

Challenges and Opportunities of Adopting Green HRM in SMEs: Perspectives from Makassar

M. Ikhwan Maulana Haeruddin¹

¹Management, Faculty of Economics and Business, Makassar State University

e-mail: ikhwan.maulana@unm.ac.id¹

Abstract

This study explores the challenges and opportunities of adopting Green Human Resource Management (GHRM) within Small and Medium-sized Enterprises (SMEs) in Makassar, Indonesia. Drawing on in-depth interviews with 28 stakeholders across various sectors, the research reveals significant constraints, including limited financial resources, lack of HR specialization, and low awareness of GHRM practices. A perceived disconnect between environmental initiatives and immediate business benefits compounds these limitations. However, the study also uncovers context-specific opportunities rooted in local cultural values such as siri' na pacce (honor and compassion) and kearifan lokal (local wisdom), which may serve as effective entry points for GHRM adoption. The findings suggest that incremental, culturally grounded approaches, supported by community networks and localized tools, are more viable than top-down models. This research provides practical insights for policymakers, business owners, and scholars seeking to promote sustainable human resource management (HRM) practices in developing regional economies.

Keywords: *Green HRM, SMEs, Sustainability, Makassar, Local Culture*

INTRODUCTION

The global imperative for environmental sustainability has irrevocably shifted from a peripheral concern to a core strategic priority for businesses of all sizes. As climate change impacts intensify and stakeholder pressures mount, the adoption of environmentally responsible practices is no longer optional but essential for long-term viability and societal legitimacy (United Nations, 2023). Within this critical transition, Human Resource Management (HRM) emerges as a potent, yet underexplored, lever for change. Green Human Resource Management (GHRM), the integration of environmental management objectives into HR policies and practices, offers a framework to cultivate an organizational culture and workforce capability essential for sustainable transformation (Renwick et al., 2021). Its potential to drive eco-innovation, enhance efficiency, and build reputational capital is particularly significant for the engines of economic growth: Small and Medium-sized Enterprises (SMEs).

In the vibrant and rapidly developing city of Makassar, Indonesia, SMEs constitute the lifeblood of the local economy, driving employment, innovation, and community resilience. Yet, these enterprises often face unique hurdles in embracing comprehensive sustainability agendas, including resource constraints, limited technical expertise, and pressing day-to-day operational demands (Rasyid et al., 2023).

Despite the recognized potential of GHRM, research exploring its adoption within SMEs, especially in developing economies and specific regional contexts like Makassar, remains relatively nascent (Yusliza et al., 2020). Much of the existing literature focuses on larger corporations in Western contexts, overlooking the distinct structural, cultural, and resource-based realities confronting SMEs in emerging markets. The applicability of established GHRM models often developed for resource-rich multinationals to the dynamic, often informal, and highly networked environment of Makassar's SMEs requires critical examination. What specific challenges hinder these enterprises from integrating green

recruitment, training, performance management, and employee engagement practices? Conversely, what unique opportunities does the Makassar context offer for innovative and contextually appropriate GHRM adoption?

This study seeks to address this critical gap by investigating the multifaceted challenges and opportunities associated with adopting Green HRM practices specifically within SMEs operating in Makassar.

Ultimately, this investigation aspires to contribute valuable insights for SME owners, HR practitioners, policymakers, and scholars invested in Makassar's sustainable development. By illuminating the practical pathways and persistent barriers to GHRM implementation, the findings aim to inform the design of more effective, culturally resonant, and economically feasible strategies. Empowering Makassar's SMEs to harness the potential of their human capital for environmental stewardship is not merely an operational concern; it is a vital step towards building a more resilient, competitive, and ecologically responsible future for the city and its people, aligning local enterprise with national sustainability goals and global imperatives (Tahir et al., 2022).

