Green economy growth efficiency in support of environmental policy

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Abstract. Classical economic theory creates problems in today's globalized world. A new revolution is needed to make smart economic growth, namely a green economy. This economy rests on sustainable growth and entrepreneurship with an aspect of balance between sectors. This study aims to explain the efficiency of green growth to support the creation of environmental policies. The research method used is qualitative with a literature review technique approach by reviewing and synthesizing Environmental Policy and Green Economic articles. Regulations, incentives, and resources play a full role in how economic activity turns infrastructure sustainable. These efforts will provide an essential framework for the development and implementation of green solutions that cover the needs of all communities. The efficiency of green growth is the key to achieving sustainable development. Environmental policy is a supporting component in the formation of a green economy. Efforts to create a better energy transition strategy will be an opportunity to create an economy for expected progress. Opportunities to develop new markets, new technologies, new industries, and a new workforce will be the keys to the country's success.

1. Introduction

Shmelev (2017) stated that classical economic theory had caused various problems in the global world. A new revolution is needed from a changeable capitalist economy to support more innovative economic growth, namely a green economy. This economic prospect is based on sustainable growth and entrepreneurship, balancing multi sectors [1]. Bergius et al. (2020) added that the scarcity of natural resources and environmental damage are increasingly becoming significant problems at this time. As a result, the increasing population growth also shows a prolonged conflict; therefore, a new path is needed for environmentally sustainable investment under the command of the green economy [2]. Mealy and Teytelboym (2020) also found that the current boom in industrial structures is one of the triggers for environmental degradation. Environmental policies implemented in each country will direct the industry to be more competitive in an environmentally friendly environment in implementing green economy capabilities. The country's potential as a green industry policymaker will shed new light on the future transition of environmentally friendly products [3]. Cabernard and Pfister (2020) also add that measuring environmental progress for a green economy is strongly influenced by aspects of environmental justice. This is based on the finding that the advancement of high-income countries results in a higher per capita footprint than low-income countries [4]. Jin and Li (2013) found that humans cannot solve the decline in the quality of nature only statistically and other problems such as social and cultural dynamics. Environmental policy reform is needed to change the environmental order [5].

Vasile et al. (2013) found that local community development is the key to supporting a green economy and improving quality of life [6]. Jones et al., (2016) found the importance of a holistic development policy approach if green economic development is successful. This is also influenced by industry, research institutions, local communities, and the government itself [7]. Zhou and Deng (2019) stated that narrowing regional economic disparities and building environmentally friendly societies are the main goals of a green economy. This economic efficiency can be created with well-targeted environmental policies. These results will have important implications for policymakers in their efforts to promote green areas and low-carbon development. On this basis, the authors are interested in knowing in depth the implementation of the environmental policies that have been determined to support the creation of green economic growth [8].

2. Methodology

This article uses qualitative methods with literature review techniques by reviewing and synthesizing articles related to Environmental Policy and Green Economy. According to Borrego et al., (2014) states that there are two stages in reviewing articles, firstly selecting all articles used by the focus of green economy and environmental policy studies, and secondly, extracting the results of the articles by drawing conclusions based on theory and relevant findings [9]. Then based on the opinion of Bachiochi et al. (2013), the analysis of the article is done sharply and critically so that the researcher understands the advantages and disadvantages of the articles obtained. This process is carried out in-depth by reading the various theoretical findings in the study article [10].

3. Results and discussion

Oliveira (2002) noted that the government has two important roles in creating a green economy: promoting economic development and protecting environmental quality. However, it cannot be denied that these roles conflict with each other because the interests of dominant economic development are the main priority in the government plan, especially in developing countries [11]. Mahmood and Marpaung (2014) also note that high carbon or energy taxes will reduce emissions, especially local pollution. This tax policy will increase energy efficiency because the industry will pay attention to competitiveness, not reduce the economic costs incurred [12]. Yuan and Xiang (2017) argue that appropriate environmental policies can support increased productivity and creativity in environmentally friendly work and promising opportunities for the use of new energy with a win-win strategy [13]. Ge et al. (2020) found that weak environmental regulations will almost increase population welfare. As a result, these cities will experience spatial backwardness in improving their economy. Therefore, policymakers must be adaptive in adopting a framework to increase the efficiency of environmental regulation in an innovative manner [14]. Peng (2020) found that an environmentally friendly industrialization process will support the formation of environmental regulations that support creating a healthy economy [15]. Zhang et al. (2020) found that environmental laws play an important role in green conditioning innovation. This is because green innovation will be sustainable in the long term if it is fully regulated at the local and international levels [16]. Wu et al. (2020) found the importance of government efforts in promoting rules and effectiveness in implementing reward and punishment. Thus, the applied norm should lead to the development and encourage the conversion of new energy [17]. Niesten et al. (2016) found that collaboration between national and international companies is also important to stimulate the transition towards a sustainable direction. With the collaboration, it will form sustainable relationship governance, especially in support of creating the green industry [18]. Kheder and Zugravu (2012) stated that strong environmental regulation is also important in punishing companies that deviate from the pollution protection process to support green economy efficiency. Strict specifications in environmental policies will create a sustainable environmental protection effect [19]. Lee et al. (2010) added that a more comprehensive approach such as aspects of the product life cycle would be a determinant in the industry for creating environmental policies that are more environmentally friendly. This approach will increasingly lead to the essence of a green economy [20]. Rocha and Salomao (2019) found that it is important to study the interaction between corporate environmental

