, Passion for work: $\alpha = 0.89$, and Success of the green economy: $\alpha = 0.84$. This value indicates that the research instrument has high internal consistency and that its validity is adequate for this study.

Multiple regression analysis was conducted to test the effect of self-efficacy and Passion for work on the success of the green economy. The results are presented in Table 2.

Table 2. Multiple Regression Analysis Results

Variable	Regression Coefficient	Std. Error	t	p
(Constanta)	0.56	0.12	4.67	0.000
Self-Efficacy	0.35	0.07	4.97	0.000
Passion for Work	0.42	0.09	4.67	0.000

Source: Primary data process (2024)

The regression model shows that self-efficacy ($\beta = 0.35, p < 0.001$) and passion for work ($\beta = 0.42, p < 0.001$) have a significant positive effect on the success of the green economy. This model explains about 48% of the variance in the success of the green economy ($R^2 = 0.48$), indicating that these two variables can explain almost half of the variation in the success of green economy implementation. Mediator analysis was conducted to test whether passion for work mediates the relationship between self-efficacy and the success of the green economy. The results of the bootstrapping analysis showed that passion for work functions as a partial mediator. The mediating effect index was obtained at 0.15 ($p < 0.01$), indicating that passion for work increases the influence of self-efficacy on the success of the green economy. This means that when business actors have a high passion for their work, the positive effect of self-efficacy on the success of the green economy is strengthened.

4.2 Finding and Discussion

The results of this study indicate that self-efficacy, or an individual's belief in their abilities, significantly influences the success of implementing a green economy in the MSME sector. This finding is consistent with theory [4], which states that individuals with high self-efficacy tend to be more able to face challenges and are more successful in completing assigned tasks. In this context, MSME entrepreneurs with high self-efficacy are more proactive in implementing sustainable practices [24], such as waste reduction and energy efficiency.

Previous research [12, 25] also showed that self-efficacy is positively correlated with innovation and business success. Therefore, increasing self-efficacy through training and mentoring programs that focus on managerial and technical skills is an effective strategy to encourage the success of green economy implementation in MSMEs.

The results of this study also show that passion for work plays a vital role in the success of green economy implementation [26]. Entrepreneurs with high passion, especially harmonious passion, tend to be more committed to sustainable practices. This is consistent with the theory [6], which states that harmonious

passion encourages individuals to be more creative and motivated in their work without causing imbalance or excessive stress.

MSME actors who have harmonious passion are more open to innovation and can better adapt to changes in sustainable business practices [11, 16]. In contrast, obsessive passion, identified as having a lower correlation in this study, tends to cause business actors to focus on results without paying attention to processes that support sustainability.

5. Conclusion

This study confirms the importance of self-efficacy and passion for work in successfully implementing the green economy in the MSME sector in Makassar City. Self-efficacy is proven to significantly influence business actors' ability to face sustainability challenges. Meanwhile, passion for work, especially harmonious passion, strengthens business actors' commitment to environmentally friendly practices. These results provide essential insights for government policies that support the development of the green economy by increasing the capacity and motivation of MSME actors.

This study has several limitations that need to be considered. First, using a cross-sectional design limits the ability of this study to draw causal conclusions. Therefore, longitudinal research is needed to track changes in self-efficacy and passion for work over time and how these changes affect the success of the green economy. Second, this study is limited to the context of Makassar City, so the generalization of the results to other areas may be limited. Future research can expand the geographical scope and use a comparative approach to explore whether similar findings apply in other regions. Furthermore, in exploring further research, researchers can identify other factors such as social support, government regulations, and market dynamics that influence the success of the green economy, as well as the influence of local culture on self-efficacy and passion for work in implementing the green economy in various regions.

This study provides several important practical implications for the government and policymakers, namely training programs designed to improve self-efficacy and passion for work that can help MSMEs better prepare themselves to face challenges in the green economy sector. Training can include business management, environmentally friendly product innovation, and sustainable marketing strategies. Then, the government needs to provide support in the form of policies and incentives that encourage MSMEs to implement sustainable practices, such as technical assistance, access to funding, and ease of business licensing that supports the green economy and the formation of MSME communities that focus on green economy practices can increase collaboration and knowledge sharing, which in turn can increase self-efficacy and passion for work for business actors.

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