

## THE EFFECT OF GREEN HUMAN RESOURCE MANAGEMENT ON BUSINESS SUSTAINABILITY THROUGH COMPETITIVE ADVANTAGE IN MSMEs IN DKI JAKARTA

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### Abstract:

Indonesia has environmental problems from year to year, which is still one of the main problems that must be faced. Awareness of the environment also triggers many companies to use environmentally friendly concepts as one of their company management policies. This study aims to examine and analyze The Effect Of Green Human Resource Management On Business Sustainability Through Competitive Advantage In MSMEs In DKI Jakarta. The sample of this study was 212 respondents using an accidental sampling technique using the hair formula calculation due to the unknown population. The research method used is quantitative with SEM-PLS. The results show that: Green Recruitment has a significant effect on Business Sustainability; Green Training has a positive and significant effect on Business Sustainability; Green Performance Assessment has a positive and significant effect on Business Sustainability; Green Compensation and Rewards have no significant effect on Business Sustainability; Competitive Advantage has a significant effect on Business Sustainability; Green Recruitment has no significant effect on Competitive Advantage; Green Training has a positive and significant effect on Competitive Advantage; Green Performance Assessment has a positive and significant effect on Competitive Advantage; Green Compensation and Reward has a positive and significant effect on Competitive Advantage; Competitive Advantage does not mediate the effect of Green Recruitment on Business Sustainability; Mediating Competitive Advantage the effect of Green Training on Business Sustainability; Mediating Competitive Advantage effect of Green Performance Assessment on Business Sustainability; Mediating Competitive Advantage the effect of Green Compensation and Reward on Business Sustainability.

**Keywords:** Green Human Resource Management, Competitive Advantage, Business Sustainability.

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## INTRODUCTION

Indonesia has environmental problems from year to year, which is still one of the main problems that must be faced. Data shown by the Environmental Performance Index in 2020 still shows that Indonesia is in the 116th position out of 180 countries with an index value of 37.2, which means that Indonesia is still too far from neighboring countries such as Singapore and Malaysia, which are in 39th and 68th positions. With the results of this survey, the slump in environmental problems has led to an increase in public awareness of environmental concerns. One evidence of increased environmental awareness today is going green or environmentally friendly (Irwan & Anindita, 2022).

Green HRM has a vital role in developing environmentally friendly practices in organizations, and over the past few years, interest in Green HRM has increased (Bombiak & Marciniuk, 2018). According to Kramar in Bombiak & Marciniuk (2018), Green HRM enhances the role of HRM in realizing the concept of sustainable development. Human resource management presents itself as a way to achieve sustainable competitive Advantage. Dumont, Shen, and Deng (2017) in Almada & Borges, 2018 found that Green HRM can influence employees' environmentally friendly behavior depending on their social and psychological processes. HRM should be strategically aligned with the sustainable perspective that the organization wants to develop.

Micro, Small, and Medium Enterprises (MSMEs) are an economic sector that is vital to economic growth in Indonesia. As the leading actor in micro, small, and medium enterprises (MSMEs), labor needs to understand environmental management as one aspect to increase business productivity. MSME labor management has yet to involve environmental aspects and focuses on labor competence (Astuti & Wahyuni, 2018). MSME labor management does not involve environmental aspects; many still focus on labor competence alone (Putra et al., 2020). As the central department that deals with and communicates with the workforce, the human resources department is best positioned to influence employee changes and organizational attitudes toward integrating Green Practices.

Research conducted by Nawangsari & Sutawijaya (2021) said that Micro, Small, and Medium Enterprises (MSMEs) are one of the critical economic elements for the economic growth of society and are a type of business that can absorb much labor due to their labor-intensive nature. Quality human resources (HR) and global competitiveness are very important for the success of MSMEs. For this reason, HR Management is needed so that each individual who works can make an optimal contribution to MSMEs. Research from Nawangsari & Sutawijaya (2021) aims to analyze the effect of Green HRM on competitive Advantage and business sustainability in MSMEs in Bukittinggi - West Sumatra where the results of the study prove that the implementation of good Green HRM will affect competitive Advantage and business sustainability in MSMEs in Bukittinggi.

