Implementation of Green Economy on
The Development of SMEs in Sidoarjo District

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CHAPTER I
BACKGROUND

ABSTRACT :Sidoarjo is a district that has more than 15,000 SMEs spread across 18 districts. Sidoarjo in addition known as the city and the shrimp paste, also has other superior products that sustain the economy of Java east and Indonesia. Each development industry has positive and negative impacts. Positive impact is to improve the welfare of the people and its negative impact is caused environmental pollution

The purpose of this study is would like to know whether developmentofSMEsinSidoarjodistrictbasedon Green Economy. This studyuses qualitative approachbecause of the natureof qualitativedata collectedpatterned, notmanipulative, moredetailedandwithseeingthe actualproblemand research objectives.

The result of this showed that development of some SMEs in Sidoarjo district base on green-based economy, however, to maintain sustainability of the environment it is necessary to socialization and coaching to SMEs about Green Economy

SME (Small Medium Enterprises) holds big important role in developing the economy of every country. In addition to reducing unemployment rate by opening up a new job vacancy, the SME also encourages the fast economy. In Indonesia seen in 1997, when the monetary crisis hit Indonesia and many companies closed down and only SMEs that are able to survive, at that time the SMEs contributed significantly to regional income or Indonesia State income (Hasanudin, 2008).

Sidoarjo is a regency which has more than 15,000 SMEs dispersed in 18 Sub Districts. Sidoarjo Regency is not only famous for its Lapindo Mud, but also has flagship product that is already well-known at home and abroad. Sidoarjo well known for shrimp

and petis city also has other excellent products that sustain the economy of East Java and Indonesia.

Sidoarjo has SMEs engaged in various types such as crafts of Bags, Sandals, Shoes, Handicraft, Garments, Food, Fashion, Technology, Kitchen Equipment and Batik

Table 1.1
TYPE OF TRADE BUSINESS IN 2013
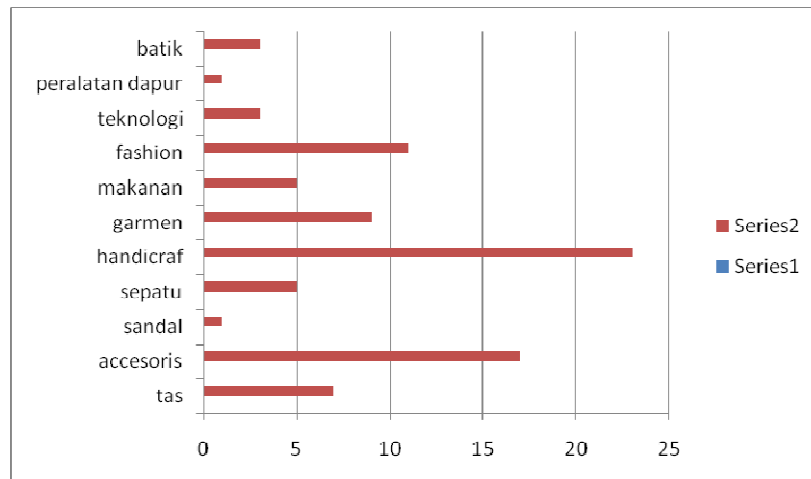
Source: Disperindagkop, 2013

The role of SMEs becomes a priority part in every planning of stages of development that is managed by two departments: Department of industry and commerce as well as the Ministry of Cooperatives and SMEs. Small Medium Enterprises (SMEs) is a small business unit that can act and serve as a good safety valve in providing productive business activities alternative, credit delivery alternative, both in terms of labor absorption. SMEs are considered as the savior of the Indonesian economy in times of crisis period of 1999-2000.

