

ROLE OF GREEN ENTREPRENEURSHIP ON THE PERFORMANCE AND SUSTAINABILITY OF MSMES**Dr. M. Ayisha Millath**

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ABSTRACT:

Green entrepreneurship has ended up becoming an important strategy to micro, small, and medium-sized enterprises (MSMEs) that seek to grow sustainably and responsibly. This conceptual paper looks at the long-term performance of MSME and their sustainability in regard to green entrepreneurial practices. Due to the fact that the concept of environmental entrepreneurship entails the combination of innovation and environmental responsibility, companies are able to become profitable without compromising the environment. The idea of using resource-efficient production strategies, circular economy, and technological solutions that are greener allows improving market positions, minimizing operating costs, and increasing competitiveness. These steps ensure the sustainability. Conceptually, the research found out that green entrepreneurship is a critical linkage between performance improvement and strategic innovation in an organization. The paper highlights the importance of maintaining enabling institution and collaboration among stakeholders besides proactive government involvement. The paper demonstrates the factors both internal and external, which support green entrepreneurship in the former framework of Resource-Based View (RBV) and the latter framework of institutional theory. It also brings out the importance of green entrepreneurship in enhancing the effectiveness of operations and the ability of a business to withstand environmental and market shocks. This paper explores how green entrepreneurship create financial opportunities for MSMEs while advancing sustainable industrialization and environmental equilibrium.

Keywords:

Green Entrepreneurship, MSMEs, sustainability, innovation, performance, environmental responsibility.

INTRODUCTION:

Green entrepreneurship is increasingly becoming one of the significant methods through which enterprises can expand and carry out practices that are environment friendly. It is not a fashion but it is concentered and feasible approach to creating a sustainable future of the micro, small and medium enterprises (MSMEs). Outstanding development of the economy regionally, creation of jobs, and local innovation largely rely on MSMEs. Nevertheless, it is anticipated that MSMEs will adopt sustainable and friendly practices with regard to the environment given the global effects of pollution, climate change, and depletion of resource (Kraus et al., 2020). Ecologically sustainable business innovation is known as green entrepreneurship. This is the power to reduce economic valuable goods, services, and processes and the minimal possible harm to the environment (Gibbs & O'Neill, 2019). The adoption of Sustainable technology and enhancing their operational costs and competitive positions in the market Prove the development of the circular economy may enable MSME to effectively reduce waste slash optional costs, and improve their competitive positions in the market. Such strategies enhance the survival and image of business as well as establishing customer confidence that is not limited to monetary success (Dangelico and Pujari, 2021).

To explain the effects of green entrepreneurship on the performance of the MSMEs is the present study has based on to crucial theories Resource-Based View and institutional theory. The former explains that have business can leverage on significant internal resources so as to achieve a long-term competitive advantage. These internal capabilities comprise such issues as green technology, innovations capabilities, and environmental competencies (Barney, 1991). Due to its emphasis on external factors and their impact, including the policies of a government, demands placed on a company by stakeholders, and social Expectations the institutional theory provides to be the addition to the Resource Based View (Di Maggio and Powell, 1983; Scott, 2014). The two concepts justify the internal and external factors that encourage MSMEs to transform to green entrepreneurship.

Green pre- enterprise, however , is not Merely adhering to the environmental regulations, but entails change and entrepreneur stamina. By incorporating social and environmental value in their activities, MSME remain important community stakeholders as they are operating with fewer risk in an environment where the market and regulatory environment is unpredictable (York & Venkataraman, 2010). Entrepreneur green practices taken by MSME will be the lead in correcting the world economy to more inclusive and low carbon approaches(Del Rio et al., 2022).

This conceptual studies goal is to ascertain how green entrepreneurship affects micro, small, and medium sized businesses performance and sustainability. By doing this, it dismantles the theoretical framework that explains how innovation, institutional support , and strategic skills combine to create organizations that are resilient and prepared for the future.

