

# Sustainability Practices on Entrepreneurial Orientation of Small and Medium Enterprises

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## ABSTRACT

### ➤ *Objective*

The objective of this research is to establish the connection between sustainable business practices and entrepreneurial orientation among small and medium-sized firms (SMEs). This study seeks to advance our understanding on sustainable entrepreneurship and SME management by assessing how sustainability practices affect the entrepreneurial mindsets of SMEs.

### ➤ *Methodology*

This methodology involves a mixed approach that incorporates qualitative interviews with managers and owners of SMEs and quantitative survey data. While the “qualitative interviews” will provide in-depth information concerning the ways through which sustainability practices impact on entrepreneurial mentality of SMEs; the “quantitative surveys” are meant to get data as regards how much these practices have been adopted by SMEs and their disposition towards entrepreneurship.

### ➤ *Findings*

From the conclusions of this study, it should be apparent that there is an important requirement for SMES to incorporate sustainable decision making in their long-term strategies. Therefore, a better understanding of how entrepreneurs could profit from sustainable practices might help policymakers, business professionals, and scholars develop improved policies that will promote sustained business growth.

### ➤ *Originality*

This study enhances the knowledge on sustainability entrepreneurship by investigating how sustainable practices can affect SMEs’ entrepreneurial attitude. This research helps us to understand how small and medium-sized enterprises (SMEs) can improve their competitive and resilient abilities over time in a rapidly changing business world through real data and theoretical constructs.

**Keywords:-** *Entrepreneurial Orientation, Sustainability Practices, Small and Medium-Sized Enterprises, Business Research.*

## **CHAPTER ONE**

### **INTRODUCTION**

In current years, the idea of sustainability has won vast attention across diverse industries. Businesses, in particular small and medium organizations (SMEs), are more and more incorporating sustainable practices into their operations no longer only to mitigate environmental effects but additionally to decorate their competitiveness and lengthy-term viability. This shift closer to sustainability isn't the handiest response to environmental issues however also displays a broader trend toward responsible and moral business practices.

Entrepreneurial orientation (EO) is a key component of SMEs that encompasses their modern, proactive, and risk-taking behaviors. It is broadly diagnosed as a determinant of a firm overall performance and increase. However, the relationship between sustainability practices and entrepreneurial orientation in SMEs remains underexplored in the literature. This study seeks to fill this gap by means of analyzing how the adoption of sustainable practices impacts the entrepreneurial orientation of SMEs.

Understanding this is crucial for several reasons. Firstly, SMEs play a vast role in financial development and task advent, in particular in rising economies. Therefore, improving their entrepreneurial orientation through sustainable practices will have far-reaching influences on monetary and social development. Secondly, SMEs are regularly greater agile and adaptable than large firms, making them ideal candidates for driving sustainable innovation and practices

This research paper pursuits to make contributions to the prevailing literature with the aid of imparting empirical evidence at the influence of sustainability practices on the entrepreneurial orientation of SMEs. By studying information from a sample of SMEs, this take a look at seeks to pick out the particular sustainability practices that can be most strongly associated with entrepreneurial orientation. The findings of this study are anticipated to provide valuable insights for SMEs looking to decorate their entrepreneurial orientation through sustainable practices, in addition to for policymakers and practitioners inquisitive about promoting sustainable entrepreneurship.

## CHAPTER TWO

### LITERATURE REVIEW

#### A. PAPER 1:

The paper examines the connection among entrepreneurial orientation (EO) and performance in small and medium organizations (SMEs) in an emerging financial system. It explores the mediating function of sustainability practices and the moderating impact of aggressive depth on this relationship. Previous research has shown inconsistent consequences concerning the EO- overall performance hyperlink, and this observe goals to deal with this gap by means of thinking about company-stage and external elements that could impact this courting. They take a look at contributes to the literature by using highlighting how SMEs with constrained sources can engage in sustainability practices to enhance their performance, similar to large corporations with stronger EO. Additionally, the take a look at provides to the literature by inspecting the mediating effect of sustainability practices inside the EO- overall performance courting. Furthermore, the study assessments the boundary situation of aggressive intensity, finding that the connection among EO and sustainability practices is weakened at excessive tiers of competitive intensity, however the dating among EO and overall performance via sustainability practices remains bolstered.