Small industry also plays an important role to improve the economy and also serve the needs of local communities. Small-scale industry can be one of the major contributors to air pollution in the environment, if the guidelines for the standards placement and management for small industries have not been set by the authority (Bhanarkar, 2002)

This phenomenon encourages the emergence of the concept of *Green Economy.Green Economy* is a new paradigm in the economy and a sustainable development strategy that prioritizes a balance among the economic, social, and

environmental. This model is able to address the weakness of the old development strategy that relies only on the growth. Economic growth which always prioritizethe owner profits alone, pragmatic, but always harm others, whether customers, suppliers, and communities.(Partidario, 1998)

Green economy is built on the basis of awareness of the importance of the ecosystem that balances the activity of economic agents with resource availability. In addition, the *green economy* approach is intended to synergize the three basic values: profit, people and planet. This view calls for economic actors not only to maximize profits, but also must make a positive contribution to the community and participate in protecting the environment.

The concept of a green economy is expected to be a way out, a bridge between growth and development, social justice and eco-friendly and saving the natural resources. The way out indicates a shift of responsibility of companies, because of the demands of the economy that can meet the needs of today's global society without reducing the ability to meet the community needs in the future. In other words, development activities must be able to pass on the well-being of future generations in the form of environmental assets and natural resources at least equal to that we received from the previous generation, plus science, technology. This is the meaning of sustainable development which has become the mainstream of economic and development(Noble, 2004)

In other words, business development activities must be able to pass on the welfare for future generations in the form of environmental assets and natural resources at least equal to the one we received from the previous generation, plus science, technology and man-made capital. This is a notion of sustainable development which has become the mainstream of economy and development of new green economy concept which will certainly be fruitful if we want to change behavior. This phenomenon is called *maximizatinon* of *shareholders paradigm*. *Green Business* is one parts of the *green economy*, which synergize economic, social, and environmental values (Taylor, 1992).

Through the implementation of *green business* will be obtained a synergy and continuity between, the economic aim, namely: profit sustainability and the growth of company, b). Social purpose, namely: the welfare and prosperity of the community, c).

Environmental objectives, namely: the maintenance of environment in long-term. This phenomenon is consistent with the statement of Barrow (1999) that generally the purpose of establishing companies is grouped into four, namely: profitability, the company's survival, growth, and social responsibility.

The phenomenon of *green business* becomes the main attraction of various parties, both consumers and investors. This means that consumers will prefer products and services that are healthy, high quality, safe in the long term and does not pollute the environment. Considering the importance of *green business*, the government through the Ministry of Environment launched Assessment Program of Performance Rating of the Company in environmental management (PROPER) which is the development of Proper Prokasih (Lopez, 2008). The purpose of the application of the PROPER instrument is to encourage the performance improvement of the companies in the environmental management through performance improvement of the companies' information dissemination in environmental management to reach environmental quality improvement (Sarumpet, 2005)

From some of the findings suggests that the unavailability of the development model of the ideal *Green Economy* through the existing programs, both formed by companies or governments.

CHAPTER II
THEORETICAL BASIS

2.1 Introduction of SME

A small and medium enterprise (SME) is one of important parts of country or region economy, not least in Indonesia. As an illustration, despite its contribution to national output (GDP) is only 56.7% and in non-oil exports is only 15 percent, but SMEs contribute around 99% in the number of business entities in Indonesia and has a 99.6% share in employment absorption.

The development of SMEs in Sidoarjo Regency in the last ten years showed the significant growth:
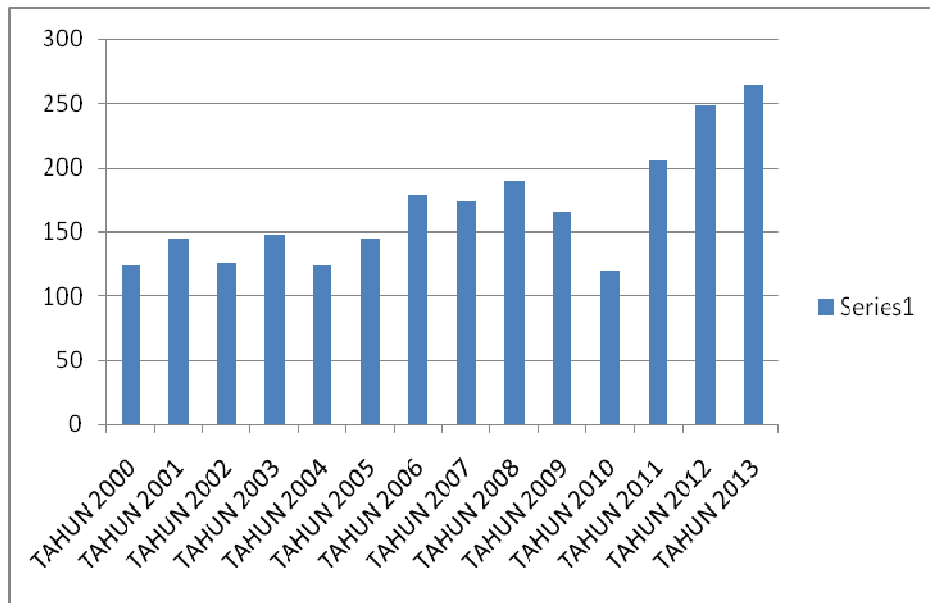
Source: Disperindagkop, 2014

