

Implementation of Sustainability Mindset in MSMEs-A Qualitative Study

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ABSTRACT

Keywords: sustainability; A mindset based on Sustainability principles can guide sustainability mindset; MSME managers to move towards transformative changes UMKM; kinerja. linkage between business and business carried out with the surrounding environment. The qualitative research was conducted by interview and direct observation methods on the owners of Güzel Dish MSMEs located in East Kotawaringin, Central Kalimantan with guidance from the Sustainability Mindset Indicator by Isabel Rimanoczy. The research found that Güzel Dish's MSME managers have partially implemented indicators of a sustainable mindset.



Introduction

Food packaging today is designed only for one-time use and cannot be recycled (Meshram, Lule, Vyawahare, & Rani, 2022). Worldwide, about 141 million tons of plastic packaging are produced every year (Packaging Waste Facts and Statistics, n.d.). The commonly used packaging is plastic packaging, which is still widely used by local food entrepreneurs in the East Kotawaringin area, including Güzel Dish. This use is feared to increase the quantity of waste which has reached a total of 276 cubic meters per day (waste production reaches 276 cubic meters per day in Kotim, 2024).

The problem of waste from the food business is just one of the domino effects of the lack of awareness of a sustainable business mindset. A mindset based on Sustainability principles can guide individuals towards transformative change that can minimize risks such as landfilling. A sustainable business not only pays attention to and is aware of the impact of the trade transactions it makes, but also realizes the connection between the business and the business carried out with the surrounding environment, both the environment in general and the people around them, to the partners who are part of their business (Fitriyah, Pebriyati, & Lestari, 2022). However, not many businesses at the MSME level apply sustainable principles because managers prioritize performance in economic aspects rather than environmental and social aspects to remain competitive (Malesios et al., 2021).

The existence of MSMEs is an important factor for economic growth, employment, achieving sustainable development goals, and protecting the environment (Derhab & Elkhwesky, 2023). In developing countries, Spence stated that MSMEs are the most

common economic sector, representing 90% of the world's businesses, accounting for 50% of employment, and increasing 40% of GDP in these countries (Spence, 2007). For the European sample, Mitchell stated that 99% of businesses come from the MSME sector, thus, they produce more pollution and waste than large businesses (Mitchell, O'Dowd, & Dimache, 2020).

The issue of sustainable business has been realized by the younger generation, as millennial and Generation Z entrepreneurs have more obligations than previous generations regarding the environment, as this generation will play an important role in "restoring the earth as it was" (Earth Day 2021: Meet the Young Entrepreneurs 'Restoring Our Earth' through Green and Social Businesses, 2022). With a Sustainability Mindset, individuals are expected to be able to have a different and more up-to-date view of the world, which can help them make meaningful decisions. For example, it's about why we do certain things, and what difference can we make in this life (Khouroh, Ratnaningsih, & Rahayudi, 2023).

The existence of businesses managed by the younger generation who are expected to have more awareness of sustainable business will be researched on a sample of MSMEs at the district level in East Kotawaringin, Central Kalimantan, in the form of local and foreign culinary businesses, which have joined a business group that also coordinates with the local Environmental Agency in managing green businesses in the region (Kassel, Rimanoczy, & Mitchell, 2016). Güzel Dish MSMEs have a vision to increase mental health awareness through a foreign-based culinary business, and a mission to implement basic mental health knowledge through foreign desserts and food, as well as educate foreign culinary customers by maintaining operational quality. However, even though it is consistent with creativity and the business goes hand in hand with the vision and mission, it is not yet known whether all performance has been based on sustainable principles or just running a business with a mere profit orientation (Dari, Inapty, & Mariani, 2022). There is a need for deepening understanding, evaluating, and exploring the performance process of Güzel Dish MSMEs to ascertain whether the business has been running with a sustainable business concept or not, and because the dimension of sustainable business is not only related to the green practices of community businesses, but also includes an understanding of their interconnectedness with various sectors that support the business, the surrounding environment, and people involved in production to support the principles of sustainable life and business. This is because, with a mindset based on sustainability principles (Sustainability Mindset), individuals are expected to be able to have a different and more up-to-date perspective on the world, which can help them make meaningful decisions.