In this research, several problem identifications arising in MSMEs in DKI Jakarta were obtained, including 1) DKI Jakarta MSMEs still need to implement Green HRM fully, and 2) Business continuity in DKI Jakarta MSMEs still needs to be Thus, based on the results of the Pre-Survey and the phenomena that occur, the authors are interested in examining the influence of "The Effect of Green Human Resource Management on Business Sustainability through Competitive Advantage in DKI Jakarta MSMEs."

Yong et al. (2020) in their study examined the effect of green HRM practices (i.e., green analysis and job description, green recruitment, green selection, green training, green performance assessment, and green rewards) on Business Sustainability, using the RBV theoretical basis, and bridged a critical research gap in the literature. The research findings reveal that only Green Recruitment and Green Training have a positive role in business sustainability. In their research, Nawangsari & Sutawijaya (2021) revealed that Green Recruitment has a significant positive effect on Business Sustainability. Based on the explanation above, the hypotheses in this study are:

Hypothesis 1: Green Recruitment significantly affects Business Sustainability in DKI Jakarta MSMEs.

Amjad et al. (2020) show that there is a significant effect of Green Training on Business Sustainability. Then, Wulandari & Nawangsari (2021) in their research also show that Green Training has a positive and significant effect on Business Sustainability. Based on the explanation above, the hypotheses in this study are:

Hypothesis 2: Green Training significantly affects Business Sustainability in DKI Jakarta MSMEs.

Green Performance Appraisal or green performance appraisal in Almada & Borgers' research (2018) positively affects organizations achieving Business Sustainability. Meanwhile, research by Wulandari & Nawangsari (2021) states that Green Performance Appraisal does not significantly affect Business Sustainability. Based on the explanation above, the hypotheses in this study are:

Hypothesis 3: Green Performance Appraisal significantly affects Business Sustainability in DKI Jakarta MSMEs.

In their research, Wulandari & Nawangsari (2021) found that Green Compensation and Rewards have a positive and significant effect on Business Sustainability. Amjad et al. (2020) also suggested that Green Compensation and Rewards significantly affect Business Sustainability. Meanwhile, Yong et al. (2019) stated that Green Compensation and Rewards do not significantly affect business sustainability. Based on the explanation above, the hypotheses in this study are:

Hypothesis 4: Green Compensation and Rewards significantly affect Business Sustainability in DKI Jakarta MSMEs.

Competitive strategy as a competitive advantage at the 5% level has a significant and positive impact on business excellence, according to the findings of Ali & Anwar (2021). This strategy can create an advantage over competitors at the same time as the organization optimizes the use of resources. Based on the explanation above, the hypotheses in this study are Hypothesis 5: Competitive Advantage has a significant effect on Business Sustainability in DKI Jakarta MSMEs.

According to Nawangsari & Sutawijaya (2019), the results of their research show that Green Recruitment does not influence Competitive Advantage. However, Gharibeh (2019) suggests that Green Recruitment positively affects increasing competitive Advantage. In addition, Muisy et al. (2021) also stated in their research that Green Recruitment has a significant positive effect on the company's Competitive Advantage. Based on the explanation above, the hypotheses in this study are:

Hypothesis 6: Green Recruitment significantly affects the Competitive Advantage of DKI Jakarta MSMEs.

In their research, Almada et al. (2018) found that Green Training has a positive effect in helping organizations achieve competitive Advantage. From a program perspective, Green Training is a critical capability that drives organizations toward competitive Advantage. Meanwhile, Nawangsari & Sutawijaya (2019) said in their research that Green Training has no influence on Competitive Advantage. Based on the explanation above, the hypotheses in this study are:

Hypothesis 7: Green Training significantly affects the Competitive Advantage of DKI Jakarta MSMEs.