According Dahli (2009), Small and Medium Enterprises (SMEs) are defined by so many different ways depending on the country and other aspects. Therefore, special reviews is required against these definitions in order to obtain the proper understanding on SMEs, which embraces quantitative measures which is appropriate to the economic progress.

In Indonesia, there are many different definitions of SMEs based on the interests of each institution with a different definition. According to the Central Statistics Agency (BPS), SME is a company or industry with workers between 5-19 persons. According to Bank of Indonesia (BI), SME is a company or industry with characteristic in form of: the capital is less than IDR. 20 million, for the one lap of its business only requires IDR. 5 million; has a maximum asset of IDR. 600 million, excluding land and buildings; and an annual turnover of IDR. 1 billion. According to the Department of (now State Minister Office) Cooperatives and Small and Medium Enterprises (Act No. 9 Year 1995), SMEs are small-scale economic activities of the community and are traditional, with a net worth IDR. 50 million – IDR. 200 million (excluding land and buildings of business place) and an annual turnover of IDR. 1 billion; the MSME Act/ 2008 with a net worth of IDR. 50 million – IDR. 500 million and annual net sales of IDR. 300 million – IDR. 2.5 billion.

According to Presidential Decree No. 16/ 1994, SME is a company that has a net worth of up to IDR. 400 million. According to the Ministry of Industry and Trade, SME is accompany with maximum asset of IDR. 600 million, excluding land and buildings (Department of Industry before merged), or the Company has a working capital below IDR. 25 million (Department of Commerce before merged). According to the Department of Finance, SME is a company which has maximal turnover of up to IDR. 600 million per year or a maximum asset of IDR. 600 million, excluding land and buildings. According to the Department of Health, SME is a company that has a marking quality standard in the form of Extension Certificate, Domestic Brand and Foreign Brands. In other countries or world level, there are many different definitions of SMEs which are appropriate according to the characteristics of each country, namely: According to the World Bank, SME is a business with a workforce ± 30 people, income per year is US$ 3 million and the number of assets does not exceed US$ 3 million.

In America, the SME is not the dominant industry in its sector and has less than 500 employees. In Europe, SME is business with a total workforce of 10-40 people and income per year of 1-2 million Euros, or if less than 10 people, categorized as household business. In Japan, SME is engaged in the industry of manufacturing and retail/ service with total employees of 54-300 people and capital ¥ 50 million – 300 million. In South Korea, UKM is business with a total workforce of 300 people and the assets of US$ 60 million. In several Southeast Asia, SME is business with a total workforce of 10-15 persons (Thailand), or 5-10 persons (Malaysia), or 10-99 persons (Singapore), with a capital of ±US$ 6 million. (Fischer, T. B. 2002)

SMEs or Indonesian traders are businesses or industries engaged in manufacturing/ service with a number of the workers that are few and small assets, that is run by an Indonesian citizen.

2.2 The Performance of Small and Medium Enterprises

Generally the company's performance and competitive advantage are measures of the success and development of small company. The measurement of return on investment,

growth, volume, profit and labor on public companies conducted to determine the performance of the company.