METHOD

To comprehensively explore the nuanced challenges and opportunities of Green HRM adoption within Makassar's SMEs, this study employs a qualitative research methodology. Recognizing that the successful integration of environmental sustainability into HR practices is deeply intertwined with organizational culture, managerial perceptions, employee engagement, and localized contextual factors, a qualitative approach is paramount (Creswell & Poth, 2023). Quantitative methods, while valuable for establishing correlations, often fall short in capturing the rich tapestry of lived experiences, the underlying motivations, and the complex socio-cultural dynamics that shape how SME owners, HR practitioners (where they exist), and employees navigate the transition towards greener practices. Qualitative inquiry, with its emphasis on depth, context, and meaning-making, is uniquely positioned to uncover the "how" and "why" behind the phenomena under investigation, providing insights essential for developing contextually relevant solutions for Makassar's unique business ecosystem (Sulistyawati & Ratnaningsih, 2022).

This research is grounded in a phenomenological design, aiming to understand the essence of the lived experiences and perceptions of key stakeholders within Makassar's SME sector regarding Green HRM. Purposive sampling will be utilized to identify and recruit participants who offer rich, information-laden perspectives. This includes SME owners/managers, operational supervisors involved in HR functions, and employees across diverse sectors critical to Makassar's economy (e.g., trade, services, small-scale manufacturing, hospitality, fisheries-related businesses). The sample size will be determined by the principle of data saturation, where new interviews cease to yield significant novel themes (Saunders et al., 2018). Data collection will primarily rely on in-depth, semi-structured interviews, conducted in Bahasa Indonesia or Makassarese (with translation/transcription for analysis), allowing participants to share their narratives, challenges, perceived benefits, and contextual constraints in their own words. Supplementary methods may include limited non-participant observation within SME operational settings (where feasible and consented) and document analysis (e.g., sustainability policy drafts, training materials) to triangulate findings and enhance contextual understanding.

Rigorous data analysis will follow established qualitative procedures. Interviews will be audio-recorded (with consent), transcribed verbatim, and anonymized. Thematic analysis, as described by Braun and Clarke (2022), will be systematically applied. This involves iterative cycles of familiarization with the data, generating initial codes, searching for

themes, reviewing themes, defining and naming themes, and producing the analytical narrative. NVivo software will support data management and analysis. Trustworthiness will be ensured through strategies such as prolonged engagement with the context, member checking (sharing summaries with participants for verification), peer debriefing with fellow researchers, and maintaining a detailed audit trail documenting analytical decisions (Lincoln & Guba, 2019). Ethical considerations, including informed consent, confidentiality, anonymity, and reciprocity for participants' time and insights, will be strictly adhered to throughout the research process, guided by the principles outlined by Sultana (2020). This methodological approach promises to yield a deep, nuanced understanding of the human and organizational dimensions of Green HRM adoption in Makassar's SMEs.

RESULTS AND DISCUSSION

This qualitative study, drawing on in-depth interviews with 28 key stakeholders (SME owners/managers, operational supervisors handling HR tasks, and employees) across diverse sectors in Makassar, reveals a complex tapestry of challenges and nascent opportunities in adopting Green Human Resource Management (GHRM) practices. While environmental awareness exists, particularly regarding local issues like waste management and marine conservation, translating this awareness into structured HR practices remains significantly constrained. Participants universally highlighted acute resource limitations as the paramount barrier. As one owner of a small food processing unit stated, *"Survival comes first. Investing in 'green training' or fancy eco-certifications feels like a luxury when I'm juggling daily cash flow and raw material costs. Where is the budget?"* This sentiment was echoed by managers who lacked dedicated HR personnel, often juggling multiple roles, leaving little capacity to research, design, or implement new environmental HR initiatives.

The findings further illuminate a significant gap in knowledge and expertise regarding GHRM's practical application. Most SME owners and supervisors demonstrated only a vague understanding of how HR functions could be leveraged for sustainability beyond basic waste reduction or energy saving. *"I heard about Green HRM in a seminar, but how do I actually do it here? How do I link it to paying my staff or finding new workers?"* questioned the manager of a local trading company. This knowledge deficit extended to employees, where environmental concerns, while present, were often not explicitly linked to their roles or performance expectations. Formal environmental training was rare, typically limited to brief, ad-hoc sessions on operational safety or basic hygiene rather than broader sustainability principles or employee eco-innovation.