In their research journal, Nawangsari & Sutawijaya (2021) said that Green performance appraisal affects competitive Advantage. Performance appraisals carried out professionally and adequately can increase employee loyalty and motivation to increase superior company resources. Based on the explanation above, the hypotheses in this study are:

Hypothesis 8: Green Performance Appraisal significantly affects the Competitive Advantage of DKI Jakarta MSMEs.

Green Compensation and Rewards affect competitive Advantage, according to Nawangsari & Sutawijaya (2021). Almada & Borgers (2018) also said that Green compensation and rewards have a positive effect in helping organizations achieve competitive Advantage. Based on the explanation above, the hypotheses in this study are:



Hypothesis 9: Green Compensation and Rewards significantly affect the Competitive Advantage of DKI Jakarta MSMEs.

In their research, Nawangsari & Sutawijaya (2021) suggested that Green Recruitment affects Business Sustainability through Competitive Advantage. Based on the explanation above, the hypotheses in this study are:

Hypothesis 10: Green Recruitment significantly affects Business Sustainability in DKI Jakarta MSMEs through Competitive Advantage.

His research found that Green Training affects Business Sustainability through Competitive Advantage (Nawangsari & Sutawijaya, 2021). Based on the explanation above, the hypotheses in this study are:

Hypothesis 11: Green Training significantly affects Business Sustainability in DKI Jakarta MSMEs through Competitive Advantage.

Nawangsari & Sutawijaya (2021) also found that Green Performance Appraisal affects Business Sustainability through Competitive Advantage. Based on the explanation above, the hypotheses in this study are:

Hypothesis 12: Green Performance Appraisal significantly affects Business Sustainability in DKI Jakarta MSMEs through Competitive Advantage.

In their research, Nawangsari & Sutawijaya (2021) suggested that Green Compensation and Rewards influence Business Sustainability through Competitive Advantage. Based on the explanation above, the hypotheses in this study are:

Hypothesis 13: Green Compensation and Rewards have a significant effect on Business Sustainability in DKI Jakarta MSMEs through Competitive Advantage

## METHODS

The data obtained uses quantitative data that is structured. This study aims to test hypotheses about the effect of one or several variables on other variables with statistical tests. Where this study aims to determine the effect of Green Human Resource Management on Business Sustainability through Competitive Advantage in DKI Jakarta MSMEs.

The population in this study were all MSME players in DKI Jakarta. In this study, sampling uses accidental sampling techniques because the population is not limited. Hair et al. (2010) explain that the number of samples as respondents must be adjusted to the number of question indicators used in the questionnaire, assuming  $n \times 5$  observed variables (indicators) to  $n \times 10$  observed variables (indicators). The number of samples in this study was

$$\begin{aligned} \text{Total Sample} &= \text{Indicator} \times 5 \\ &= 40 \times 5 \\ &= 200 \end{aligned}$$

## RESULT AND DISCUSSION

Hypothesis testing uses full model structural equation modeling (SEM) analysis with bright, please. In the full model structural equation modeling, in addition to confirming the theory, it also explains whether or not there is a relationship between latent variables. The hypothesis is said to be accepted if the T statistical value is greater than the T table and to reject or accept the hypothesis using the probability value; if the P-value  $< 0.05$ , then  $H_a$  will be accepted, which means if:

- $H_0$  is accepted, and  $H_a$  is rejected if the t-statistic value is smaller than the t-table value (t-statistic  $< 1.66$ ).
- $H_0$  is rejected, and  $H_a$  is

c. accepted if the t-statistic value is greater than or equal to the t-table (t-statistic > 1.66).