There are several criteria in assessing a company's performance presented in various literatures. These criteria include financial and non-financial performance. The different criteria in measuring the actual performance of the company actually depend on performance measurement itself. The parameter is unique, because of specificity on any business entity, among others the fields of business, background, legal status, level of capital, level of development and technology. These differences will affect the behavior of business entities, and consequently also affect the performance and the used parameter (Noble, B. F. 2003)

Many performance measurements derived from organization theory and strategic management. In organization theory, there are three fundamental approaches to measure organizational effectiveness. Goal-based approach demonstrates that an organization is evaluated through the goals set for itself. These three perfective theories, the first is financial performance, is the core of the field organizational effectiveness. Beyond this core is operational performance measurement, which size is made based on the quality of products, and market share, which explains the wider conceptualities on organizational performance by focusing on the factors that led to the financial performance (Sarumpet, 2005).

2.3 SME and Innovation

The experience in developed countries shows that SMEs are the source of production and technological innovation, the growth of creative entrepreneurship, and innovative, the creation of skilled labor and production process flexibility to cope with rapid changes in market demand. Small industry is more efficient than the large industry in meeting the rapid market demand. The abilities possessed by small industries are largely determined by a number of factors. Among them are HR, mastery of technology, access to information, input and output of markets

The innovation itself at first is more widely researched in large companies, most traditionally associated with large multinational companies. The awakening of innovation

of a small company is relatively new, while large company has the advantage of innovation in intensive industry capitalwith economies scale while small companies have been recognized as an important innovator in the field of high technology such as computers and biotechnology, but also instruments and other sectors (Ja'far, 2006).

Small companies face particular problems in the innovation strategy formulation they are associated with a deficiency arising because of limited resources and scope of technological capabilities. The risks in response to market and technological opportunities and selecting the appropriate action at the right time (not too early or too late) to make innovation strategy as a main challenge for their management (Winter, G., 1994)

Small and large companies have different roles in the innovation activity depends on the resources and skills required. Small companies have a number of unique shades such as scarce resources, the low effect to the market and informal communication, which make them different from large companies . Which is adopted the innovation strategy that is used by large companies. The strength of small companies are not in a resource (at least physically), but their behavioral characteristics, such as flexibility and management (Yu Lin, 2010)

The attached characteristics of small and medium companies can be an advantage or a barrier which become magnified force development (growth constraints). The combination of strengths and weaknesses as well as their interaction with the external situation will determine the prospects of its development. In a brief analysis of strength and weaknesses of small and medium companies related to the resources (human and economic) are described in the following table:

Table 2.1

The Strength and Weaknesses of Small and Medium Companies

Factors	Small and Medium Companies
Human	The strong motivation to maintain their business
Workers supply	abundant and cheap wages
HR quality (especially formal education)	low, including ability to see the limited business opportunity

Productivity	Low
Performance and discipline of work	tend to be exploitative with the purpose to reach the target
Power use	Often rely on family members as unpaid workers
Economy	Rely on the informal financial resources which is easily gained
Raw material	Rely on local raw material (depends on the type of made product)
Market	Serve low market segment with high demand (proportion from the biggest population)

Source: Steinfield (2012)

RESEARCH METHODOLOGY

This study used a qualitative approach. A qualitative approach because of the nature of the collected data is qualitative patterned, not manipulative, more detailed and actual by seeing the problems and research objectives, which in this study aimed to describe in a clear, detailed, deep, and accurate way regarding the development of the SME with *Green Economy*basic.

As a complement it is required the data from documents originating from documents of several relevant agencies. In addition, the process of this research will be obtained the descriptive data in the form of speech, writing, and behavior of the people (subjects/ informants) itself (Sugiyono, 2008).

The used methods to collect data in this study are:

a. *Observation*

This observation method is used to complete the data related to the observation and recording systematically regarding the phenomena under the research.

b. *Documentation*

This method is used to meet the requirement demand of secondary data.

c. *Interview*

This method is used to find the required data especially related to the primary data which are analyzed in order to prove the proposed hypothesis. The

interview is done by referring to a list of questions or a questionnaire, so the interview is expected to take place in accordance with the need of the studied data.

THE LOCATION OF THE RESEARCH

The locations of the research are in several villages in Sidoarjo Regency which is developing SMEs in several sectors.

