The Examination of Smes Business Strategies Towards International Opportunities of Smes Products

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Abstract

Indonesian small and medium-sized enterprises (SMEs) are adopting environmentally friendly manufacturing processes to ensure long-term sustainability. This involves enhancing efficiency, utilizing renewable energy sources, and carefully evaluating product alternatives and waste management strategies. The use of online platforms and digital marketing has expanded SMEs' international prospects, gaining global attention and a competitive advantage. Incorporating green business practices into operations can result in financial savings and a distinct advantage within the marketIn Indonesia's micro, small, and medium-sized enterprises (SMEs), digital literacy is playing an important role, notably in green innovation. Operations may be optimized, inefficiencies can be reduced, and environmental effect can be mitigated with the help of digital tools and platforms. This research makes use of a quantitative methodology by conducting a survey in order to collect information from individuals who are involved in the SME industry in Central Java. The research made use of Structural Equation Modeling (SEM) and Partial Least Squares (PLS) to analyze the validity and dependability of the data that had been collected. The results suggest that green business strategies improve SME performance. The influence of HR on SME performance is not statistically significant. SME performance is statistically linked to digital literacy. This relationship was affected by digital literacy. Environmental innovation has no statistically significant impact on SME productivity. Environmentally friendly innovation has a statistically minimal influence.

Keywords: *Digital Business, Green Product, Business Strategy, International.*

Background

In order to ensure the long-term stability of the sector, small and medium-sized firms (SMEs) implement environmentally friendly manufacturing practices. This involves a concentration on improving efficiency, exhibiting a resolute dedication to the utilization of renewable energy sources, and meticulously assessing product alternatives and waste management plans. The aim of this study is to elucidate the notion of a sustainable business strategy and its potential impact on the financial performance of exports within the context of small and medium-sized firms (Zou et al., 2003). Furthermore, alongside the utilization of online platforms and digital marketing, the organization has also utilized environmentally sustainable business practices in order to augment its international prospects (Duren & Yilmaz, 2010).

Through the integration of sustainable materials and production processes inside its manufacturing operations, the company successfully garnered the attention and patronage of environmentally-conscious clients on a global scale (Vrontis, D, Christofi, 2016). This strategic decision not only served to distinguish the company from its industry rivals but also corresponded with the increasing worldwide need for environmentally sustainable goods (Bıçakcıoğlu et al., 2020). The efficacy of this methodology exemplifies the capacity of small and medium-sized enterprises (SMEs) to not only augment their international

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clientele but also make significant contributions towards fostering a more sustainable future.

The performance of small and medium enterprises (SMEs) in Indonesia is significantly impacted by the utilization of human resources. These SME actors strategically employ environmental concerns as a means to gain a competitive advantage and capture a portion of the current market share (Fang & Zou, 2009). This is achieved by aligning their operations with the emerging trend towards green industry. A product can be deemed successful when it effectively delivers perceived benefits to consumers. Hence, it is imperative for commercial entities to take into account the requirements and preferences of consumers when evaluating product quality, with a growing emphasis on the development of ecologically sustainable. There is a growing demand for products that meet green requirements due to their anticipated durability and sustainability.

Digital literacy can have a major influence in SMEs in Indonesia, particularly in the area of green innovation. The rising consciousness surrounding environmental concerns and the escalating need for sustainable goods and services have prompted small and medium-sized enterprises (SMEs) in Indonesia to acknowledge the need of incorporating environmentally friendly practices into their business operations. Digital tools and platforms have the potential to significantly contribute to the promotion of green innovation by enabling small and medium-sized enterprises (SMEs) to optimize their operations, decrease inefficiencies, and mitigate their impact on the environment. Through the utilization of digital technologies, small and medium-sized enterprises (SMEs) have the ability to identify areas in need of enhancement, monitor their environmental performance, and implement sustainable practices with more efficiency (Mogos Descotes & Walliser, 2019).