**Table 1.** T-Statistics Results (Bootstrapping) Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Ket.
Green Recruitment (X1) -> Competitive Advantage (Y1)	-0,042	-0,041	0,084	0,503	<b>0,615</b>	No significant effect
Green Training (X2) -> Competitive Advantage (Y1)	0,355	0,357	0,078	4,565	<b>0,000</b>	Positive and significant effect
Green Performance Appraisal (X3) -> Competitive Advantage (Y1)	0,333	0,329	0,082	4,085	<b>0,000</b>	Positive and significant effect
Green Compensation and Reward (X4) -> Competitive Advantage (Y1)	0,311	0,312	0,060	5,151	<b>0,000</b>	Positive and significant effect
Green Recruitment (X1) -> Business Sustainability (Y2)	0,302	0,305	0,087	3,469	<b>0,001</b>	Positive and significant effect
Green Training (X2) -> Business Sustainability (Y2)	0,198	0,208	0,096	2,073	<b>0,039</b>	Positively influenced and significant
Green Performance Appraisal (X3) -> Business Sustainability (Y2)	0,196	0,194	0,089	2,200	<b>0,028</b>	Positive and significant effect
Green Compensation and Reward (X4) -> Business Sustainability (Y2)	0,122	0,120	0,065	1,889	<b>0,059</b>	No significant effect
Competitive Advantage (Y1) -> Business Sustainability (Y2)	0,141	0,134	0,063	2,246	<b>0,025</b>	Positive and significant effect

Source: Data Processing with SmartPLS, 2023

Table 1. which shows the results of T-Statistics (Bootstrapping) Direct Effect, several hypothesis testing results are obtained, including:

a) Table 4.13 shows that the path coefficient value is -0.042, the t-statistic value is 0.503 < 1.66) and the P-Values value = 0.615 >  $\alpha = 0.05$ . This means that the Green Recruitment variable (X1) has no

positive and insignificant effect on the Competitive Advantage variable (Y1). Thus the hypothesis (H6) in this study, which states that "Green Recruitment (X1) has a positive and significant effect on Competitive Advantage (Y1)," is rejected.

b) The Effect of Green Training (X2) on Competitive Advantage (Y1)

Table 4.13 shows that the path coefficient value is 0.355, the t-statistic value is  $4.565 > 1.66$  and the P-Values value =  $0.000 < \alpha = 0.05$ . This means that the Green Training variable positively and significantly affects the Competitive Advantage variable. Thus the hypothesis (H7) in this study, which states that "Green Training has a positive and significant effect on Competitive Advantage," is accepted.

c) Hypothesis of the Effect of Green Performance Appraisal (X3) on Competitive Advantage (Y1)

Table 4.13 shows that the path coefficient value is 0.333, the t-statistic value is  $4.085 > 1.66$  and the P-Values value =  $0.000 < \alpha = 0.05$ . This means that the Green Performance Appraisal variable positively and significantly affects the Competitive Advantage variable. Thus the hypothesis (H8) in this study, which states that "Green Performance Appraisal has a positive and significant effect on Competitive Advantage," is accepted.

d) The hypothesis of the Effect of Green Compensation and Reward (X4) on Competitive Advantage (Y1)

Table 4.13 shows that the path coefficient value is 0.311, the t-statistic value is  $5.151 > 1.66$  and the P-Values value =  $0.000 < \alpha = 0.05$ . This means that the Green Compensation and Reward variable positively and significantly affects the Competitive Advantage variable. Thus the hypothesis (H9) in this study, which states that "Green Compensation and Reward has a positive and significant effect on Competitive Advantage," is accepted.

e) Table 4.13 shows that the path coefficient value is 0.302, the t-statistic value is  $3.469 > 1.66$  and the P-Values value =  $0.001 < \alpha = 0.05$ . This means that the Green Recruitment variable (X1) positively and significantly affects the Business Sustainability variable (Y2). Thus the hypothesis (H1) in this study, which states that "Green Recruitment (X1) has a positive and significant effect on Business Sustainability (Y2)," is accepted.

f) The Effect of Green Training (X2) on Business Sustainability (Y2)