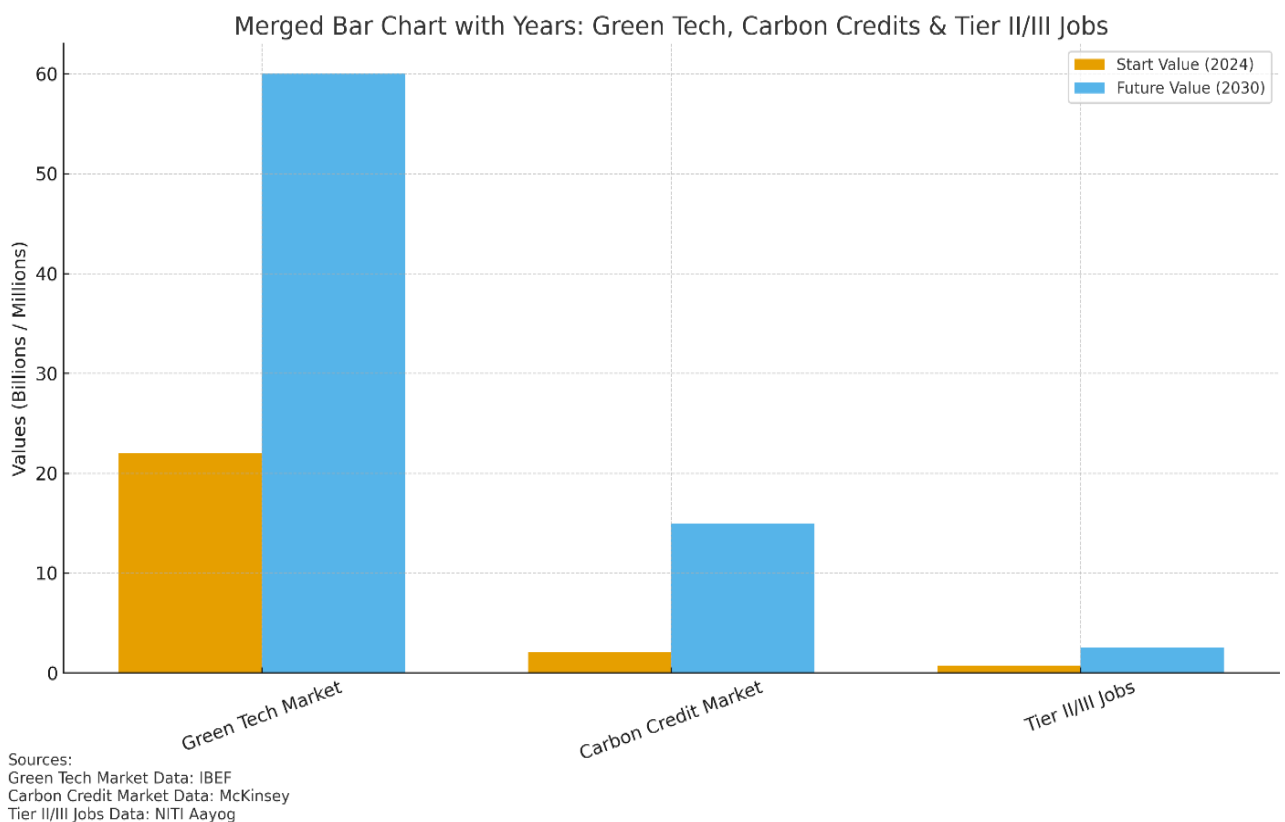


Fig no: 1 Merged Bar Chart with Years: Green Tech, Carbon Credits & Tier II/III Jobs.

The merged bar chart presents a longitudinal analysis of green technology adoption, carbon credit engagement, and employment generation in Tier II and Tier III cities over a defined time period. The figure reveals a consistent and progressive upward trajectory across all three dimensions, thereby underscoring the increasing relevance of green entrepreneurship within the MSMEs sector. The observed rise in green technology adoption signifies a strategic transition toward eco-innovative practices and resource- efficient production systems, which are essential for sustainable industrial development. Concurrently, the upward trend in carbon credit activities reflects a growing alignment of enterprises with environmental sustainability frameworks and emission reduction mechanisms. Furthermore, the expansion of employment opportunities in Tire II and Tier III regions highlights the role of green entrepreneurship in fostering inclusive growth and balanced regional development. Collectively, the figure demonstrates that green entrepreneurship serves as a critical enabler of both environmental sustainability and economic advancement, contributing significantly to enhanced organizational sustainability to enhanced organizational performance, job creation, and the long-term resilience of MSMEs.

