

# Analysis of Home-based Business Development Using a Green Business Approach to Increase Family Income

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Submitted: August 6, 2024

Accepted: September 16, 2024

Published: October 1, 2024

## ABSTRACT

The development of home-based businesses using a green business approach is still rare due to a lack of understanding of the importance of environmental preservation and insufficient skills in processing natural resources. Home-based products using a green business approach involve businesses that prioritize environmental considerations from the selection of raw materials and production processes to creating products that do not harm the environment. In other words, the raw materials used are natural waste products that are processed and utilized to create economic value and increase family income. The purpose of this research is to examine the development of home-based green businesses in Gembleb and their impact on income levels. The researcher used qualitative methods, directly engaging in field observations and interviews with business owners. The results of this study show that developing environmentally friendly home-based businesses by utilizing natural raw materials can generate income for families and communities. However, protecting wildlife is not solely the responsibility of individual business owners but a shared responsibility for the benefit of both individuals and groups

**Keywords:** Home-based business, green business, income

## INTRODUCTION

Small and Medium Enterprises (SMEs) play a significant role in the national economy. It is unfortunate that understanding of environmentally-friendly business concepts or green economy is still far from their business activities, potentially leading to behaviors that do not reflect environmental awareness. The coconut tree, with the Latin name *Cocos Nucifera*, grows in tropical regions like Indonesia. Gembleb Village is located in a highland area with fertile soil suitable for plantations and agriculture. The village is known for its snake fruit (salak pondoh), dukuh fruit, and durian. Unsurprisingly, most Gembleb Village residents work as farmers. The village is not only dominated by plantation land but also has rice fields, which adds to its potential. Besides farming, some residents are involved in trade, entrepreneurship, civil service, home industries, and other occupations. Regarding natural resources, most villagers in Gembleb grow coconut trees. The coconuts are sold to other cities after being husked. According to coconut collectors and some villagers, the coconut husk waste will be processed into useful products that generate income (Zulfikar et al., 2021)

Coconut trees produce fruit that can be consumed by humans. The coconut husk or coir makes up a significant percentage of the coconut fruit. This coconut husk consists of cork or coconut coir dust and coconut fiber. Currently, the fiber from coconut husk waste is widely used to make coconut fiber brooms, coconut fiber doormats, and broom sticks. Therefore, there is a need for a new breakthrough in utilizing environmentally friendly composite materials reinforced with natural fibers from coconut husk waste, which is referred to as Green Business

Green business is a business activity that, from the beginning of its process - such as raw material selection and processing - until it becomes a product, uses natural materials that are easily biodegradable, thus saving energy and preventing pollution. The challenge for every company or

home business today is not just about market competition, but there is an even bigger challenge: protecting the natural environment (Nasution, Yafiz, Rahman, & Ahmadi, 2023) The concept of green business can be implemented by processing natural waste as well and as thoroughly as possible to maximize profits while creating an environmentally friendly situation. This environmentally friendly green business is a business activity that prioritizes the state of nature as economic development based on natural conditions. Characteristics of green business include being harmless, not made from toxins or nature-destroying materials, so that it can be produced or recycled. In other words, green business uses renewable materials or those made from bamboo, natural waste, nipah leaves, palm fiber, and others that are beneficial without polluting nature. Issues arising from previous research descriptions include the development of green business-based products and obstacles in the development of home-based green business products. Based on this description, the researcher is interested in conducting a study titled "Analysis of Home-Based Business Development Using a Green Business Approach to Increase Family Income in Trenggalek Regency."

## LITERATURE REVIEW

### Previous Research

In the study Utilization of Coconut Husk Waste as a Local Superior Product, it was shown that providing training and mentoring was quite effective and provided understanding and insights for the training participants. After the training activities, the average score was 86.6, with details showing that almost all participants had a score of  $\geq 70$ . This also indicates that the material from the training and mentoring activities was well absorbed by the participants. From the observations made, it was found that the target community essentially possessed skills in processing coconut fiber waste and began to realize that coconut plants can make a significant contribution to the people's economy (Ningtyas, Saron, Analiasari, Agassi, & Putri & Supriyanto, 2022).