Table 4.13 shows that the path coefficient value is 0.198, the t-statistic value is  $2.073 > 1.66$  and the P-Values value =  $0.039 < \alpha = 0.05$ . This means that the Green Training (X2) variable positively and significantly affects the Business Sustainability (Y2) variable. Thus the hypothesis (H2) in this study, which states that "Green Training (X2) has a positive and significant effect on Business Sustainability (Y2)," is accepted.

g) Table 4.13 shows that the path coefficient value is 0.196, the t-statistic value is  $2.200 > 1.66$  and the P-Values value =  $0.028 < \alpha = 0.05$ . This means that the Green Recruitment variable (X1) positively and significantly affects the Business Sustainability variable (Y2). Thus the hypothesis (H3) in this study, which states that "Green Performance Appraisal (X3) has a positive and significant effect on Business Sustainability (Y2)," is accepted.

h) The Effect of Green Compensation and Reward (X4) on Business Sustainability (Y2)

Table 4.13 shows that the path coefficient value is 0.122, the t-statistic value is  $1.889 > 1.66$  and the P-Values value =  $0.059 > \alpha = 0.05$ . This means that the Green Compensation and Reward variable (X4) has no positive and insignificant effect on the Business Sustainability variable (Y2). Thus the hypothesis (H4) in this study, which states that "Green Compensation and Reward (X4) has a positive and significant effect on Business Sustainability (Y2)," is rejected.

i) Competitive Advantage (Y1) Effect on Business Sustainability (Y2) Based on Table 4.13, it is known that the path coefficient value is 0.141, the t-statistic value is  $2.246 > 1.66$  and the P-Values



value =  $0.025 < \alpha = 0.05$ . This means that the Competitive Advantage variable (Y1) positively and significantly affects the Business Sustainability variable (Y2). Thus the hypothesis (H5) in this study, which states that "Competitive Advantage (Y1) has a positive and significant effect on Business Sustainability (Y2)," is accepted.

**Table2.** T-Statistics Results (Bootstrapping) Indirect Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Ket.
Green Recruitment -> Competitive Advantage -> Business Sustainability	-0,006	-0,005	0,012	0,479	<b>0,632</b>	No significant effect
Green Training -> Competitive Advantage -> Business Sustainability	0,050	0,047	0,024	2,064	<b>0,039</b>	Positive and significant effect
Green Performance Appraisal -> Competitive Advantage -> Business Sustainability	0,047	0,044	0,023	2,016	<b>0,044</b>	Positive and significant effect
Green Compensation and Reward -> Competitive Advantage -> Business Sustainability	0,044	0,042	0,021	2,089	<b>0,037</b>	Positive and significant effect

Source: Data Processing with SmartPLS, 2023

From Table 4.14, which shows the results of indirect effect T-Statistics (Bootstrapping) data processing, several hypothesis testing results are obtained, including:

j) The effect of Green Recruitment (X1) on Business Sustainability (Y2) is mediated by Competitive Advantage (Y1).

Table 4.14 shows that the path coefficient value is -0.006, the t-statistic value is  $0.479 < 1.66$  and the P-Values value =  $0.632 > \alpha = 0.05$ . This means that the Green Recruitment variable (X1) has no positive and insignificant effect on the Business Sustainability variable (Y2) mediated by Competitive Advantage (Y1). Thus the hypothesis (H10) in this study, which states that "Green Recruitment (X1) has a positive and significant effect on Business Sustainability (Y2) mediated by Competitive Advantage (Y1)," is rejected.

k) The effect of Green Training (X2) on Business Sustainability (Y2) is mediated by Competitive Advantage (Y1).

Table 4.14 shows that the path coefficient value is 0,050, the t-statistic value is  $2.064 > 1.66$  and the P-Values value =  $0.039 < \alpha = 0.05$ . This means that the Green Training (X2) variable has a

positive and significant effect on the Business Sustainability (Y2) variable, which is mediated by Competitive Advantage (Y1). Thus the hypothesis (H11) in this study, which states that "Green Training (X2) has a positive and significant effect on Business Sustainability (Y2) mediated by Competitive Advantage (Y1)," is accepted.

