

PRIVATE SECTOR PARTICIPATION IN THE GREEN ECONOMY: A LITERATURE REVIEW ON BUSINESS SUSTAINABILITY

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Abstract

The green economy has become an increasingly important global issue in the last decade, with the private sector playing an increasingly significant role. This research aims to examine the impact of private sector participation in the green economy on business sustainability. Through a literature review, this study analyses how green practices adopted by companies can benefit operational sustainability, reputation, resilience, innovation, and the development of a sustainable business ecosystem. The results show that private sector participation in the green economy can improve operational efficiency, strengthen corporate reputation and attractiveness, and encourage innovation and development of more environmentally friendly products. In addition, collaboration with other stakeholders can also shape a more sustainable business ecosystem. Thus, private sector involvement in the green economy not only has a positive impact on the environment, but can also support business sustainability in the long run.

Keywords: green economy, private sector, business sustainability, green practices

Introduction

The issue of climate change and environmental degradation has become a global concern in recent decades. Various efforts have been made to reduce the negative impact of human activities on the environment, one of which is through the concept of green economy.

A green economy is an economic system orientated towards improving human well-being and social equality, while significantly reducing environmental risks and ecological scarcity (UNEP, 2011). A green economy emphasises the efficient use of natural resources, minimisation of waste and emissions, and the use of renewable energy to support sustainable economic growth. The concept also seeks the integration of social and environmental aspects in economic planning and decision-making, resulting in a balance between economic development, social justice, and environmental sustainability. This concept aims to achieve sustainable development by balancing economic, social, and environmental aspects (Chary & Sharma, 2024).

Sustainable development is a development concept that aims to fulfil the needs of the current generation without compromising the ability of future generations to

fulfil their needs. It emphasises the balance between economic, social and environmental aspects of the development process. Sustainable development seeks to improve the welfare of people today, but must consider the long-term impact on natural resources and ecosystems (Bajar et al., 2024). This concept emphasises the efficient use of resources, the reduction of emissions and waste, and the utilisation of renewable energy to support environmentally friendly economic growth. By applying the principles of sustainable development, it is expected to achieve development that meets the needs of the present generation without compromising the ability of future generations to meet their needs (Srivastav et al., 2024).

The role of the private sector in the green economy is very important, given that this sector has a large contribution to economic activity and environmental impact. Many companies have implemented environmentally friendly business practices, such as energy efficiency, renewable energy use, waste minimisation, and green product innovation. However, private sector participation in the green economy is still limited, especially in developing countries (Tiwari & Mohammed, 2024).

In addition, business sustainability in the green economy is also an important issue. The implementation of green business practices requires significant investment, so companies must be able to ensure that these practices provide significant economic, social and environmental benefits for the sustainability of their business. Therefore, a more comprehensive understanding of private sector participation in the green economy and its impact on business sustainability is needed (Bogovic & Grdic., 2020)

Based on the above description, this study aims to examine private sector participation in the green economy and evaluate its impact on business sustainability through a literature review. The results are expected to make theoretical and practical contributions to the understanding of the role of the private sector in the transition to a sustainable green economy.

Research Methods

The study in this research uses the literature method. The literature research method or literature study is a data collection method carried out by studying and reviewing various literature, books, journals, articles, and other sources related to the research topic. In this method, researchers collect, read, and analyse various information related to the variables or phenomena being studied. The main purpose of the literature research method is to obtain a strong theoretical basis, up-to-date information, and a comprehensive understanding of the research topic (Suyitno, 2021); (Adlini et al., 2022). Through literature study, researchers can identify research gaps, formulate problems, build hypotheses, and design appropriate methodologies to answer research questions. In addition, this method also allows researchers to compare their research findings with previous research results, so that they can make new contributions to the development of science (Raco, 2018).

Results and Discussion

Private Sector Participation in the Green Economy

The role of the private sector is important in realising a sustainable green economy. As one of the major players in the economy, private sector involvement can drive the transformation towards a more environmentally friendly economic system (Dong & Ullah, 2023).

One of the private sector's contributions is through the development and application of green technologies. Companies can invest in technological innovations that support energy efficiency, waste management, and sustainable utilisation of natural resources. In addition, the private sector can also develop products and services that have low environmental impact (Nawaz & Shakeel, 2023).

On the other hand, the private sector can also encourage changes in consumption patterns that are more environmentally friendly. Through the promotion and marketing of green products, companies can influence consumer preferences and behaviour to be more aware of environmental issues. In addition, the private sector can also implement sustainable business practices, such as the use of renewable energy, waste recycling, and emission reduction (Arogundade & Hassan, 2024).