POPULATION AND SAMPLING

The representativeness of samples is an important criterion in the selection of the sample in relation to the generalization of research results. If the sample state is different from the characteristics of the population, the possibility of mistakes is greater in its generalizations. (Ghozali, 2008).

The implementation of the things that need to be elaborated on the population and the sample is the identification and restrictions on population or subject of study, sampling procedures and techniques, and the size of the sample that is useful to discuss each research objectives is as follows (Soegiyono, 2008) :

a. Population and sample of the research are used to assess and identify the development of SMEs which is based on the Green Economy that is in Sidoarjo Regency.

   a) The identification and limitations of the population or subject of the research. The identification of study subjects is the overall entrepreneur who developed SME located in Sidoarjo Regency.

   b) Procedures, techniques and mass consumption of sample.
   Sampling technique based on secondary data (documents) issued by the Disperindagkop and some SME entrepreneurs who are developing SME and Statistics Central Agency Offices.

b. Population and sample of the research
To figure out the development of SME located in Sukoharjo Regency area which is based on Green Economy then conducted some stages, they are:

a. Identification

The identification is done and the limitation regarding the population or the subject of the research. The population in this research is one expert and understands About the Green Economy that is Department of Environmental Life located in Sidoarjo Regency.

b. Procedures, techniques and mass consumption of sample

The sample in the research is planned approximately 6 people. With direct and indirect interviews conducted based on the function of each expertise.

A. DATA COLLECTION

The data is a set of information needed for decision making. The data needs to be collected and arranged in a certain way. In terms of data collection, can be separated by source.

The primary data source is obtained from the first source that contains the considerations for producing a scale of relative priority, assisted by a number of the list of questions. Secondary data is the person or institution that has been collecting data, documents, reports in a specific time period according to the research requirements.

B. DATA ANALYSIS TECHNIQUE

Sugiyono, (2008), data analysis is the finding process and arrangement systematically of the data obtained from interviews, field notes, documentation and organizing the data into categories, outlines into a deep unit, synthesize, organize into a pattern, choosing which important and that will be learned and draw conclusions so can be easily understood by others or to themselves. Qualitative data analysis is a continuous effort, over and over, and the constant flow consists of three activities that occur together, namely: (1) data reduction; (2) presentation of data; and (3) conclusion drawing/ verification which are described as follows:

(1) Data reduction is the data obtained in the research location (data field) listed in the description or complete and detailed report. The reports from the field will

be reduced, summarized, selected its basic things, focused on the things that are important then look for a theme or pattern.

(2) Present the data (data display), which makes it easier for researchers to look at the overall picture or certain parts of the research.

(3) Draw conclusions, which since the beginning of entering the research location and during the data collection process. Researchers attempted to analyze the collected data by looking for patterns, themes, relationships equation, things which often arise and so are outlined in the conclusion.

CHAPTER IV

Result and Discussion

This research is located in Sidoarjo Regency covering in some Villages where SME development takes place.
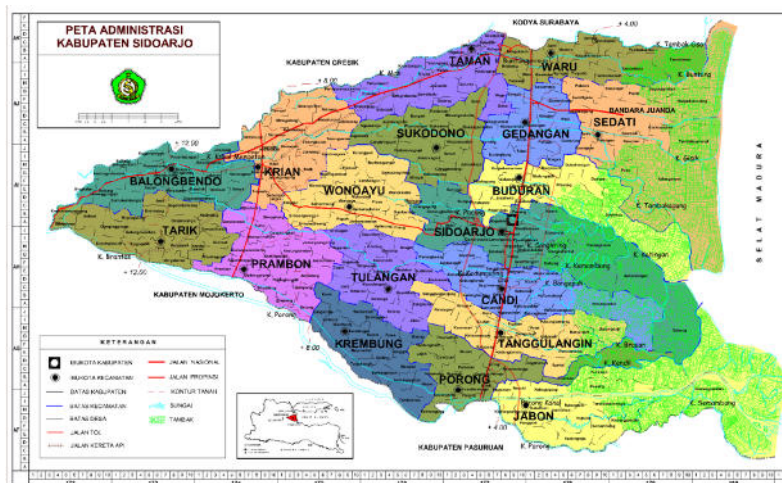
The researched villages includes Kebonsari Village (duck and metal), Bangsri Village (metal), Tebeltimur Village (shoes), Kedensari Village (bag)