- l) The effect of Green Performance Appraisal (X3) on Business Sustainability (Y2) which is mediated by Competitive Advantage (Y1).

Table 4.14 shows that the path coefficient value is 0,047, the t-statistic value is  $2.016 > 1.66$  and the P-Values value =  $0.044 < \alpha = 0.05$ . This means that the Green Performance Appraisal variable (X3) has a positive and significant effect on the Business Sustainability variable (Y2), which is mediated by Competitive Advantage (Y1). Thus the hypothesis (H12) in this study, which states that "Green Performance Appraisal (X3) has a positive and significant effect on Business Sustainability (Y2) mediated by Competitive Advantage (Y1)," is accepted.

- m) The effect of Green Compensation and Reward (X4) on Business Sustainability (Y2) is mediated by Competitive Advantage (Y1).

Table 4.14 shows that the path coefficient value is 0,044, the t-statistic value is  $2.089 > 1.66$  and the P-Values value =  $0.037 < \alpha = 0.05$ . This means that the Green Compensation and Reward variable (X4) has a positive and significant effect on the Business Sustainability variable (Y2), which is mediated by Competitive Advantage (Y1). Thus the hypothesis (H13) in this study, which states that "Green Compensation and Reward (X4) has a positive and significant effect on Business Sustainability (Y2) mediated by Competitive Advantage (Y1)," is accepted.

The research was conducted to obtain a complete understanding of the influence of Green Recruitment (X1), Green Training (X2), Green Performance Appraisal (X3), Green Compensation and Reward (X4) on Business Sustainability (Y2) through Competitive Advantage (Y1). This research is associated with the theory and review of previous research can be explained in the discussion of research results in detail as follows:

**Effect of Green Recruitment on Business Sustainability.** The results of hypothesis testing show that H1 is accepted, and it is concluded that Green Recruitment has an effect on Business Sustainability. This means that Green Recruitment is a variable that affects Business Sustainability or sustainable business. This can be seen in the results of the descriptive analysis regarding respondents' responses to green recruitment that occurs in DKI Jakarta MSMEs; on average, respondents have responses that agree that green recruitment is needed and is a significant factor in business sustainability. This is in line with the results of research conducted by (Yong et al., 2020), which shows that green recruitment has a positive and significant role in business sustainability.

**Effect of Green Training on Business Sustainability.** The results of hypothesis testing show that H2 is accepted, with researchers concluding that Green Training has an effect on Business Sustainability. This means that Green Training is a variable that affects Business Sustainability in DKI Jakarta MSMEs. The data results show that Green Training is an essential factor in MSMEs which can encourage their human resources to become more aware of environmentally friendly behavior. This is in line with the results of research conducted by (Amjad et al., 2020), which shows a significant effect of Green Training on Business Sustainability.

**Effect of Green Performance Appraisal on Business Sustainability.** The results of hypothesis testing show that H3 is accepted, with researchers concluding that Green Performance Appraisal affects Business Sustainability. This means that Green Performance Appraisal is a variable that affects Business Sustainability in DKI Jakarta MSMEs. Green Performance Appraisal, according to Delmonico et al. (2018), says that indicators of Green Performance Appraisal are used to establish a set of criteria for all employees in performance appraisal. Amjad et al. (2021) also said that these



criteria can motivate employees regarding their workplace and professional duties to be applied to environmentally friendly HR practices.

**The Effect of Green Compensation and Reward on Business Sustainability.** The results of hypothesis testing show that H4 is rejected, which means that the Green Compensation and Reward variable has no positive and insignificant effect on the Business Sustainability variable. Researchers conclude that Green Compensation and Reward is a variable that does not affect Business Sustainability in DKI Jakarta MSMEs. Amjad et al. (2020) say that the reason for implementing green compensation and reward is to develop employee behavior by launching a reward structure. As giving the study's results the study, it was found that respondents from DKI Jakarta MSMEs disagreed with the application of green compensation and reward, in contrast to the results of research conducted by Wulandari and Nawangsari (2021), which found that green compensation and reward have a positive and significant effect on business sustainability. On the other hand, research conducted by Yong et al. (2019) found that green compensation and reward had no significant effect on business sustainability.