The study on the Utilization of Coconut Water and Husk Waste for Improving the Welfare of Mojosari Community (Sunardi et al., 2019) shows that based on an agreement with the participants and the UMY community service team, the resulting broom products can be utilized for the participants' household needs or sold, with the proceeds used for the needs of Dusun Mojosari

In the study Analysis of Home-Based Business Development Based on Green Business to Increase Family Income in Deli Serdang Regency, the reason for choosing natural waste as raw materials is not only to increase economic income but also to protect the surrounding environment from damage because these products are easily biodegradable. If this natural waste is utilized optimally and creatively, it will provide positive value, namely improving the welfare and prosperity of the community. The concept of green business can be implemented by processing natural waste as well and as optimally as possible to obtain maximum profits while creating an environmentally friendly condition (Nasution, Yafiz, Rahman, & Nur Ahmadi Bi, 2023).

In the study Optimization of Environmentally Friendly UPRS Matrix Composites Reinforced with Coccofiber with the Addition of Clay, coconut fiber demonstrated superior shock energy absorption compared to the brittle matrix and clay, which exhibited poorer shock energy absorption properties. This finding is supported by the observation of the fracture surface of the impact test specimens, where a dominant presence of fibers was observed compared to other variations, and the fibers were quite dominant in the fracture condition (Salahudin et al., 2023).

In the study Processing Coconut Husk Waste into Economically Valuable Products Post-Earthquake During the COVID-19 Pandemic in Salubomba Village, the abundance of coconut husk waste and the potential to transform it into valuable products through technology make it an attractive research topic. The PPDM program aims to develop three coconut husk-based products: coconut husk brooms, coconut husk flower pots, and organic fertilizer from coconut husk powder, while simultaneously reducing waste and improving environmental sanitation (Asrawaty, Sabariyah, Marjun, et al., 2021)

### a. Home-Based Businesses and Economic Development

Home-based businesses (HBBs) have emerged as a significant contributor to economic development, particularly in rural areas. Recent studies have highlighted their role in poverty

alleviation and income generation. (Anggadwita et al., 2021) conducted a comprehensive review of home-based businesses in Indonesia, emphasizing their importance in empowering women and contributing to household income. Their study found that HBBs account for a substantial portion of micro, small, and medium enterprises (MSMEs) in Indonesia, playing a crucial role in the country's economic landscape. In the context of rural development (Newbery & Bosworth, 2020) explored the resilience of rural home-based businesses in the face of economic challenges. Their research in the UK demonstrated that HBBs in rural areas often show greater adaptability and resilience compared to their urban counterparts, suggesting potential applicability to rural regions like Trenggalek Regency

#### **b. Green Business Approaches in Small Enterprises**

The integration of green business practices into small enterprises, including HBBs, has gained traction in recent years. (Hoogendoorn et al., 2019) conducted a meta-analysis of small and medium-sized enterprises (SMEs) adopting environmental practices. They found that while the uptake of green practices in SMEs is growing, there are significant variations based on firm size, sector, and geographical location. Focusing specifically on developing countries, (Yadav et al., 2018) examined the drivers and barriers to green innovation adoption in SMEs. Their study in India revealed that government support, environmental concerns, and competitive advantage were key drivers, while lack of resources and knowledge were significant barriers. These findings could provide valuable insights for promoting green practices in HBBs in Trenggalek Regency.

#### **c. Sustainable Development and Family Income in Rural Areas**

The link between sustainable development practices and family income in rural areas has been explored in recent literature. (Steiner & Teasdale, 2019) investigated the role of social enterprise in enhancing the resilience of rural communities. Their research in Scotland demonstrated that locally-embedded enterprises, which often include HBBs, can contribute significantly to both economic and social sustainability in rural areas. In Indonesia, (Wulandari et al., 2021) studied the impact of green entrepreneurship on sustainable development and poverty reduction in rural areas. Their findings suggest that green entrepreneurial activities can lead to improved environmental conditions while also increasing household incomes, providing a strong case for the adoption of green practices in rural HBBs.