In Indonesian SMEs, the value of digital literacy has been increasingly acknowledged in recent years. With the ongoing advancement of technology and its significant impact on business operations, small and medium-sized enterprises (SMEs) are increasingly recognizing the necessity of adjusting and using digital tools and platforms. Digital literacy encompasses the aptitude to proficiently use and traverse digital technologies, and its significance has grown substantially for small and medium-sized enterprises (SMEs) in order to sustain competitiveness within the contemporary digital-oriented society.

Theoretical Overview

Green Business Strategy

One potential strategy that organizations may adopt is doing a comprehensive evaluation of their supply chain in order to identify specific areas where the incorporation of sustainable materials might be implemented. This may entail engaging in partnerships with vendors who provide environmentally-conscious alternatives or allocating resources towards research & development to internally produce pioneering, environmentally-friendly materials (Grantham, 2022). By placing emphasis on the utilization of sustainable resources, enterprises have the potential to substantially mitigate their carbon emissions and mitigate their adverse ecological effects. Conducting a comprehensive examination of the diverse array of choices accessible in the market is of paramount importance for enterprises seeking to adopt an environmentally sustainable business strategy. Furthermore, enterprises have the opportunity to prioritize the optimization of transportation and distribution strategies in order to mitigate carbon emissions and reduce waste. This entails the utilization of environmentally friendly packing materials and the implementation of effective logistical systems in order to minimize needless transit (Begum et al., 2023).

Ultimately, it is imperative to prioritize the appropriate disposal and recycling of items at the culmination of their existence, so guaranteeing the minimization of waste and the reutilization or repurposing of materials. The selection of sustainable materials constitutes a fundamental element of a company strategy that prioritizes

environmental sustainability. Businesses can achieve a substantial reduction in their carbon footprint by selecting products that have a minimal environmental impact (Vrontis, D, Christofi, 2016). This entails a meticulous evaluation of the entire life cycle of materials, encompassing stages such as extraction, manufacture, and disposal. Furthermore, enterprises have the capacity to facilitate the utilization of sustainable resources and foster the implementation of environmentally conscious procedures across the entirety of the supply network. By integrating these concepts into their business practices, organizations have the potential to not only make a positive impact on environmental conservation but also bolster their brand reputation and appeal to consumers who prioritize environmental consciousness (Karagülle, 2012).

Human Resources

Business are placing growing emphasis on the domains of development. The importance of human resources in promoting sustainable practices becomes increasingly significant as firms endeavor to enhance their environmental and social responsibility (Goyal et al., 2014). Human resource departments are currently assigned the responsibility of not only acquiring and maintaining highly skilled individuals, but also guaranteeing that employees possess knowledge of and actively engage in environmentally sustainable practices (Ahmad, 2015). This encompasses the implementation of training programs focused on sustainable practices, the promotion of eco-friendly behaviors within the workplace, and the encouragement of employees to provide innovative ideas for the production of environmentally friendly products (Aykan, 2017).

Digital Literacy

The significance of digital literacy for small and medium-sized enterprises (SMEs) in Indonesia: This may encompass an examination of the profound expansion of technology and the internet, which has rendered it imperative for small and medium enterprises (SMEs) to acquire digital competencies in order to sustain competitiveness within the contemporary market (Kádárová et al., 2023). Moreover, the acquisition of digital literacy is of paramount importance for small and medium-sized enterprises (SMEs) in Indonesia, as it empowers them to proficiently harness diverse online platforms and technologies, hence expanding their client outreach. Given the escalating dependence on digital platforms for the procurement of goods and services, it is imperative for small and medium-sized enterprises (SMEs) to comprehend the complexities associated with online marketing, social media management, and e-commerce strategies (Tailor et al., 2022). This understanding is crucial for maintaining relevance in the market and effectively enticing prospective clients. Furthermore, the acquisition of digital literacy enables small and medium-sized enterprises (SMEs) to optimize their operational procedures, automate various tasks, and augment overall productivity, hence resulting in financial benefits and heightened effectiveness (Grefen, 2021).