**The Effect of Competitive Advantage on Business Sustainability.** From the results of hypothesis testing, it shows that H5 is accepted in this study. It is concluded that Competitive Advantage affects Business Sustainability. This means that Competitive Advantage is a variable that affects Business Sustainability in DKI Jakarta MSMEs. With this competitive Advantage, companies can optimize the use of their resources so that they can create advantages over other competitors at the same time. According to research by Ali and Anwar (2021), competitive strategy as a competitive advantage at the 5% level has a significant and positive impact on business sustainability.

**The Effect of Green Recruitment on Competitive Advantage.** From the results of hypothesis testing, it shows that H6 is rejected in this study. It is concluded that Green Recruitment has no effect on Competitive Advantage. Where Green Recruitment is a variable that does not affect Competitive Advantage in DKI Jakarta MSMEs. Green Recruitment is optional when it comes to Competitive Advantage in doing business. The research results by Nawangsari and Sutawijaya (2019) show that Green Recruitment does not influence Competitive Advantage. However, on the other hand, Gharibeh (2019) found in his research that Green Recruitment positively affects the company's competitive Advantage.

**The Effect of Green Training on Competitive Advantage.** From the results of hypothesis testing, it shows that H7 is accepted in this study. It is concluded that Green Training affects Competitive Advantage. This means that Green Training is a variable that affects Competitive Advantage in DKI Jakarta MSMEs. From the perspective of this Green Training program, companies can drive organizations toward competitive Advantage. This is comparable to research by Almada (2018), which found that Green Training has a positive effect in helping organizations achieve competitive Advantage. However, in contrast to the results of research conducted by Nawangsari and Sutawijaya (2019), Green Training does not influence Competitive Advantage.

**The Effect of Green Performance Appraisal on Competitive Advantage.** From the results of hypothesis testing, it shows that H8 is accepted in this study. It is concluded that Green Performance Appraisal affects Competitive Advantage. This means that Green Performance Appraisal is a variable that affects Competitive Advantage in DKI Jakarta MSMEs. With a performance appraisal that is carried out correctly and professionally, it can improve employee performance and motivation so that it can also increase superior company resources. This aligns with the results of previous research conducted by Nawangsari and Sutawijaya (2021), which states that Green Performance Appraisal affects Competitive Advantage.

**The Effect of Green Compensation and Reward on Competitive Advantage.** The hypothesis testing results show that H9 is accepted in this study. It is concluded that Green Compensation and Rewards affect Competitive Advantage. Green Compensation and Reward Affect Competitive Advantage in DKI Jakarta MSMEs. When employees motivate employees to care about their environment and the company appreciates the attitude of its employees, it can increase environmentally friendly behavior rather than instilling negative behavior. This aligns with the results of previous research conducted by Nawangsari and Sutawijaya (2021), showing that Green Compensation and Reward affect competitive Advantage.

**The Influence of Green Recruitment on Business Sustainability through Competitive Advantage.** The results of hypothesis testing show that H10 is rejected in this study. It is concluded that Green Recruitment does not affect Business Sustainability through Competitive Advantage, where Competitive Advantage is not a variable that mediates the influence of Green Recruitment on Business Sustainability in DKI Jakarta MSMEs. The results of this study are not in line with previous research, which states that Green Recruitment affects Business Sustainability through Competitive Advantage (Nawangsari & Sutawijaya, 2021).

**The Effect of Green Training on Business Sustainability through Competitive Advantage.** The results of hypothesis testing show that H11 is accepted. It is concluded that Competitive Advantage successfully mediates the effect of Green Training on Business Sustainability. This finding implies that Competitive Advantage mediates the effect of Green Training on Business Sustainability in DKI Jakarta MSMEs because implementing Green Training will build employee competitive advantage to improve business sustainability.