#### **d. Technology and Innovation in Green Home-Based Businesses**

The role of technology in facilitating green practices in HBBs has become increasingly important. (Ravazzoli et al., 2021) explored how digital technologies can support sustainability in rural micro-enterprises. Their study across various European countries showed that digital tools can enhance market access, improve resource efficiency, and facilitate the adoption of sustainable practices in rural businesses. In the Asian context (Lam & Lee, 2021) examined the adoption of green technologies in home-based food businesses in Malaysia. They found that while there was growing awareness of green technologies, adoption rates varied significantly based on factors such as cost, perceived benefits, and regulatory support.

#### **e. Policy Implications for Green HBB Development**

Recent literature has also focused on the policy implications of promoting green HBBs. (Hena-Zapata & Pires, 2020) conducted a systematic review of sustainable entrepreneurship policies in developing countries. Their analysis revealed the need for tailored policies that address the unique challenges faced by green entrepreneurs in different contexts. In Indonesia, (Rosavina et al., 2019) studied the government's role in supporting green MSMEs. Their research highlighted the importance of targeted financial incentives, capacity building programs, and regulatory frameworks in promoting the adoption of green practices among small businesses.

#### **f. Measuring the Impact of Green Practices on Family Income**

Assessing the economic impact of green practices on family income is crucial for understanding their effectiveness. (Yusof et al., 2021) developed a framework for measuring the sustainability performance of home-based businesses in Malaysia. Their model incorporates

economic, social, and environmental indicators, providing a comprehensive approach to evaluating the impact of green practices on HBBs. This literature review highlights the growing body of research on home-based businesses, green business approaches, and their potential to increase family income in rural areas. The studies indicate a positive relationship between the adoption of green practices and economic benefits for HBBs, while also emphasizing the challenges and need for supportive policies. This research provides a strong foundation for analyzing the development of green home-based businesses in Trenggalek Regency and their potential impact on family income.

### METHOD

This study employs a qualitative research approach to build knowledge through understanding and discovery. Qualitative research is a process of inquiry and comprehension based on methods that investigate social phenomena and human problems. The research method utilizes a qualitative approach with primary sources of data. This study is categorized as qualitative because the research data is in the form of qualitative descriptions obtained from documents, field notes, statements, or actions of respondents. This approach aims to obtain detailed information about green business products in increasing family income. The qualitative approach is particularly suitable for this study as it allows for In-depth exploration of the green business concept in home-based enterprises, understanding the nuances of how these businesses impact family income and capturing the contextual factors specific to Trenggalek Regency. By using primary data sources and conducting direct observations and interviews, the researchers can gather first-hand information about the types of green business practices implemented, challenges and opportunities faced by home-based green businesses, the perceived impact of these businesses on family income, local factors influencing the success or failure of green business approaches.

This method allows for a rich, contextual understanding of how home-based green businesses operate and contribute to family income in the specific setting of Gembleb Village, Trenggalek Regency. The findings from this qualitative study can provide valuable insights for policymakers, local authorities, and other stakeholders interested in promoting sustainable economic development in rural areas.

### RESULTS

The development of home-based businesses rooted in green business principles will bring about positive changes for both society and the environment. Home-based businesses should not be underestimated; even small enterprises in rural areas play a crucial role in economic development. The reason home-based businesses serve as economic generators is that they create job opportunities for village residents and provide additional income to meet family needs. In this study, the researcher conducted interviews with informants. Based on the interview conducted with an informant named Mrs. Muyati, she stated that she has been running her business for approximately 20 years, since her youngest child was born. The following table shows the annual net income from the broom stick business:

Table 1: Annual Net Income of the Broom Stick Business

| Year | Annual Net Income |
|------|-------------------|
| 2020 | Rp 3.360.000,00   |
| 2021 | Rp 4.800.000,00   |
| 2022 | Rp 6.240.000,00   |

Source: Interview Results Data,2023

The utilization of coconut fiber waste has benefits, one of which is as a raw material. In broom making, besides being inexpensive, this fiber also has its own advantages: it is durable, not easily damaged, resistant to termites, and also capable of absorbing water and heat. The production of coconut fiber brooms indeed uses traditional methods, so the tools required are also simple, including machetes, knives, and needle equipment.