The adoption of digital literacy among Indonesian small and medium enterprises (SMEs) presents a number of challenges. This study aims to investigate the several barriers that hinder small and medium-sized enterprises (SMEs) from adopting digital literacy (Bouwman et al., 2018). These obstacles encompass restricted access to resources, insufficient understanding of online technologies, and resistance to change within conventional business structures (Mosavi & Agus Triansyah, 2023). A significant obstacle that arises is the constrained availability of resources, encompassing technology infrastructure and internet connectivity, particularly in geographically isolated regions of Indonesia. Small and medium-sized enterprises (SMEs) encounter challenges in effectively utilizing digital tools and platforms when they lack a steady and dependable internet connection (Chetty et al., 2018). Moreover, it is worth noting that a considerable number of small and medium-sized enterprise (SME) proprietors and personnel may possess a restricted understanding of online resources and exhibit a deficiency in the essential competencies required to effectively navigate the digital realm. The existence of this knowledge gap is a substantial obstacle to the adoption of digital literacy and the utilization of its advantages. Moreover, it is worth noting that certain small and medium-sized enterprises (SMEs) could exhibit a reluctance towards embracing

change, primarily driven by apprehensions about the potential disruption of well-established business models or a limited comprehension of the potential benefits associated with digitization (Varis, 2008).

Green Innovation

The implementation of green innovation holds the capacity to enhance the performance of companies. When a significant portion of a firm's production primarily comprises ecologically sustainable products, the company exerts a positive influence (Kaleka & Morgan, 2019). The present discourse aims to explore the relationship between green innovation and customer perception. Specifically, it seeks to examine how organizations that prioritize the development and provision of environmentally friendly items can effectively expand their client base by capitalizing on the increasing demand for sustainable products (Becker, 2023). These companies have the potential to establish themselves as industry frontrunners by effectively demonstrating their dedication to sustainability and emphasizing the favorable environmental effects of their products (Alnaim et al., 2022).

By strategically matching their core values with the values of their intended audience, organizations have the potential to cultivate a robust brand reputation and foster a devoted customer following. Furthermore, empirical research has demonstrated that individuals exhibit a willingness to incur additional costs in exchange for sustainable goods, hence augmenting the financial viability of the organization (Song & Yu, 2018). This paper aims to examine the influence of government laws on the promotion of green innovation. Specifically, it will explore the effects of government policies and regulations on encouraging firms to embrace sustainable practices. Additionally, it will analyze how these measures can stimulate market demand for environmentally friendly products and services. Emphasizing the significance of collaborative endeavors among enterprises, government agencies, and non-profit organizations in propelling green innovation is crucial, as the collective engagement of these entities can yield amplified outcomes and expedite advancements towards a sustainable future (Luan et al., 2023).

Price

The significance of sustainability has witnessed a notable rise in its influence on consumer buying choices. With increasing awareness of the environmental consequences associated with consumer choices, individuals are increasingly inclined to seek items that not only provide a competitive price but also align with their personal ideals. There is an increasing trend in the market towards the adoption of green products, which are distinguished by their design and manufacturing methods that seek to mitigate negative environmental effects.

Research framework
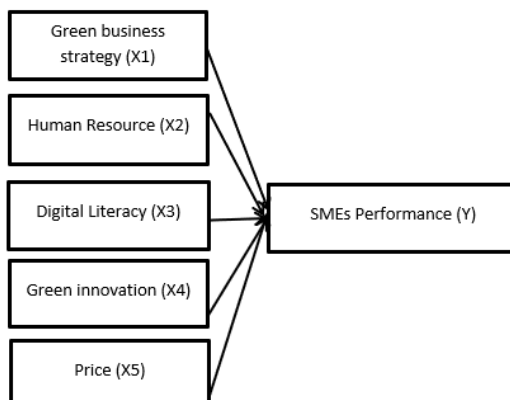
Research Methods

This quantitative study uses a survey instrument to collect data from Central Java SMEs. The researcher sampled purposively. The study sampled 60 people. Purposive sampling targeted firm actors who use environmentally friendly products. Traditional paper surveys were given to participants. Measurement scales are vital for research and data analysis. Common assessment tools include the Likert scale, which asks questions about each characteristic with five response alternatives. SEM-PLS was used to assess data validity and reliability in this investigation. Convergent validity and composite reliability were assessed on participant data. Descriptive and verification analysis were performed using structural equation modeling partial least squares (SEM PLS). The descriptive analysis calculated means and standard deviations for each research variable to understand response distribution. By assessing research variable relationships, structural equation modeling (SEM) partial least squares (PLS) assessed data validity and dependability. This allowed a complete assessment of the measurement scale's ability to reliably measure respondents' impressions. This study used descriptive and verification analysis to thoroughly analyze the data, boosting its reliability and trustworthiness. Path analysis is a statistical method used to evaluate how green business strategy, human resources, digital literacy, green innovation, and price affect SMEs.

