

The Role of Human Resource Competence in Improving the Quality of MSMEs Towards Halal and Green Economy

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This international community service aims to improve the competence of MSME human resources in managing businesses based on halal principles, helping MSMEs understand how to move towards halal and implementing Green Economy practices in their business lines. The Green Economy approach aims to improve human welfare and social justice while reducing the risk of environmental damage and resource scarcity. Using the ABCD (Asset Based Community Development) approach targeting MSME stakeholders fostered by the Bandung Regency Regional Development Research and Innovation Planning Agency (Bapperida). The results of this Community Service show that the application of the principle of resource efficiency in the context of a green economy by MSME actors fostered by the Bandung Regency Regional Development Research and Innovation Planning Agency (Bapperida) has made significant progress, although there are still challenges to be faced. Through interviews with several MSME owners, it was revealed that they have begun to implement efficient practices in the use of raw materials and waste management. By continuously striving to improve environmentally friendly practices, MSMEs will not only strengthen their position in the market but also play an active role in preserving the environment for future generations.

Keywords: Halal, Green Economy, Human Resource Competency, Environment, UMKM

1. Introduction

The green economy has become an increasingly important concept in recent decades, as awareness of the negative impacts of economic activity on the environment increases. The green economy focuses on achieving sustainable economic growth while improving human well-being and social equality, without compromising the environment. In a global context, the green economy is considered a significant solution to the challenges of climate change, declining biodiversity, and

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natural resource degradation. In addition, Indonesia, as a country with a Muslim majority, has great potential in the halal market.

One of the business sectors that supports the green economy is Micro, Small and Medium Enterprises (MSMEs), which are an important business sector in Indonesia because they play an important role in economic progress. However, MSMEs have not fully utilized this opportunity. The complex and expensive halal certification process is one of the main obstacles. In addition, literacy regarding global halal standards is still low among MSME actors, so many products cannot meet export criteria. In the JPH Law, the nature of halal certification, which was originally voluntary for business actors, has changed to mandatory. Micro, Small, and Medium Enterprises (MSMEs) are also included in the scope of the halal product assurance policy ([Gunawan et al., 2021](#)). Although many MSMEs have developed in Indonesia and utilize digital business as information technology in their business activities, there are still many MSMEs that have not fully implemented MSME governance with maximum human resource strength including halal product assurance policies and towards a green economy. The concept of a green economy has been recognized globally as an important approach to achieving sustainable and environmentally friendly economic growth. Therefore, the purpose of this community service aims to improve the competence of MSME HR in managing businesses based on halal principles, helping MSMEs understand and implement Green Economy practices in their business lines. It is hoped that MSMEs can increase the competitiveness of MSME products in local and global markets. Thus, human resource (HR) competence is the key to overcoming this challenge, given their role in making strategic and sustainable operational decisions. Strengthening the competence of MSME HR can have a positive impact in the form of improving product quality, production process efficiency, and creating economic value while maintaining environmental sustainability.

2. Literature Review

2.1. Green Economy

The concept of green economy has undergone significant evolution in sustainable development studies. This economic system focuses on improving people's standard of living and social equality, while maintaining ecological balance and minimizing the risk of resource scarcity (Muhammad Alfian, 2019 in [Fitriana, \(2025\)](#)). The implementation of green economy leads to the formation of inclusive and sustainable growth through reducing carbon footprint, pollution control, efficient use of resources, and preventing environmental degradation (Waluyanto Kurniawan Puji, 2018 in [Fitriana, \(2025\)](#)). Since it was first introduced by Pearce in 1989 in [Fitriana, \(2025\)](#), this concept has continued to develop in response to the lack of environmental and social cost valuation in pricing mechanisms. Green economy as a system that encourages welfare and social justice, while minimizing environmental threats and ecological deficits. This approach prioritizes the development of a low-carbon economic system, resource optimization, and social inclusiveness. Thus, the green economy can be interpreted as a pattern of economic behavior that balances growth with environmental protection and prevention of ecosystem damage, which leads to increased human and social welfare ([Sa'idah et al., 2023](#)). A historical review shows that the term green economy first appeared in the "Blueprint for a Green Economy" prepared by a group of economists for the British government in 1989. Then, this concept re-emerged in 2008 when [UNEP](#) advocated for a "green stimulus" and identified strategic areas for large-scale public investment in the context