The Development of SME

The development of SMEs in sidoarjo is pretty good, fom the last 3 years data the improvement number of SME operators is large enough, this shows that the interests of the community is to become entrepreneurs, this will have an impact on the supply of labor and in the end could improve the welfare of the surrounding community

Perkembangan Usaha Kecil

	2010	2011	2012
Usaha Kecil	3.929	4.319	5.015
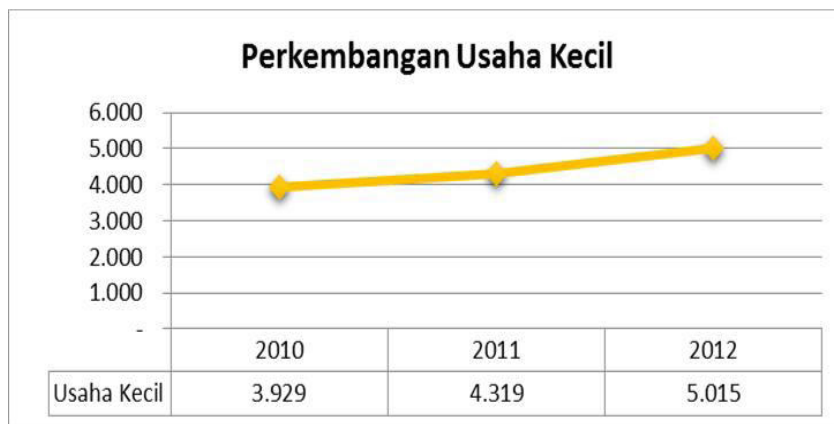
SME and Its Development

There are some excellent Small and mediumenterprises located in Sidoarjo, including the duck business, handbags and shoes, crackers, metal craftsmen. The craftsmen started his business long time ago, as delivered by Mrs. Hanafi as crackers businessman located in Candi Jaya Neighborhood Association 13 Community Association 04 Sidoarjo:

> *I started this business a long time ago, I started around 1996 before the crisis, with a relatively small number of employees and capital which is also just enough for the production of just a few kilos crackers per day. I experienced this condition for a long time for almost 3 years with small production and capital. Even though the crisis happened I keep running and there are no problems with the sale*

The answer is the same with crackers business owners Mrs. A. MujahidilFaid who lives at

Telasih Village Tulangan Sub District namely:

> *I pioneered this business starting in 1996, with the production capital of its own of 10 million and the number of initial employees 10 people. The initial production was very heavy because people are not familiar with the products that I make and the unestablished brand. Until now, the productions of my goods still go smoothly and there are no problems*

Aside from crackers businessmen, there are also other types of businesses that is making a

bag. Mr. Pujiono is one of the bag businessmen as well as treasurer of INTAKO which is

located in Kedensari Village Neighborhood Association 15 Community Associaiton 5 Tanggulangin Sub District testified:

> *My business, I pioneered it started around 1990 with an initial capital of only IDR. 450.000, and the labor were me and my wife alone. The way I sold by finding a buyer directly to the offices or directly to the buyer without going through intermediaries both agents and distributors. All sales jobs I did together with my wife, and now I have has many employees.*

Other SME businessmen which are also quite advanced in the area of Sidoarjo are Ducks business, as submitted by Mr. Sulaiman address in KebonsariVillage Neighborhood Association 05 Community Association 01 Candi Sidoarjo:

> *I pioneered this duck business in 1987 with initial capital of only IDR. 150.000, I care the ducks alone to this day. I passed a lot of problems in maintaining this duck to succeed as this time. The problems are ranging from maintenance, egg sales. In Sidoarjo there are so many people who become duck entrepreneurs, so I have to think constantly of how to make salted duck egg innovations which is liked.*