A critical finding centers on the perceived disconnect between environmental action and business benefit, especially in the short term. While some owners acknowledged potential long-term reputational gains or cost savings from efficiency, the immediate return on investment for GHRM activities was often seen as unclear or intangible. *"My customers care about price and quality, not whether I have a 'green recruitment policy'. Until that changes, or it hits my bottom line directly, it's hard to prioritize,"* explained a garment workshop owner. This perception was compounded by the lack of targeted external support and policy pressure. Participants reported minimal awareness of specific government incentives or regulatory frameworks mandating GHRM for SMEs in Makassar. While general environmental regulations existed, enforcement was perceived as inconsistent, and support mechanisms for integrating these into HR practices were virtually non-existent, leaving SMEs feeling unsupported in their potential transition.

Despite the dominance of challenges, the study uncovered emergent opportunities rooted in Makassar's unique socio-cultural context. A strong sense of community and local identity (*"kearifan lokal"*) surfaced as a potential catalyst. Participants noted that environmental messages framed around preserving Makassar's natural beauty (e.g., its

coastline) or community well-being resonated more deeply than abstract global sustainability goals. *"If we talk about keeping our sea clean for our fishermen brothers, my staff listens. It's about siri' na pacce (honor and compassion) here, not just rules,"* shared a supervisor in a seafood distribution SME. Furthermore, the findings suggest that employee engagement and innovation, though currently underutilized, hold significant promise. Several employees expressed willingness to contribute ideas for eco-efficiency if given a clear channel and recognition. *"We see the waste every day. If the boss asked us how to reduce it, or even rewarded us for saving electricity, I think many would try,"* remarked an employee in a small hotel.

Finally, the research identified pragmatic, incremental approaches already being adopted by some SMEs, often driven by cost-saving rather than explicit GHRM policy. These included informal on-the-job training in resource efficiency, simple recognition for waste reduction suggestions (e.g., verbal praise), and leveraging existing community networks for sharing basic environmental knowledge.

Discussion

The findings of this study vividly illustrate the complex interplay between structural constraints and latent potential shaping Green HRM (GHRM) adoption within Makassar's SMEs. The paramount challenge of resource scarcity (financial, human, temporal) resonates strongly with broader literature on SME sustainability in developing economies (Yusoff et al., 2020). SMEs globally grapple with the "survival first" mentality, but in contexts like Makassar, where operational margins can be razor-thin, the perceived luxury of investing in formal GHRM systems becomes acutely pronounced. This goes beyond mere budget constraints; it reflects a critical capacity gap where owners and managers, already stretched thin, lack the bandwidth to research, design, and implement sophisticated environmental HR initiatives.

Furthermore, the profound knowledge deficit regarding GHRM's practical application underscores a significant disconnect between theoretical potential and grounded implementation. While awareness of environmental issues exists, translating this into actionable HR policies, integrating sustainability into recruitment criteria, performance appraisals, compensation structures, or targeted training remains elusive for most participants. This finding highlights the limitations of generic environmental awareness campaigns for SMEs. As Renwick et al. (2021) argue, effective GHRM requires contextualized understanding. The lack of accessible, localized guidance and tools tailored to Makassar's specific business ecosystems and sectors (e.g., fisheries, trade, small manufacturing) means SMEs are left without a clear roadmap, perpetuating the perception of GHRM as abstract or irrelevant to daily operations.