Research Methods

The method used in this study is a semi-structured interview method. Armed with guiding questions, this method is believed to help researchers collect data accurately, actually, and in-depth because the interviews were conducted with the owners of Güzel Dish's MSMEs. The use of this method in observing how Güzel Dish's owners and

employees conduct their businesses is expected to reveal the perspective of its business activists as young entrepreneurs, amid society, carrying out activities and activities that are highly susceptible to the production of excess waste in a very fast stream.

The research sampling was carried out by purposive sampling, by taking the MSME manager concerned as the main object of the research, based on the assumption that the manager has adequate knowledge and experience regarding the packaging and packing flow of goods sold to consumers. The data obtained from the interview results were then presented in the form of transcripts, then analyzed using NVivo software, with 12 Sustainability Mindset indicators used as a reference for coding the analysis. In this study, the validity of the data collected was checked by the Engineering triangulation method, which was carried out in three steps, namely conducting semi-structured interviews, observing the products sold by Güzel Dish both at the production site, at partner stores, and observing promotional documentation carried out by Güzel Dish on social media which it owns as the only main way of marketing the product. The process of triangulation of the technique is carried out as shown in Figure 1.

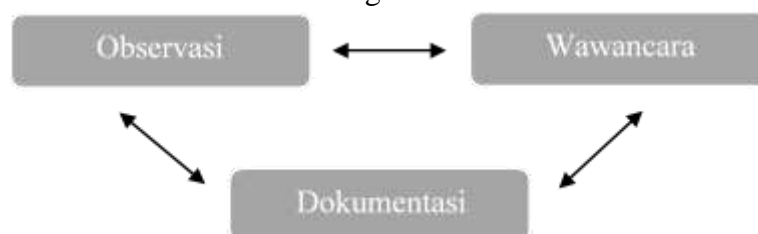


Figure 1 Technique Triangulation Process

Results and Discussion

Application of the concept of Sustainability

In examining the application of the concept of sustainability in MSMEs, Güzel Dish uses the Triple Bottom Line concept. In running a business, leaders must take certain steps to ensure that sustainable assets within the business can meet the prerequisites for the integration of the concept into organizational performance and business values (Correia, 2019). This principle was initiated by Elkington in 1997, with three elements, namely People, Planet, and Profit. The results of the search for the application of the Triple Bottom Line concept to Güzel Dish MSMEs can be seen in Table 1.

Table 1
Results of Applying the Triple Bottom Line to Güzel Dish

| Konsep Triple Bottom Line | Benefit | Application |
|---------------------------|---|---|
| <i>Browse</i> | Commitment of business organizations to have a positive impact on society | Providing jobs to people around |
| <i>Profit</i> | Profit is the main goal of a business organization's strategic planning initiative (Miller, 2020) | Becoming the main goal of Güzel Dish's business |

| | | |
|---------------|---------------------------------|------------------------------|
| <i>Planet</i> | Positively impacting the planet | Applying the 3Rs to business |
|---------------|---------------------------------|------------------------------|

Application of Sustainability Mindset Indicators

Observation of the application of Sustainability Mindset in Güzel Dish MSMEs uses four general concepts that include ecological views (understanding of the environment and one's role in existing problems), systems perspective (long-term approach, understanding that everything is interconnected), emotional intelligence (innovation, self-awareness, reflection), and spiritual intelligence (life purpose, awareness, and oneness with nature). The results of interviews and observations on these indicators in Güzel Dish MSMEs are described in Table 2.