The development of SMEs in Sidoarjo Regency to this time are quite advanced, in order to survive until now it should be noted some things as presented by Mr. A. MujahidilFaid as crackers businessman in Telasih Village Tulangan Sub District:

> *In order to make these companies to survive and thrive then I always keep the quality, besides all the employees including me should also be disciplined with time. In addition I have always tried to maintain good relations with the associates.*

The answer from Mrs. Ratna as Metals entrepreneur in Kebonsari Village Candi Sub District Sidoarjo, how to make company to survive until today:

> *I maintain the quality of my metal products business, so then I can grow the business at this time. Even though I reduced the number of employees because many of them open their own business but I still keep the quality*

In contrast to the opinion of the shoe business owned by Mr. Padlan located in TebelTimur village Gedangan Sub District:

> *I elaborated my shoe business to be thrive and it is difficult, so this business is running just based on the order only. This difficulty occurs as well as the product I have is not known and also the limitations of the capital. Slowlymy business land finally shows a progress and development to the present*

For the implementation of the production process from several types of businesses have a difference, according to the activities that have been done over the years, as presented by Mr. Hanafi as crackers businessman in Candi JayaVillageNeighborhood Association 13 Community Association 04 and H. Nurcholis address at jlnBarokah No. 192 Neighborhood Association 04 Community Association 02 Telasih village, namely:

> *Crackers making that I do use the main ingredients such as flour, cassava flour and a few other additives. All materials are used, there is nothing left.*
> *Early manufacture of crackers main its raw material begins with kneading flour mixed with spices, after the dough is mixed using a mixing machine and then molded. After it is steamed, then drying in the sun. When the rainy season then drying is by using the oven.*

To process the goods of metal making, is delivered by metal businessman Mrs. Ratna which is located in the Kebonsari Village Neighborhood Association 02 Community Association 02 Candi Sidoarjo namely:

> *At the beginning I started the business of goods making originating from the metal, in part derived from the imported and local raw materials, the manufacturing process is done in accordance with existing orders. At that time I have not been able to open my own store to sell products = products that I make. However I kept trying to be successful as it is today*

The almost the same answer is also obtained from other metals entrepreneur that is H. Irfanwho is located in the Bangsri village Sidoarjo.

The production process for the maintenance of the ducks have had some difficulties, this is associated with living things such as that delivered by the Mr. Edi Heriyanto of Dungus Village Neighborhood Association, Community Association,Sukodono Sub District:

> *This duck maintenance process at first I started in 1997, at the beginning I had difficulty because chicken maintenance requires a large place, but it also raises the smell of dirt left in the cage. In addition, the residual dirt when doused with water causing the smell as well, I still try to keep this waste problem while asking the Department of the Environment;*

The Implementation of Production Process based on Green Economy

Each production activity always brings positive and negative impacts. The positive impact will be much beneficial for the government and the people who are around the company, while the negative impact will bring adverse effects to the surrounding community, as well

as the activities carried out by small and medium enterprises will have an impact that will be detrimental.

In this research will be observed if the production activities undertaken by entrepreneurs are already based on Green economy or vice versa. For that conducted interviews with several entrepreneurs. Then Mr. Edi Heriyanto Head of Dungus Village Neighborhood Association, Community Association,Sukodono Sub District, that during the production run into trouble because of occurred smells, like the explanation in the initial interview that in the production process cause the smell. How to overcome the smell:

> *At the beginning of my business, I got confused with the constraints posed by the smell caused by my business, both derived from the enclosure or from the remnants of washing water from the cage. Then I consulted with the Department of the Environment of Sifoarjo Regency regarding the handling. According to the Department of the Environment the excrement of duck can cause odor is due to the fermentation process, the recommended step is to provide a layer derived from rice milling waste. The land before it is used as a duck cage in the given layer thickness of 15 cm above the soil surface. So that dirt will mix with the coating and will reduce and eliminate the odor. In addition, it is by making a simple waste management unit consisting of several shelter tanks with the size of 1m x 1m x1 as much as 5 shelter tanks. Water from the former stables are not directly discharged into water bodies but through the Shelter Tanks sequentially from 1 to 5, may be disposed to the river.*
> *The excrement residing in soil mixed with rice mill wastes shall be periodically replaced with new ones, while waste from rice that has been mixed with chicken manure can be collected and re-processed into organic fertilizer by adding a few more ingredients. The precipitate from water storage tanks had to be taken when it is filled and drained after that can be mixed as organic fertilizer;*

The odor problem solving by Department of Environment is socialized to all ducks businessmen in Sidoarjo Regency, then all entrepreneurs already fulfilling the way.

