

Chapter 8

Green Marketing Strategies for Indonesia's Micro, Small, and Medium Enterprises

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ABSTRACT

Indonesia as a developing country has a long history of implementing the development transition to become a developed country. During this transition process, social and environmental phenomena also emerged as a result of this agenda. Environmental awareness campaigns for micro, small, and medium enterprises (MSMEs) in Indonesia require a different approach compared to other types of businesses. With the unique characteristics of MSMEs, a special strategy and practice is needed. This chapter explains the implementation of green marketing of MSMEs from the internal and external environment. A case study is also offered to describe how a green B2b Indonesia MSME has succeed in running sustainable business practice. This chapter offers a matrix to visualize the best positioning mapping for MSMEs to effectively and efficiently implement green marketing in Indonesia and any other developing countries. The chapters set the tone for the rest of the chapters examining the implications of the issues discussed for waste management and life cycle assessment for sustainable business practice.

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INTRODUCTION

Indonesia as a developing country has a long history of implementing the development transition to become a developed country. During this transition process, Indonesia slowly experienced economic growth, structural changes in the economic sector, and an increase in people's living standards (Sutikno, 2020). Unfortunately, at the same time, social and environmental phenomena are also emerging as a result of this agenda. One important change is environmental degradation, namely the exploitation of natural resources resulting in environmental damage and loss of biodiversity. The Indonesian government encourages the business sector to implement strategies and practices that support environmental sustainability and aim to reduce negative impacts on nature (Handajani, Husnan & Rifai, 2019). In the last 10 years, both Ministries, state-owned enterprises, financial institutions and public companies have attempted to document environmental sustainability movements through Sustainability Reports with GRI (Global Reporting Initiative) standards. What remains a challenge is its implementation in the Micro, Small and Medium Enterprises business sector.

Environmental awareness campaigns for Micro, Small and Medium Enterprises (MSMEs) in Indonesia require a different approach compared to other types of businesses. MSMEs in Indonesia have different characteristics and uniqueness compared to other types of business. First, the number of MSMEs fluctuates every year. According to a private survey institute called Katadata, it is stated that in 2024, there are 63.9 million micro business units, 193.9 thousand small business units, 44.7 thousand medium business units and 5.5 thousand large business units. Interestingly, Muhammad (2023) stated that the proportion has not changed much in the last 10 years, so that in the future, the increase in the number of MSMEs is predicted to increase by 10 – 25%. Second, technological developments in Indonesia which support the escalation of MSMEs. The phenomenon of industry 4.0 and Covid-19 is accelerating technological development for MSMEs in Indonesia. Technology is used by MSMEs not only as a promotional medium, but also used by MSMEs to facilitate business operations. The most widely used technology is the use of social media, AI and e-commerce. However, in its use it is known that MSMEs also encounter challenges, as shown in figure 1 below:

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