Table 2
Results of the Implementation of Sustainability Mindset at Güzel Dish

| Konsep Sustainability Mindset | Indicator | Application |
|--------------------------------------|--|---|
| <i>Ecological worldview</i> | <i>Ecoliteracy</i> <i>My contribution</i> | Involved in a business group fostered by the local Environment Agency, using packaging that is more environmentally friendly and can be used repeatedly. |
| <i>System Perspective</i> | <i>Long term thinking</i> <i>Flow in cycles</i> <i>Both-and</i> <i>Interconnectedness</i> | Practising through the use of packaging materials that are more environmentally friendly. Awareness of one's existence in a long and interconnected business chain, by buying materials means also helping businesses around. Practising inclusion through creating jobs. Selling products that support diversity from around the world. Build good relationships with customers. |
| <i>Emotional Intelligence</i> | <i>Creative innovation</i> <i>Reflection</i> <i>Self-awareness</i> | Creating creative and unique menu innovations, first in the vicinity. Create a menu that matches your identity (local). |
| <i>Spiritual Intelligence</i> | <i>Purpose</i> <i>Oneness with nature</i> <i>Mindfulness</i> | Have an awareness of short-term goals (building a <i>dessert café that has never been around</i>) and long-term goals to continue to do business sustainably, and continue to grow. |

The implementation of the concept of Sustainability in MSMEs into business strategies depends on the commitment of the owner and the level of involvement of workers. MSMEs often embed sustainable actions that can adjust to their financial position and short-term investments. The involvement of MSMEs in the sustainable process is considered quite difficult because of two things. First, the Sustainability strategy requires limited resources and skills in the MSME sector. Second, from an economic and competitive point of view, it is somewhat difficult to implement due to the uncertain Return on Investment (Burmeister & Eriksson, 2019). For MSMEs to be committed to the concept of sustainability, this concept must be embedded in organizational processes and procedures (Jansson, Nilsson, Modig, & Hed Vall, 2017). One aspect of sustainable development and business is the Triple Bottom Line concept. The concept consists of the elements of Profit, People, and Planet. Of these three concepts, Güzel has understood the concept quite well even though it is still difficult to find the Planet element because more environmentally friendly materials still have a high price. The application of the Profit element is considered to be steady because Güzel has an orientation to perpetuate its brand name and profit. The application of the People element relates to the people around the business, Güzel has done its part by making a positive impact, one of the main ones being providing jobs.

Furthermore, regarding the results of the observation on the application of a sustainable mindset in Güzel Dish, the application of the Ecological Worldview indicator is shown by Güzel Dish's involvement in the Environment Agency's fostered business group, and the use of packaging for products that are easily recyclable (paper) or can be reused by customers after purchase (a sturdier/reusable form of plastic). Furthermore, the application of the second indicator (System Perspective) is exemplified through sustainable business relationships with partners (material/packaging providers), good relationships with customers (giving bonuses to customers who often repeat orders, and distributing unsold cakes at the end of the day to people around them).

About the third indicator related to Emotional Intelligence, which specifically addresses creativity, reflection and self-awareness, Güzel Dish places a lot of emphasis on the creativity of a very diverse menu which is reflected in their business vision based on the tagline "Exploring the World with Taste", so that the menu they offer is desserts from different parts of the world and innovative and trend-following pastries. Finally, the fourth indicator, Spiritual Intelligence or spiritual intelligence, with elements such as goal setting, unity with nature, and consciousness, is shown in general by Güzel Dish through the awareness to hold principles, both long-term and short-term. Through the interview process, the owner of Güzel Dish stated his short-term goals in the form of building a special dessert shower café that has never existed in East Kotawaringin and its surroundings, and a long-term goal to continue doing business sustainably.

Based on the results of the coding data processing, from the results of the interview, it was found that the principle most widely applied by Güzel Dish is the My Contribution

principle, which is indicated by a dark blue bar with coverage of nearly 8% of the total interview transcript results, the details of which are presented in Figure 2.