compliance and environmental regulation. This is because it will be the main factor that causes companies that only maximize personal profit or maximize social welfare [21]. Izquierdo et al. (2019) added that policymakers must also anticipate uncertainty and ignorance in making environmental policies. The environment is so dynamic and unpredictable that policymakers must make the best long-term solutions [22]. Khoshnava et al. (2019) stated that implementing green infrastructure supports the realization of a green economy. Green infrastructure will integrate with environmental resources and services into the national income [23]. Neimark et al. (2020) also added that the green economy potential would reduce the vulnerability of the marginalized workforce to become a priority for the common welfare. Increasing environmental services by fostering entrepreneurship will support creating an economy for shared prosperity in a sustainable manner [24]. Juan (2020) also added that optimizing the country in developing renewable energy potential will bridge the inequality of access and other services [25]. Lee and Heijden (2019) added that the role of higher education institutions as a significant economic engine and innovative place in supporting the creation of a green economy. As a result, higher education institutions are the engines of growth for a green economy that impacts the development of environmentally friendly jobs [26]. Asongu and Odhiambo (2020) found that increased economic growth and population growth are not favorable for a green economy. This is because classical economic theory is still being applied so that environmental degradation and inequality of population rights are not carried out in a balanced manner [27]. Ansah and Sorooshian (2019) found that the private sector must understand the need for climate change adaptation. An environmental commitment to advancing climate action by building resilience in vulnerable communities will support creating a green economy [28]. Barbier (2011) adds that the challenge of sustainability is how to overcome a large number of markets, policy, and institutional failures that hinder the significance of a green economy. As a result, environmental policies must bridge the problems between environmental benefits and maintenance. Improving economic and scientific analysis of ecological scarcity, translating implications into policy, and assessing loss of benefits are key witnesses to tackling sustainability challenges. Exploring and implementing various innovative financing mechanisms for ecosystem services to financial transaction taxes will reduce the challenges towards a green economy [29]. Saladin and Turok (2013) found that changes in sustainable development are closely related to the formation of a green economy. This cannot be separated because it is an interrelated part [30]. An image of the green economy model can be seen below.
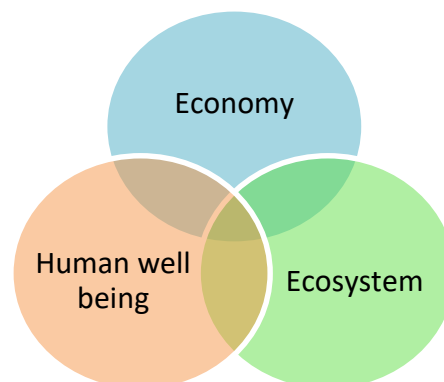

Figure 1 Green economy model.

Based on the picture above, it is explained that there are three main components in the green economy model, namely economy, ecosystem, and human well-being. The objective in the economic aspect itself is to increase economic welfare with the principle of efficiency-based independence. The ecosystem aspect aims to conserve the environment without overexploiting. The final goal of human well-being is to balance justice from social, cultural, and political elements to maintain a unity of vision and mission in line with sustainable development. Environmental policies must fully support the basis for the creation of this green economy model. For this reason, the role of the government as a neutral facilitator

will be an opportunity to create a green economy that can advance the welfare of its people. The importance of implementing green innovation to achieve sustainability by embracing existing environmental goals and strategies is fully integrated according to the main objectives. Once these efforts are carried out, green growth can be developed sustainably. The country also facilitates an overall development plan such as lowering future economic, environmental, and social costs, strengthening economic power, and reducing poverty.

4. Conclusion

The efficiency of green growth is a critical factor in achieving sustainable development. Environmental policy is a supporting component in the formation of a green economy. Efforts to create a better energy transition strategy will be vital to making expected progress. There are opportunities in transforming a new economy, renewable technology, and a competent workforce into opportunities for success for the country. In other words, we must adequately take this opportunity to head to the path of success for welfare for all on earth. Therefore, the green economy transition is limited to economic, environmental, and entrepreneurial issues and policy and political issues. Full support for creating a green economic revolution cannot be successful without the alignment of all public sectors involved to strengthen further efforts and strategies in the efficiency of green growth in a sustainable manner.

Acknowledgments

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