of implementing a green economy ([Dewi, 2024](#)) . [UNEP](#) emphasizes that green investment needs to be supported through careful public spending planning, policy reform, and adjustments to taxation and regulatory systems. This approach positions natural capital as a vital economic asset and a source of public benefits, especially for underprivileged communities that depend on natural resources. ([UNEP, 2024](#)).

2.2. Human Resources Competence

Human resource competency was put forward by Ulrich et al. (2017) in [Sai, M. and Sayee, M. \(2018\)](#) that competency equips, improves, and develops work competencies to improve abilities, productivity and welfare, which are included in 3 competencies, namely:

1. Technology and media integrator
2. Analytics designer and interpreter
3. Compliance manager

By having these competencies, human resource professionals can carry out tactical tasks in human resource management efficiently and effectively.

2.3 Halal Certification

Halal certification for a product is considered to be able to increase the trust of Muslims in fashion products and halal certification is considered to be able to incur additional costs for some fashion players, but on the other hand, halal certification is also considered to be able to increase income for fashion fashion producers, and halal certification can increase competitiveness and profits while other opportunities are that halal certification will make it easier for entrepreneurs or companies to export their products to various countries, especially to countries that have special attention to halal products. ([Moerad, et.al 2023](#))

Halal Product Guarantee (JPH) is a law on the halalness of a product which is proven by halal certification issued by the Halal Product Guarantee Organizing Agency (BPJPH) based on a written halal fatwa issued by the Indonesian Ulema Council. This halal product guarantee from the MUI will provide protection and legal certainty for the community that every product labeled halal has been guaranteed in accordance with implementation methods.slamic law. ([Aisyah, et al. \(2023\)](#)).

3. Research Method

This community service uses the ABCD (Asset-Based Community Development) approach, targeting MSME stakeholders, fostered by the Bandung Regency Regional Development Research and Innovation Planning Agency (Bapperida). The implementation method applied is link and match, and integrated synergy between academics and practitioners in the form of mini workshops and integrated assistance with the participation of stakeholders in the MSME sector. Asset-Based Community Development (ABCD) is a sustainable development methodology based on the assets, strengths, and potential of the community. Problem-Solving Approach:



1. Fact finding and Situation Analysis
2. Providing Treatment in the form of providing more technical Material through mini workshops
4. providing post-Treatment assistance in the form of consultation and advocacy.

4. Result and Discussin

4.1 Result

The results of this community service were carried out in several stages, namely holding the first meeting and discussion with MSME stakeholders fostered by the Bandung Regency Regional Development Planning Research and Innovation Agency (Bapperida). The next meeting held a team discussion with MSME stakeholders fostered by the Bandung Regency Regional Development Planning Research and Innovation Agency (Bapperida).

The results of the activities carried out for 2 days can be agreed upon with a joint discussion held on the 3rd day with MSMEs fostered by the Bandung Regency Regional Development Planning Research and Innovation Agency (Bapperida) which was continued with mentoring.

Furthermore, collaborative community service carried out for fostered MSMEs aims to help improve the understanding and skills of business actors in various aspects of business management and innovation. This activity was attended by various business actors from the culinary, batik, to woodcraft sectors, which showed the diversity of business fields in the MSME community. Based on the results of discussions and interviews with participants, it was found that most MSME actors still have limitations in understanding halal certification, financial management, digital marketing, product innovation, and sustainable business concepts.