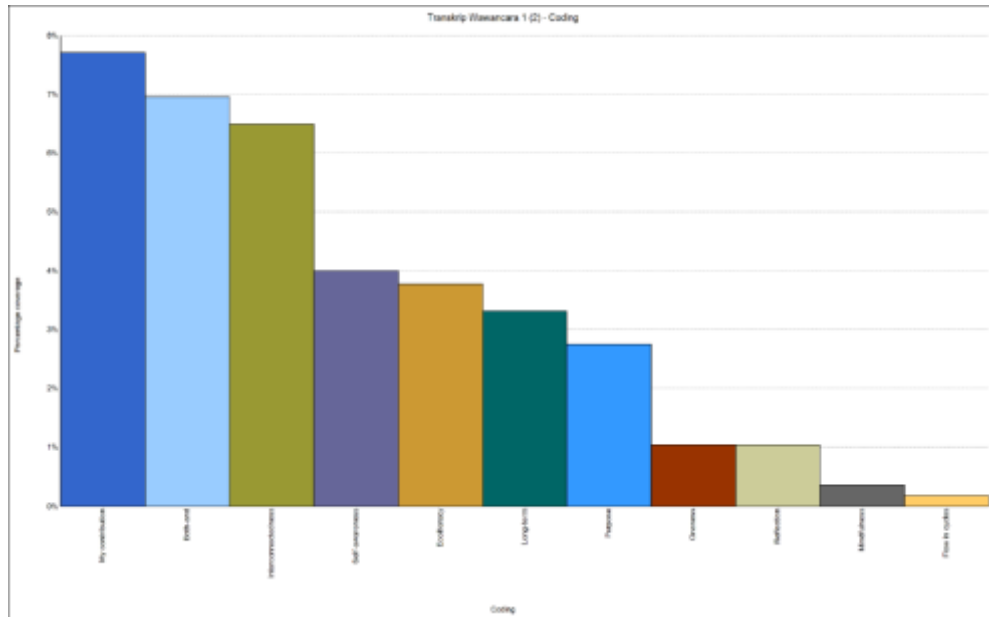


Figure 2. Transcript Coding Results of Interview with Güzel Dish

The most widely applied element by Güzel Dish is My contribution, which is a meaningful aspect as awareness of the impact of the business being done, and taking advantage of the opportunity to do something to handle the impact. The second element that Güzel Dish also does a lot is Both-and, which is an indicator that describes a person's ability to create creative solutions that are inclusive to all stakeholders, as evidenced by Güzel Dish's ability to maintain good partnerships with partners (suppliers).

Indicators that are not widely applied to Güzel Dish are Oneness, Reflection, mindfulness, and Flow in cycles, and especially: Reflection, which is the ability to understand situations and implications before deciding and doing something. Reflection on one's mindset is most likely the most important reason to focus on sustainability transformation, and research says that the most important element for one's mindset is the ability to take a step back and reflect on one's thoughts (Lindøe, 2021).

Conclusion

Sustainable business management is expected to start from the smallest sector at the community level, one of which is MSMEs. Sustainability Mindset is a guideline and benchmark to measure how far an individual's mindset is for elements related to the concept of sustainability and determine how the business performs. Güzel Dish needs to apply the concept of Sustainability consistently to convey a message to the younger generation about the importance of maintaining a sustainable and coexistence life. This has been demonstrated by Güzel Dish by having a good vision of sustainable business, having an awareness of recycled materials, and understanding and applying the principles of sustainable diversity with the products it offers. From the results of the research, it is

hoped that Güzel Dish can continue to be consistent with his vision of a business that continues to innovate and be creative. But beyond that, Güzel Dish is also expected to increasingly use more environmentally friendly packaging materials, reduce plastic, and separate household waste which is an important element to protect the surrounding environment.

This research only explores one research object in one location, so it is limited to one perspective on how a young MSME entrepreneur understands and practices sustainable indicators. Further and broader research is needed, conducted on different objects in different locations and types of businesses to gain a more diverse perspective on business practices at the smallest level of society based on sustainable ideas, and reflected through their inclusive performance, embraces diversity, is creative and has long-term goals that pay attention to profit sustainability. Sustainability of the surrounding environment, and the people around the business sector.

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