In addition, private sector involvement is also important in supporting green infrastructure development, such as environmentally friendly public transport systems, energy-efficient buildings, and efficient water management. Investment and collaboration with the government can drive infrastructure development that supports the green economy. However, private sector participation in the green economy also requires appropriate policy support and incentives from the government. Policies that regulate environmental standards, provide financial incentives, and create a conducive investment climate can encourage the private sector to be more actively involved in the transition to a sustainable green economy (Dong & Ullah, 2023).

In addition, the private sector can also play a role in encouraging the transformation of people's culture and behaviour to be more environmentally friendly. Through educational programmes, campaigns and social initiatives, companies can influence public awareness and commitment to participate in realising a green economy (Bogovic & Grdic., 2020)

Furthermore, private sector engagement can also contribute to supporting community empowerment and sustainable local economic development. By developing socially and environmentally sustainable supply chains, companies can create jobs, increase incomes, and promote inclusive and environmentally sustainable economic growth (Tiwari & Mohammed, 2024).

Thus, private sector participation is critical in driving the transition to a sustainable green economy. Through innovation, sustainable business practices, infrastructure support, and community engagement, the private sector can be a

strategic partner for the government in realising environmentally sound development. However, this role of the private sector must be supported by appropriate policies and incentives from the government, so as to create an ecosystem conducive to green economic growth.

Impact of Private Sector Participation on Business Sustainability

Private sector involvement in the green economy not only impacts the environment, but can also bring benefits to the sustainability of the business itself. By implementing environmentally friendly business practices, companies can gain a competitive advantage and maintain their business viability in the long term (Srivastav et al., 2024).

One of the positive impacts is improved operational efficiency. By implementing green technology and resource-saving practices, companies can reduce production costs, energy use, and waste management. This is not only good for the environment, but it can also increase the profitability of the company. Furthermore, private sector participation in the green economy can improve a company's reputation and image in the eyes of consumers. As consumers become more aware of environmental issues, they tend to favour products and services from companies that demonstrate a commitment to sustainability. This can encourage consumer loyalty and expand the Company's market share (Bogovic & Grdic ., 2020)

In addition, sustainable business practices can also attract top talent to join the company. Today's younger generation is increasingly paying attention to environmental and social issues in choosing a workplace. By demonstrating a commitment to social and environmental responsibility, companies can become an attractive option for potential employees who have the required skills and competencies (Dong & Ullah, 2023).

In the long run, private sector participation in the green economy can also increase firms' resilience to risks and shocks, both from climate change and market conditions. By strengthening environmental and social resilience, companies can maintain their viability and better adapt to future challenges (Nawaz & Shakeel, 2023).

Furthermore, private sector participation in the green economy can open up new opportunities for innovation and product development. By adopting green practices, companies can create products and services that are more sustainable in terms of raw materials, production processes and energy use. This can not only improve competitiveness, but also meet the needs of consumers who are increasingly concerned about environmental issues (Arogundade & Hassan, 2024).

In addition, private sector involvement in the green economy can also foster a more sustainable business ecosystem. Through collaboration and synergy with other stakeholders, such as governments, non-profit organisations, and local communities,

companies can build more environmentally friendly supply chains, as well as increase positive impacts on society and the environment (Bolcan ., 2024)

Thus, private sector participation in the green economy not only has a positive impact on the environment, but can also provide benefits for the sustainability of the business itself. Through improved efficiency, reputation, talent attraction, resilience, innovation, and the development of sustainable business ecosystems, companies can maintain their competitive advantage and ensure their long-term viability. Therefore, the more companies adopt green business practices, the more they will promote sustainable economic growth.

Conclusion

Private sector participation in the green economy can provide benefits for business sustainability. Firstly, the adoption of green practices can improve a company's operational efficiency through reduced consumption of energy, water and raw materials. This not only reduces costs, but also increases a company's resilience to future price volatility and resource scarcity.

Secondly, a company's commitment to sustainability can enhance its reputation and appeal to consumers, investors and top talent. Companies that are recognised as good corporate citizens tend to be more desirable to stakeholders, thereby strengthening their competitive position and maintaining long-term business viability.

Furthermore, private sector participation in the green economy can drive innovation and development of more environmentally friendly products. This not only creates new opportunities for businesses, but also fulfils the needs of consumers who are increasingly concerned about environmental issues. In addition, collaboration with other stakeholders can shape a more sustainable business ecosystem, thus supporting green and inclusive economic growth.

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