Results

Descriptive Statistics of Research Variables

The Descriptive Table of Research Variables presents a thorough summary of the variables, encompassing their minimum and maximum values, average and median values, data variance, and the slope of the curve. The variable under consideration is subjected to a descriptive analysis, which encompasses a range of statistical measures such as the minimum, maximum, mean, standard deviation, median, excess kurtosis, and skewness values. This study aims to provide a full understanding of the variable's characteristics.

Descriptive Table: of Research Variables

	No.	Missing	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness
X1.1	1	0	4.45	5	3	5	0.644	-0.411	-0.771
X1.2	2	0	3.85	4	1	5	0.853	0.954	-0.693
X1.3	3	0	3.833	4	1	5	0.82	1.426	-0.793
X1.4	4	0	2.517	2	1	5	1.057	-0.89	0.39
X1.5	5	0	4.483	5	3	5	0.645	-0.252	-0.891
X2.1	6	0	3.85	4	1	5	0.813	1.289	-0.667
X2.2	7	0	3.55	4	2	5	0.669	-0.187	0.155
X2.3	8	0	3.417	4	2	4	0.714	-0.602	-0.825
X2.4	9	0	3.833	4	1	5	0.778	5.031	-1.871
X3.1	10	0	3.717	4	2	5	0.755	-0.489	0.056
X3.2	11	0	2.783	3	1	4	0.95	-0.885	-0.262
X3.3	12	0	2.983	3	1	4	0.957	-0.967	-0.434
X3.4	13	0	2.517	2	1	5	1.057	-0.89	0.39
X4.1	14	0	4.5	5	3	5	0.619	-0.226	-0.864
X4.2	15	0	2.233	2	1	4	0.844	-1.005	-0.133
X4.3	16	0	2.433	2	1	4	1.006	-0.989	0.339
X5.1	17	0	4.517	5	3	5	0.591	-0.286	-0.81
X5.2	18	0	4.083	4	2	5	0.781	-0.676	-0.366
X5.3	19	0	3.983	4	2	5	0.785	-0.838	-0.182
X5.4	20	0	2.8	3	1	5	0.833	0.248	-0.135
Y1.1	21	0	3.7	4	2	5	0.69	-0.052	-0.137
Y1.2	22	0	3.45	3	2	5	0.589	-0.407	-0.051
Y1.3	23	0	1.933	2	1	4	0.873	-0.868	0.441
Y1.4	24	0	4.45	5	3	5	0.617	-0.464	-0.678

Participants' responses for each dimension and research variable are shown in the table above. Green business approach and Digital Literacy have the highest standard deviation, 1.057. That is, this variable

has higher volatility than others. After descriptive statistical tests, respondents' perception data was analyzed using hypotheses-based correlation and influence estimates. Each dimension and study variable's response range is shown in the table above. The biggest standard deviation factors are green business strategy and digital literacy at 1.057. That is, this variable has higher volatility than others. After descriptive statistical tests, respondents' perception data was analyzed using hypotheses-based correlation and influence estimates.

Data Analysis Results

Measurement Model

The present study conducted an examination of the measuring model (outer model) through the implementation of validity and reliability assessments. The validity test comprises two components: convergent validity and discriminant validity. In the context of this study, the assessment of reliability is conducted by means of computing composite reliability and Cronbach's Alpha coefficients. The presence of discriminant validity can be observed through the loading factors, as depicted in the accompanying graphic.

Table: of Fornel-Larcker Criterion Discriminant Validity Values.