The handling of waste for other business, such as those delivered by H. Nurcholis addressed at jlnBarokah No. 192 Neighborhood Association Community Association Telasih Village, both derived from the process of failed production or other wastes, namely:

> *If there is a failure of the product, the material is processed again into a new product, so no product is wasted both derived from the raw materials and semi-finished materials. Waste that is usually from raw materials scattered on the floor, we do not let this waste but we gather at one place and there will be a buyer to be used as mixture for animal feed*

The steps that have been found are then socialized to crackers entrepreneurs through regular meetings of crackers craftsmen.

For metal entrepreneurs turns out to have different handling in solving the waste problem as delivered by Ms. Ratna who is located in Kebonsari Village Neighborhood Association Community Associaton, Candi Sidoarjo, namely:

> *If there is excess material used then it is collected all then collected in a special place, including impurities in the form of metal dust we collected and placed in a special place and should not be disposed of at any place because it includes as B3 waste class. Having collected a lot then we will report to Department of Environment of SidoarjoRegency.*

In addition to input from some businessmen then also conducted the interview to Department of Environment to determine what steps are taken to maintain the investment condition that based on Green Economy.

The interview with Department of Environment, represented by the Head of monitoring environmental pollution said that:

> *To control the environment supervision, our party regularly in each semester conducts the monitoring and evaluation of large industrial areas as well as medium and small. What we will monitor depends on the activity of each business activity. For the liquid waste will we check the content of the materials that exist in the water to be disposed of, while the business activities related to noise and odor and dust will be monitoring its air;*

Of course, in practice there are companies who do not understand, how the actions of Department of Environment? Mr. Agus as representative of Department of Environment explains:

> *We will provide socialization about wastes that harm the environment, but we also will provide training how companies can minimize these wastes. Besides, we also require companies to report on what is going to waste in the waste so that we can perform routine monitoring.*

Based on interviews result from a variety of sources which are SMEs entrepreneurs in the Sidoarjo Regency region it shows that the entrepreneurs have applied the *Green Industry* process in each unit activities. Especially for waste from the production process

which is not directly discharged into the trash, could be sold to be used as another ingredient that has a higher economic value. In the development of a business there is always a social and economic differences, for the development of enterprises in each country needed the recommendations to strengthen the enforcement of environmental. (Yasamis, 2007)

The existence of business activities with a variety of technologies that are expected to minimize produced pollution because it will impact on the future. According to (Bey, 2001) that technological developments will not stop a system but rather a reflection for sustainability in the future. The technology will move on and provide something new and efficient solution. In addition to technology development, according to Steinfield et al (2012) that the information and information technology have benefits for local small companies in order to obtain information about the process which is based on Green Economy.

In addition to technology and information, according Nagayya (2011), in increasingly global conditions, the SMEs have to upgrade their skills with nnovation, and also adopted advanced technology and communication in order to increase the ability of the entrepreneur to do management improvisation. According to (Wang, 2011) the green growth is strategy to boost economic growth with the aim of adding ecological quality. According to (Yu Lin, 2010), that environmental uncertainty has a significant negative effect, so that the decision to implement a good environment in small and medium enterprises should be emphasized again

CHAPTER V
CLOSING

IV. 1. Conclusion

1. The growth of SMEs that are growing rapidly Sidoarjo Regency
2. The business activity which are located in Sidoarjo Regency, some SMEs have been done business based on Green Economy
3. The government has facilitated the needs of entrepreneurs in order to improve the performance of the company

IV. 2. Suggestion

1. The government has to continues to make a good companion for institutional strengthening or for production reinforcement

2. The government is expected to have more active role in facilitating or assisting against every development.

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