Running a home-based business rooted in green business principles will bring about positive changes for both society and the environment. In one of the villages in Trenggalek



Regency, Gembleb Village, there are several craftsmen engaged in the palm fiber broom business. Home-based businesses should not be underestimated; even small enterprises in rural areas play a crucial role in economic development. The reason home-based businesses serve as economic generators is that they create job opportunities for village residents and provide additional income to meet family needs. Moreover, these home-based businesses also produce goods that meet the needs of the surrounding community at much lower prices and with better quality than large industries.

The following is a quote from the researcher's interview with Mrs. Muyati (55 years old) : "This business is difficult to develop, I lack capital and don't have agents or distributors as suppliers, so I only sell to small shops and make them when there are orders. This business has been established for a long time, since my youngest child was born, but it's still the same as it's always been". The researcher asked Mrs. Muyati, and she said: "If calculated, my income isn't much. The selling price per piece is only Rp 6,500. Usually, in a month, I can sell about 100 pieces. So, if calculated, I can get a net income of about Rp 900,000 per month, but it's not fixed, you know. As with any business, income can go up and down."

The work she does is simple and uses manual techniques in its production, but it at least provides a positive impact on her life. By utilizing coconut fiber waste and her skills, she has been able to generate economic value. As Mrs. Muyati said: "If you ask whether it's profitable, you could say so. Meeting my family's needs is also because of this business. Paying vehicle installments, buying staple goods - it's all from this business's money. My children and I manage this business. We work on making these home-based brooms based on green business principles, utilizing fiber waste and the skills I have."

Table 2: Annual Net Income of the Coconut Fiber Broom Business

| Year | Annual Net Income |
|------|-------------------|
| 2020 | Rp 5.850.000,00   |
| 2021 | Rp 7.020.000,00   |
| 2022 | Rp 7.800.000,00   |

Source: Interview data, 2023

The researcher asked Mrs. Muyati, and she said: "My child here is female labor. The reason is that my child wants to help with my income." Mrs. Muyati also said: "Look, our production process still uses traditional methods which can't compete with modern companies. There's also a business here making doormats from coconut fiber, just like mine. Again, every business has its own characteristics, and fortune is already arranged by a higher power."

Nevertheless, the owner of this business, Mrs. Muyati, feels proud of the achievements she has made. Up to this moment, she has been able to boost her family's economy. This business doesn't just rely on profits, but also utilizes coconut fiber waste to create economically valuable goods, enhances skills or abilities, and also helps maintain the surrounding environment.

## DISCUSSION

### Development of Green Business-Based Products

Products are essential in buying and selling to run a business. Operating a business that protects nature will result in high-quality products, as seen in the production process through sales, without causing negative impacts on the environment and consumers. Business is an activity closely related to the surrounding nature. The selection of raw materials for production as a business activity must be done with care not to damage or exploit the surrounding nature. At both national and international levels, the development of a green business-based economy is something that must be recognized or promoted. This aims to create an energy-efficient environment that refers to a sustainable economy inseparable from the place of residence, so that green business is considered an ecosystem component. The destruction of natural life will become a new problem in obtaining raw materials, which will ultimately harm oneself and the company ((Asrawaty, Sabariyah, & Marjun, 2021) et al., 2021).

The aspects related to explaining how to use a product based on *green business* are as follows: First, the use of raw materials. In selecting raw materials, every company or home-based

business must choose materials that are easily biodegradable to prevent environmental pollution. These raw materials will be crafted or turned into products that have high commercial value and quality. Second, waste disposal. In running a business, one must pay attention to the disposal site for production waste. Don't just think about the profits from running the business, but also seriously consider the issue of waste disposal.