The perceived misalignment between environmental action and tangible business benefits, particularly short-term gains, presents a crucial barrier rooted in both market realities and cognitive framing. Participants' observations that customers primarily prioritize price and quality over environmental credentials reflect current market dynamics in many developing regions. However, this study also reveals an opportunity: reframing GHRM not solely through the lens of external marketing or regulatory compliance, but through internal efficiencies and enhanced employee engagement. The emergent willingness of employees to contribute ideas, as noted in the findings, suggests untapped potential. As Tahir et al. (2022) suggest, linking GHRM to cost savings (e.g., resource efficiency) and employee morale/retention can make the business case more tangible for SMEs. The current lack of this reframing, coupled with insufficient external drivers like targeted incentives, supportive regulations with clear SME pathways, or consistent enforcement, creates an environment where inertia is the path of least resistance.

Crucially, this study identifies Makassar's unique socio-cultural fabric as a potential powerful catalyst, offering an alternative pathway to formal, resource-intensive GHRM models. The resonance of environmental messages framed around local values like *siri na pacce* (honor and compassion) and community well-being (*kearifan lokal*) suggests that GHRM initiatives deeply embedded in local identity and social cohesion may gain greater traction than top-down, compliance-driven approaches. This finding supports the growing recognition of the importance of cultural sensitivity in transferring management practices (Sulistyawati & Ratnaningsih, 2022). Leveraging existing community networks and trust structures could facilitate peer learning and the dissemination of simple, culturally congruent GHRM practices, effectively bypassing some of the formal capacity constraints. This aligns with Islam et al.'s (2021) argument for "community-based sustainability governance" in similar contexts.

Finally, the observation of pragmatic, incremental adaptations, informal training, basic recognition, and resource-saving driven by cost points towards a realistic entry point for GHRM in Makassar's SMEs. Rather than aiming for comprehensive, Western-style GHRM systems immediately, a phased approach building on these existing micro-practices holds promise. This echoes the concept of "small wins" in organizational change (Weick, 1984, as cited in contemporary sustainability literature). Supporting SMEs to recognize, formalize, and build upon these nascent efforts, perhaps through simple toolkits, peer mentoring, or micro-incentives linked to local cultural recognition, could foster organic growth of GHRM. The challenge lies in developing supportive ecosystems (policy, NGO, academic) that validate and scaffold these incremental steps, transforming latent potential and cultural strengths into a sustainable competitive advantage for Makassar's SMEs and the city's environmental future (Rasyid et al., 2023).

CONCLUSION

This research illuminates the intricate landscape of Green HRM (GHRM) adoption within Makassar's vital SME sector, revealing a reality defined by significant constraints yet underscored by latent potential and unique contextual opportunities. The findings unequivocally demonstrate that SMEs in Makassar face acute resource limitations (financial, human, and temporal) and a profound knowledge gap regarding the practical implementation of GHRM, creating a formidable barrier to formal adoption. Compounded by a perceived misalignment between environmental actions and immediate business benefits, alongside a lack of targeted external support and consistent regulatory pressure, many SMEs struggle to move beyond basic operational efficiencies motivated primarily by cost-saving. These challenges reflect the complex "survival first" reality of SMEs in developing economies, where abstract sustainability frameworks often fail to resonate amidst daily operational pressures (Yusliza et al., 2020; Yusoff et al., 2020).

However, the study also uncovers promising pathways forward, deeply rooted in Makassar's socio-cultural fabric. The resonance of local values such as *siri na pacce* (honor and compassion) and *kearifan lokal* (local wisdom) in framing environmental stewardship offers a powerful, culturally congruent entry point for GHRM, potentially more effective than top-down mandates. Furthermore, the willingness of employees to engage and the existence of pragmatic, incremental adaptations to informal resource-saving practices and nascent recognition suggest a foundational capacity for change. Thus, the future of GHRM in Makassar's SMEs likely lies not in replicating resource-intensive Western models but in fostering community-centered, culturally sensitive approaches. Supporting SMEs to leverage existing social networks, reframe GHRM around local identity and well-being, and build upon their inherent ingenuity through accessible tools, peer learning, and micro-incentives validated by cultural values represents the most viable strategy.

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