	Digital Literacy (X3)	Green business strategy (X1)	Green innovation (X4)	Human Resource (X2)	Price (X5)	SMEs Performance (Y)
Digital Literacy (X3)	1					
Green business strategy (X1)	0.57	0.894				
Green innovation (X4)	0.517	0.817	1			
Human Resource (X2)	0.478	0.456	0.377	0.826		
Price (X5)	0.365	0.294	0.296	0.219	1	
SMEs Performance (Y)	0.759	0.815	0.728	0.531	0.387	0.855

In addition to the examination of the Fornell-Larcker Criterion's calculation outcomes, the assessment of discriminant validity can also be conducted by considering the Cross Loading value. Specifically, the loading score acquired for a given set of indicators should surpass the correlation value between latent variables. The table below displays the cross-loading value of the study hypothesis.

Cross Loading Value Table

	Digital Literacy (X3)	Green business strategy (X1)	Green innovation (X4)	Human Resource (X2)	Price (X5)	SMEs Performance (Y)
X1.1	0.434	0.899	0.732	0.346	0.221	0.745
X1.5	0.589	0.889	0.73	0.472	0.306	0.713
X2.1	0.447	0.361	0.281	0.831	0.196	0.444
X2.2	0.342	0.392	0.342	0.822	0.166	0.433
X3.1	1	0.57	0.517	0.478	0.365	0.759
X4.1	0.517	0.817	1	0.377	0.296	0.728
X5.1	0.365	0.294	0.296	0.219	1	0.387
Y1.1	0.86	0.602	0.546	0.43	0.461	0.868
Y1.2	0.549	0.608	0.434	0.492	0.241	0.837
Y1.4	0.524	0.865	0.851	0.449	0.276	0.861

According to the data presented in the table above, the loading factor value associated with each variable is higher than the cross loading value. As a result, this demonstrates that all indicators of all variables

utilized in this research can be deemed to be legitimate. The AVE value, which stands for "average variance extracted," is another useful indicator of discriminant validity. A value that is more than 0.5 is considered to be satisfactory for the AVE.

Table of AVE (Average Variance Extracted)

	Average Variance Extracted (AVE)
Digital Literacy (X3)	1
Green business strategy (X1)	0.8
Green innovation (X4)	1
Human Resource (X2)	0.683
Price (X5)	1
SMEs Performance (Y)	0.732
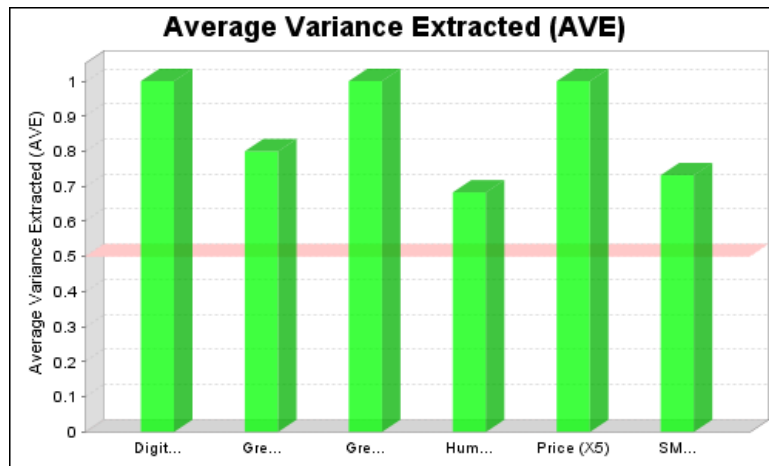
AVE (Average Variance Extracted) Value Graph

The subsequent step following the administration of the validity test is conducting the reliability test. Instrument reliability testing is conducted to assess the degree of consistency in measurement outcomes produced by an instrument, even when administered across varying timeframes, settings, and populations. The measurement of construct reliability encompasses two distinct criteria, specifically composite reliability and Cronbach's Alpha, which is a measure of internal consistency reliability. A construct is deemed dependable when the composite reliability rating exceeds 0.7 and the Cronbach's Alpha value surpasses 0.6. The table below displays the outcomes of the reliability test calculations for composite reliability and Cronbach's Alpha.