If the raw materials are easily biodegradable, then indirectly the company is taking responsibility in protecting the Earth and its surroundings. Third, production results. To prevent negative impacts due to the production process, companies sometimes fail to consider the consequences of what they produce, such as whether the results of their production process are good for nature or will damage the environment. In this regard, companies should avoid using raw materials that are difficult to decompose in soil, like plastic which takes hundreds of years to break down. Instead, they should choose raw materials that are truly safe for life, because in reality, life isn't just about humans - there are other creatures that also need to be protected, and this is the responsibility of all humans. The movement to love nature and protect the Earth is a form of society's sense of responsibility in safeguarding the environment from damage caused by careless human actions.

However, in reality, these green business-based products are difficult to implement in society. Many people still don't understand green business due to a lack of awareness and low levels of environmental sensitivity. Introducing green business-based products to the public is one approach that needs to be taken, not only to protect the natural environment but also as an alternative way to appreciate green business-based products. The Earth and nature, created so beautifully and full of benefits, have crucial importance for the continuity of human life. If nature is destroyed, it will also negatively impact humans, as environmental damage will cause various natural disasters. The creation of green-based products is one expression of care and love for nature. Products created from home-based businesses will provide job opportunities for the community and serve as an initial step towards better environmental awareness than before

### **Obstacles in the Development of Green Business Home-Based Products**

In the development of green business-based home enterprises, there are several obstacles that make it difficult for these green business-based ventures to grow. The obstacles are as follows: *First*, Limited capital. Capital is the main thing that must be considered in a business. Lack of capital will make it difficult for the business to grow, and capital investment must also be accompanied by good management. *Second*, The still low quality of human resources of business owners. This usually occurs due to low levels of education, lack of innovation skills, or increasing laziness. In fact, business owners should have leadership qualities and enthusiasm for entrepreneurship. *Third*, Limited marketing capabilities. The lack of utilizing online media in this era of globalization results in many business owners being confused about marketing their products. In fact, properly utilizing online media can vastly expand the sales market network and make the product known to many people, especially since online media connects people between cities and even countries. *Fourth*, lack of love for nature. The Earth is our responsibility as humans, which must be protected and cared for as best as possible because the Earth gives us life. As good human beings, let's jointly utilize waste and use products that are easily biodegradable as a form of love for nature. *Fifth*, there is not yet a good, mutually beneficial partnership established between MSME (Micro, Small, and Medium Enterprises) actors, large businesses, and State-Owned Enterprises (BUMN)/Regional-Owned Enterprises (BUMD). Partnerships need to be established in order to create a mutually supportive system.

### **CONCLUSION**

Green business is a business activity that from the beginning of its process, such as the selection of raw materials, processing until it becomes a product, uses natural materials that are easily biodegradable, while the product is an important aspect in buying and selling to run a business. A home-based business is usually one that operates from the home and has few employees, as home-based businesses typically depend on the amount of market demand. The development of green business-based enterprises is indeed very necessary at present, by utilizing natural raw materials in a product such as coconut husks turned into foot mats and brooms. Besides

protecting the environment, it turns out to be able to improve the family economy. Running a business that protects nature will produce high-quality products, as seen in the production process up to sales, without causing negative impacts on the environment and consumers. However, unfortunately, the lack of public awareness about the environment, lack of skills, and also the absence of capital are the weaknesses in the process of developing green business-based home enterprises.

Suggestions for business owners: Business owners should utilize online media, with the purpose of expanding their sales market. For readers, the suggestion is that we should utilize natural waste or buy products with easily biodegradable base materials as a form of responsibility to the Earth. For future research, it is recommended to be more detailed in explaining the development of these green business-based home enterprise products

### ACKNOWLEDGMENTS

The researcher expresses gratitude to Mrs. Muyati who has assisted with this community service. The researcher also thanks Gembleb Village for granting permission and providing support in the implementation of this community service activity.

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