REVIEW OF LITERATURE:

Green entrepreneurship is one of the key drivers of sustainable economic growth, and particularly of MSMEs, which are the backbone of most national economies, although they are often blamed for wasting resources and contaminating the environment due to outdated production methods (Kraus et al., 2020). Gibbs and O'Neill (2019) argue that the problem of integrating green entrepreneurship into any firm is a solution, and therefore, revenues will align with social and environmental responsibility. This will enable the development of new and sustainable business models that will increase competitiveness, productivity, and stakeholder trust without compromising the environment (Dangelico & Pujari, 2021). Lowering operating costs, improving the reputation of a company, and gaining access to greener markets have been proven to be a result of effective Resource Management, eco-innovation, and the use of renewable energy (Leonidou et al., 2017; Garzella and Fiorentino, 2020). The Resource Based View (RBV) is a valuable theoretical lens to understand how internal capabilities play into green entrepreneurial success (Barney, 1991). MSMEs can maintain their competitive advantage in the long run and even establish enduring competitive advantage if they utilize their unique resources, such as innovation, employees, and the newest Technology, which becomes strategic assets and are key to the long-term success and robustness of the organization when sustainability becomes the basis of innovation (Dangelico and Pujari 2021). On the other hand, institutional theory proposes that a variety of external factors such as government regulation, customer demands and competitive pressures drive businesses to become more environmentally friendly (Di Maggio and Powell, 1983; Scott, 2014), and institutional factors such as financial benefits, environmental regulations, and increased customer demand propel MSME towards eco-innovation and green transformation (Del Rio et al., 2022; Chang and Chen, 2013). One dimension of green entrepreneurship is the circular economy, which aims to reduce waste, recycle materials, and develop more environmentally friendly manufacturing processes (Kirchner et al., 2018). Small businesses that gradually transition into the circular economy gain benefits such as increased efficiency, reduced risk of resource scarcity, and finding new customers in sustainable market places (Klewitz and Hansen 2014). Technology innovation such as smart production real time environmental monitoring and creating a more renewable energy friendly world finished this transition (Demirel and Danisman 2019). However, micro, small, and medium size to Enterprises still experience issues related to blurred funding, technical know-how and institutional support (Yadav et al., 2021). To help MSME to be more environmentally friendly, public-private partnerships, Government initiatives, and capacity building is required (Schaper 2016; Rahman et al., 2020). Engaging stakeholders at all levels helps to gain social acceptance and local community support for sustainability (Hall et al., 2010; Lozano, 2018). Furthermore, when companies are evaluated based on environmental and social criteria, they are held more accountable, transparent, and strategic (Agyemang et al., 2019; Malesios et al., 2020). In summary green entrepreneurship is one Holistic strong Framework that integrates environmental protection with economic development (Kraus et al., 2020). When MSMEs develop their internal resources and sustainable institutional management, these MSME will contribute to the development of resilient, innovative, and environmentally friendly ecosystems, globally, which will contribute to inclusive economic growth and sustainable development (Del Rio et al., 2022).

Green Entrepreneurship And Its Impact On MSME Performance And Sustainability

Dean and McMullen (2007) and Dangelico and Pujari (2001) explain that entrepreneurship is a concept closely related to sustainable development and innovation, in which business owners develop product, services, and process that have fewer negative environmental impact as well as generate economic value. MSMEs can benefit greatly from implementing green practices, including using renewable energy, reducing waste, and adopting circular economy principles (Del Rio, Romeo-Jorden, & Penasco, 2022; Schaltegger and Wagner, 2017). In addition to the financial benefits, these efforts enhance the company's reputation in a market that is becoming more demanding on sustainability criteria, attract loyal customers, and enhance its reputation (Gibbs and O'Neill, 2019; Kraus, Burtscher, Vallaster, and Angerer, 2020). According to York and Venkataraman (2010) and Schaltegger and Wagner (2017) green entrepreneurship ultimately represent a change in business practices because it combines corporate expansion with environmental preservation, enabling businesses to achieve both ecological sustainability and strong market performance.