4.2 Discussion

The Results of Micro, Small, and Medium Enterprises (MSMEs) Sector Activities have a very strategic role in the Indonesian economy. MSMEs are not only able to absorb a large number of workers, but also play an important role in economic equality and improving community welfare. However, in practice, many MSME actors still face various challenges that hinder the competitiveness and sustainability of their businesses. One of the main challenges faced is the lack of optimization of human resource (HR) competency in managing halal-based businesses, minimal understanding and application of Green Economy practices, and low product competitiveness in local and global markets. Therefore, strengthening HR competency is a major factor in improving the performance and sustainability of MSMEs.

Collaborative community service carried out for fostered MSMEs aims to help improve the understanding and skills of business actors in various aspects of business management and innovation. This activity was attended by various business actors from the culinary, batik, and woodcraft sectors, which showed the diversity of business fields in the MSME community. Based on the results of discussions and interviews with participants, it was found that most MSME actors still have limited understanding of halal certification, financial management, digital marketing, product innovation, and sustainable business concepts. In accordance with the theory of HR competency put forward by Ulrich et al. (2017) in [Sai, M. and Sayee, M. \(2018\)](#), human resource development in MSMEs includes three main competencies, namely: 1. Technology and Media

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Integrator 2. Analytics Designer and Interpreter 3. Compliance Manager One of the main challenges faced by MSMEs in implementing halal-based businesses is the lack of understanding of halal certification procedures and their benefits for the business. Many MSME actors still consider halal certification to be just a formality, without realizing its strategic impact on consumer trust and access to a wider market. Therefore, in this activity, socialization and assistance were provided regarding halal standards, certification processes, and halal supply chain management in production. The results of this assistance showed that participants' understanding of halal principles increased, and several MSMEs began planning to apply for halal certification to increase the competitiveness of their products. In addition to halal, the Green Economy aspect is also a major concern in strengthening the competitiveness of MSMEs. However, many business actors still do not understand the importance of sustainable business practices. The challenges found in this activity include low awareness of the environmental impact of the production process, lack of access to environmentally friendly raw materials, and limited use of green technology in business operations. To overcome these challenges, education was provided on how energy efficiency, waste management, and the use of more sustainable raw materials can increase business efficiency and attract more consumers. Several participants began to realize that the implementation of the Green Economy not only helps protect the environment but can also reduce production costs and improve their business image. The competitiveness of MSME products is still relatively low due to limitations in product innovation, digital marketing, and less than optimal branding. This is in accordance with what was stated by [Trisninawati, et al 2024](#) that in the midst of the creative economy era, HR competence is a key factor in ensuring the sustainability and growth of MSMEs. Skills in digital technology, product innovation capabilities, and effective business management must be improved to ensure that MSMEs can compete in an increasingly competitive market.

In addition, many MSMEs still use traditional marketing methods and do not fully understand the



potential of digital marketing in increasing sales. Therefore, in this activity, digital marketing training, branding strategies, and product storytelling techniques are carried out so that MSMEs can attract more consumer attention. In addition, education is also provided on the importance of professional packaging design that meets international market standards. After participating in this training, many participants began to implement digital marketing strategies and improve their product packaging to make it more attractive and competitive. Awareness of economic and

environmental sustainability is still relatively low among MSME actors. Many businesses are still oriented towards short-term profits without considering long-term strategies to maintain their business. In this activity, education is provided on the importance of building a strong business network, increasing financial literacy, and understanding market dynamics so that MSMEs can continue to grow and compete. In addition, motivation is also given to MSME actors to continue to innovate and adapt to market changes.



5. Conclusion

By having human resource competency strengthening carried out professionally, tactical tasks in human resource management can be carried out efficiently and effectively, and can contribute to the digestion of the environment and the local economy.

The application of the principle of resource efficiency in the context of a green economy by MSME actors fostered by the Bandung Regency Regional Development Planning Research and Innovation Agency (Bapperida). shows significant progress, although there are still challenges to be faced. Through interviews with several MSME owners, it was revealed that they have begun to implement efficient practices in the use of raw materials and waste management. By continuously striving to improve environmentally friendly practices, MSMEs will not only strengthen their position in the market but also play an active role in preserving the environment for future generations.

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