Table of Composite Reliability and Cronbach's Alpha

	Cronbach's Alpha	Composite Reliability
Digital Literacy (X3)	1	1
Green business strategy (X1)	0.75	0.889
Green innovation (X4)	1	1
Human Resource (X2)	0.536	0.812
Price (X5)	1	1
SMEs Performance (Y)	0.818	0.891

The table above presents the findings of the measurement of Composite Reliability and Cronbach's Alpha. It is observed that all variables for Composite Reliability exhibit values exceeding 0.70, however

certain variables in Cronbach's Alpha fail to surpass the threshold of 0.60. Therefore, the findings pertaining to Composite dependability can be deemed legitimate and exhibit a considerable level of dependability, but the findings concerning Cronbach's Alpha are deemed valid but lack a significant degree of reliability.

Structural Model

R-square values can be classified into three distinct types. According to (Hair et al., 2010) an R-square value of 0.75 falls into the strong group, while a value of 0.50 is considered moderate, and a value of 0.25 is classified as weak. The table provided displays the R-square value of the dependent variable as acquired in the research model.

R-Square Value

	R Square	R Square Adjusted
SMEs Performance (Y)	0.807	0.789

The evaluation of the structural model involves assessing the R-square value as a measure of model fit or congruence. The subsequent elucidation pertains to the R-square outcomes as shown by the aforementioned table. The variable representing the performance of small and medium-sized enterprises (SMEs), denoted as Y, exhibits a coefficient of determination (R-square) of 0.807 as determined through the utilization of SmartPLS software. This indicates that the proportion of variance accounted for by the SMEs Performance variable is 80.7%. Once the R-square value has been calculated, the subsequent step involves conducting a t-test to determine the significance of the coefficients for the structural path parameters.

The critical values of path coefficients for a two-tailed hypothesis are as follows: 1.65 at a significance level of 10%, 1.96 at a significance level of 5%, and 2.58 at a significance level of 1%. The significance of the association between latent variables can be discerned by the statistical significance value. The determination of the significant value of the parameter coefficient can be conducted utilizing the bootstrapping methodology. Bootstrapping is a statistical methodology that is classified under the realm of non-parametric processes. The assessment of coefficient significance is a widely utilized practice, particularly in relation to outer weights, outer loadings, and path coefficients. The standard error associated with these coefficients is estimated in order to achieve this. The test uses the technique of bootstrapping, using a subsample with a significance level of 0.05. The table displaying the path coefficients can be observed inside the bootstrapping output, as illustrated in the following table.

Path coefficient (STDEV, T- Values, p values)

	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Digital Literacy (X3) -> SMEs Performance (Y)	0.1	3.795	0
Green business strategy (X1) -> SMEs Performance (Y)	0.207	2.146	0.032
Green innovation (X4) -> SMEs Performance (Y)	0.209	0.554	0.58
Human Resource (X2) -> SMEs Performance (Y)	0.077	1.157	0.248
Price (X5) -> SMEs Performance (Y)	0.055	1.156	0.248

The outcomes of data processing for examining the association between variables can be observed through the path coefficient, which is obtained by utilizing bootstrapping in Partial Least Squares (PLS) analysis to derive the results of Path Coefficients and T-statistics. Based on the observed critical values of the t statistic for path coefficients, it can be inferred that there are many hypotheses with a significance level of 10%. This conclusion is drawn from the fact that the two-tailed hypothesis value exceeds the threshold of 1.671.

Hypothesis Test

The indicators employed in hypothesis testing within this study consist of t values, which are subsequently compared to the corresponding values in the t table. The acceptance of the hypothesis is determined by comparing the t value to the critical value from the t table. If the t value exceeds the critical value, the hypothesis is deemed accepted. Conversely, if the t value is lower than the critical value, the hypothesis is considered rejected, based on the findings of the significance test for the path coefficient.

Table of Hypothesis Testing Results

	Hypothesis	t value	t table	Results
Green business strategy (X1) -> SMEs Performance (Y)	H1	2,146	1,671	Accepted
Human Resource (X2) -> SMEs Performance (Y)	H4	1,157	1,671	Rejected
Digital Literacy (X3) -> SMEs Performance (Y)	H3	3,795	1,671	Accepted
Green innovation (X4) -> SMEs Performance (Y)	H4	0,554	1,671	Rejected
Price (X5) -> SMEs Performance (Y)	H5	1,156	1,671	Rejected

Hypothesis Testing

Investigation results suggest that Inferred from the Path Coefficient Table's t-statistics and path coefficients, the findings of testing each hypothesis are explained below.