Theoretical Foundations Underpinning Green Entrepreneurship In MSME

An important data source that helps comprehend the internal performance of micro, small and medium-sized businesses (MSMEs) is the Resource-Based View (RBV) (Barney, 1991; Peteraf, 1993). According to the thesis, business may have a long-term competitive advantage if their resource is valuable, uncommon, hard to replicate, and distinct from other resources (Wernerfelt, 1984; Barney, 1991). According to Hard (1995) and Dangelico & Pujari (2011), green entrepreneurship is an excellent illustration of how an organization's ability to innovate and

protect the environment can transformed into core competencies that strengthen its competitive advantage. According to Leonidou, Chirtodoulides, Kyrgidou, & Palihawadana (2017) and Malesios, Skouloudis, & Evangelinos (2010), MSMEs can improve their overall business performance and operational efficiency by adopting eco-innovative practices, like creating eco-friendly supply chains or using renewable energy in factories. According to Hart and Dowell (2011) and Garzella and Fiorentino (2020), green competencies are crucial for preserving the longevity and resilience of businesses.

In emphasizing the impact of the external environment, institutional theory strengthens the RBV .It essentially states that expectation of stakeholder, laws, and customs have an impact on the organization (DiMaggio & Powell, 1983; Scott, 2014). The adoption of green entrepreneurial practices by MSMEs Can be interpreted as a response to institutional constraints resulting from industry norms, customer demands, and environmental restriction (Del Rio, Penasco, & Romero-Jordan 2022; Chang & Chen, 2013). Government regulation, sustainability certifications, and international environmental commitments are the main source of normative and coercive constraints that compel businesses to adopt more socially conscious practices (Schaper, 2016; Yadav Tripathi, & Goel, 2011) As a result, external governance, market dynamics, and stakeholders engagement programs all have an impact on the MSME sector's adoption of green practices; these factors are all explained by institutional theory (Fernando, Jabbour,& Wah 2019; Dangelico & Pujari, 2021).

Linking Green Entrepreneurship With MSME Performance and Sustainability Outcomes

Green entrepreneurship as defined by Kraus, Burtscher, Vallaster & Angerer (2020) and Dangelico & Pujari (2021), is a linkage between strategic innovation, MSME performance and sustainability improvement. Internal green practices enhance financial and competitive outcomes by promoting innovation, increasing the efficiency of resource utilization, and reducing operating costs (Leonidou, Katsikeas, and Morgan, 2013; Malesios, De and Tselentis, 2020). By aligning MSMEs which sustainability objectives, these programs help them gain credibility with regulators investors and customers (Del Rio, Penasco, & Romero-Jordan, 2022 ;Hall, Daneke, & Lenox, 2010). Therefore, green entrepreneurship acts as a combination of the external factors from institutional theory with the internal characteristics from the RBV (Barney, 1991; DiMaggio & Powell , 1983; Scott , 2014).

Stakeholder Influence And Institutional Support for Sustainable MSME Development

This will involve many stakeholders ,including politicians, entrepreneurs and others, to green the MSMEs (Raut et al., 2023).Government support eco-innovation by offering subsidies, green financing, and trading (Gonzalez-Moreno et al., 2019).involving stakeholders will ensure that sustainability ideas are integrated into organizational processes and the supply chain (Klewitz & Hansen, 2014).The level of internal innovation and external institutional support complement each other to determine the depth and breadth of the sustainable transformation as well as the duration of its sustainability (Dangelico & Pujari , 2010).

CONCLUSION:

Green entrepreneurship is a method that MSMEs use to grow their businesses in a sustainable way by combining innovation and environmental consciousness. By integrating the resource-based view (RBV) and institutional theory this research suggests that the transition to greener business model is driven by interplay between internal organizational strengths and external contextual influences. Echo-innovation and reduced waste resources increase competitiveness, profitability, and productivity. These practices will also be applied externally via market stimulation, stakeholder engagement, and supportive policies by implementing clean technology and the principles of year circular economy MSME can enhance their resilience to market fluctuations and environmental Threads. More broadly green entrepreneurship can be defined as a method to align commercial performance with sustainability does companies can grow and flourish while enhance society and the environment.

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