**The Effect of Green Performance Appraisal on Business Sustainability through Competitive Advantage.** The results of hypothesis testing show that H12 is accepted. It is concluded that Competitive Advantage successfully mediates the influence of Green Performance Appraisal on Business Sustainability. This implies that Competitive Advantage mediates the influence of Green Performance Appraisal on Business Sustainability in DKI Jakarta MSMEs. The findings of this study are in line with the results of previous research. Namely, Green Performance Appraisal affects Business Sustainability through Competitive Advantage (Nawangsari & Sutawijaya, 2021).

**The Effect of Green Compensation and Reward on Business Sustainability through Competitive Advantage.** The results of hypothesis testing show that H13 is accepted. It is concluded that Competitive Advantage successfully mediates the effect of Green Compensation and Reward on Business Sustainability. This finding implies that Competitive Advantage mediates the effect of Green Compensation and Reward on Business Sustainability in DKI Jakarta MSMEs because implementing Green Compensation and Reward will motivate employees to be environmentally friendly to increase sustainable business.

## CONCLUSION

Based on the data that has been analyzed using the SEM PLS method, the following conclusions can be drawn:

1. Green Recruitment has a significant effect on Business Sustainability. It can be concluded that Green Recruitment is needed to introduce to prospective employees that the company needs employees who know about environmentally friendly attitudes so that the business can run longer if it has employees who have these behaviors.
2. Green Training has a significant effect on Business Sustainability. When the company conducts Green Training, employees who have received training will become more aware of their responsibilities and are encouraged to follow all the rules that apply in the company where they

work.

3. Green Performance Appraisal has a significant effect on Business Sustainability. This means that if DKI Jakarta MSMEs have an assessment of a good work environment, it will affect the sustainability of their business so that they get a positive response from the outside community or consumers.
4. Green Compensation and Reward has no significant effect on Business Sustainability. Although it can increase employee motivation by encouraging environmentally friendly behavior, it only supports business sustainability after applying Green Compensation and Rewards to employees.
5. Competitive Advantage has a significant effect on Business Sustainability. This indicates that the need to be competitively superior affects how sustainable business ventures are.
6. Green Recruitment has no significant effect on Competitive Advantage. Green Recruitment used by companies does not influence competitive competitiveness for employees. This is usually because it has yet to be supported by the knowledge of these employees.
7. Green Training has a significant effect on Competitive Advantage. The results of this study show that holding Green Training for employees will increase knowledge to have an environmentally friendly attitude by the regulations owned by the company. It will increase competitive Advantage.
8. Green Performance Appraisal has a significant effect on Competitive Advantage. This shows that Green Performance Appraisal can encourage employees to have a competitive advantage.
9. Green Compensation and Reward has a significant effect on Competitive Advantage. This finding implies that job satisfaction with a reward and compensation system for employees can increase competitive advantage behavior while employees work in the company.
10. Competitive Advantage has no significant effect on mediating Green Recruitment on Business Sustainability. This means that only sometimes competitive Advantage can encourage the process of green recruitment criteria to improve sustainable business for MSMEs.
11. Competitive Advantage has a significant effect on mediating Green Training on Business Sustainability. This means that competitive Advantage can mediate implementing or introducing environmentally friendly attitudes through Green Training to improve sustainable business for the company.
12. Competitive Advantage has a significant effect on mediating Green Performance Appraisal on Business Sustainability. This means that competitive Advantage can mediate how the criteria for assessing environmentally friendly attitudes for employees so that employees are motivated to continue to carry out environmentally friendly behavior to improve sustainable business for the company.
13. Competitive Advantage has a significant effect on mediating Green Compensation and Reward on Business Sustainability. This means that Competitive Advantage mediates how the compensation and reward process is implemented for employees with an environmentally friendly attitude to improve the company's sustainable business.

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