Hypothesis 1 states that green business strategies improve small and medium-sized enterprise success. The empirical investigation of the first assumption shows that Green business strategies improve small and medium-sized enterprise performance. The impact of a Green business strategy on SMEs' performance was statistically significant with a t value of 2.146, exceeding the threshold of 1.671. So, the theory was accepted. Hypothesis testing suggests that Green business strategies affect SMEs' operational outcomes statistically.

Hypothesis 2 states that human resources do not improve SMEs' performance. The empirical test of the second hypothesis shows no statistically significant link between HR and SME performance. Statistical analysis of the impact of HR on SMEs showed a t-value of 1.157. The computed t-value was below the threshold of 1.671. Therefore, the theory was faulty. Hypothesis testing shows no statistically significant relationship between HR and SME performance.

Hypothesis 3 states that digital literacy improves SMEs' performance. The empirical investigation to test the third hypothesis shows that Digital Literacy affects SMEs' performance. Digital Literacy's impact on SMEs' performance was statistically significant with a t value of 3.795, over the threshold of 1.671. So, the suggestion was accepted. Hypothesis testing shows a statistically significant link between Digital Literacy and SME performance.

Hypothesis 4 states that green innovation does not improve SMEs' performance. The fourth hypothesis shows no statistically significant association between Green innovation and SMEs' success. Green innovation's impact on SMEs' performance was statistically analyzed using an inner model evaluation with a t value of 0.554. The number that was found to be less than the important t value of 1.671 means that the hypothesis is not true. The hypothesis testing results suggest that Green innovation does not statistically affect the performance of small and medium-sized enterprises.

Hypothesis 5. Research on the fourth hypothesis shows no statistically significant association between pricing and SMEs' success. Price's effect on SMEs' performance had a statistical t value of 1.156, lower than the essential t value of 1.671 from the t table. So, the theory was rejected. The hypothesis testing showed no statistically significant association between pricing and SMEs' performance.

Conclusions

Indonesian SMEs are adopting environmentally sustainable manufacturing processes to ensure the industry's long-term viability. This involves optimizing operating efficiency, using sustainable energy, and carefully assessing product alternatives and waste management methods. Internet platforms and digital marketing have expanded global potential for SMEs. Incorporating sustainable materials and production practices has earned SMEs international acclaim and given them a competitive edge. Indonesian SMEs are increasingly realizing the importance of ecologically sustainable business strategies. By carefully aligning with the green industry trend, SMEs may boost their competitiveness and brand recognition. Environmentally friendly methods can boost profits and provide a company an edge. Digital literacy is important for Indonesian SMEs, especially in green innovation. Digital tools and platforms can improve operational efficiency, reduce inefficiencies, and reduce environmental impact. Small and medium-sized firms (SMEs) are increasingly recognizing the importance of digital literacy to be competitive in a digital society.

This study used descriptive and verification analysis to thoroughly investigate the data, improving its reliability and validity. Path analysis is a statistical method used to assess how green business strategy, human resource management, digital literacy, green innovation, and price affect small and medium-sized enterprises. This study examines how green business strategy, human resources, digital literacy, green innovation, and price affect SMEs' performance. The results imply that green business strategies considerably and favorably improve SMEs' performance. According to the t table, a t value of 2.146 is statistically significant and above the necessary t value of 1.671. As shown by a t-value of 1.157, human resources do not significantly affect SMEs' performance. The statistical research shows a substantial correlation between digital literacy and SMEs' performance (t-value 3.795). Statistical investigation shows that green innovation does not affect SMEs' performance (t-value 0.554). Pricing and SME performance are not statistically significant. This is shown by a t-value of 1.156, below the required 1.671. The above findings suggest that green business strategies, human resource management, digital literacy, green innovation, and pricing strategies affect the performance of small and medium-sized firms (SMEs).

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