Paper taken for reference: Entrepreneurial orientation, sustainability practices and performance of small and medium enterprises: Samuel Yaw Akomea, Ahmed Agyapong, Godwin Ampah, Hannah Vivian Osei

#### B. PAPER 2:

The paper examines conventional start-ups that do not have a unique attention on sustainability and explores their contribution to sustainability within the economic system and how it is able to be stepped forward. The study analyzes the sustainability orientation and former experience in sustainability management of the founding teams of those begin-united states of america. It additionally explores the sorts and quantity of ecological and social contributions made by way of these begin-usa. The focus of the begin-usa is often on coming into the marketplace and generating sales, with sustainability aspects being taken into consideration later. The paper suggests the improvement of help, such as training and great practices, to assist conventional begin-usa consist of sustainability enhancements at an early stage. The advantageous mind-set of the interviewees toward sustainability is seen as promising. Destiny research is recommended to in addition discover sustainability contribution styles of conventional business fashions to decorate guide effectiveness.

- Reference - Sustainability orientation in conventional start-ups by [Uta Milow](#)-

#### C. PAPER 3:

In recent times, troubles along with environmental degradation, the wealth hole, and unequal access to opportunities and sources are increasing. These worries have extended the want for sustainable entrepreneurship, defined as sustainable enterprise practices. Entrepreneurship is imperative in transitioning closer to a greater sustainable destiny while aligning the social, financial, and ecological objectives and ecological entrepreneurs perform a position. Its goal is to analyze the depth of current portions of literature on sustainable entrepreneurship, its definitions, and its programs in commercial enterprise practices. The analysis relies upon a literature seek at the SCOPUS database around the keywords 'Sustainability' and 'Sustainable Entrepreneurship'. The scientific software VOSviewer is used to higher illustrate the linkage of important categories and correspondent developments, associated with both business growth and protection of ecological systems. It concludes that the preferred levels of sustainability require collaboration among all stakeholders, whilst the transition toward carrier-oriented commercial enterprise models has contributed to the boom of sustainable entrepreneurship. Despite the fact that current institutional structures favor present-day unsustainable corporations and structures over the more modern sustainable ones, stressful ecopreneurs to provoke institutional changes. (Albérico Travassos Rosário 1, 2022)

Paper taken for reference: Sustainable Entrepreneurship: A Literature Review Albérico Travassos Rosário, Ricardo Jorge Raimundos, Sandra P. Cruz.

## **CHAPTER THREE**

### **METHODOLOGY AND HYPOTHESIS**

#### *A. Research Design*

This study utilized a mixed-methods approach of having the influence of sustainability practices on the entrepreneurial orientation of Small and Medium Enterprises (SMEs). The research design included both quantitative surveys and qualitative interviews to gather comprehensive data.

#### *B. Research Hypothesis*

##### ➤ *Alternative Hypothesis:*

- H1 - Hypothesis: Small and medium enterprises (SMEs) that adopt sustainable practices exhibit a higher level of entrepreneurial orientation (EO) compared to SMEs that do not prioritize sustainability.

##### ➤ *Null Hypothesis:*

- H0- "Small and medium enterprises (SMEs) that adopt sustainable practices do not exhibit a higher level of entrepreneurial orientation (EO) compared to SMEs that do not prioritize sustainability."

#### *C. Sampling Strategy*

The sampling strategy involved selecting SMEs from different industries to ensure broad responses. A combination of purposive and snowball sampling techniques was used to identify suitable participants who have adopted sustainability practices.

#### *D. Data Collection*

Quantitative data was collected through a Google Form survey distributed to SME entrepreneurs and managers. The survey included questions about sustainability practices and entrepreneurial orientation. Qualitative data was gathered through conversations and observations.

#### *E. Data Analysis*

Quantitative data was analyzed using statistical methods to identify correlations between sustainability practices and entrepreneurial orientation. Qualitative data was analyzed to discover the patterns and themes related to sustainability and entrepreneurship.

#### *F. Ethical Considerations*

Ethical guidelines were followed throughout the research process. The study also respected the principles of fairness, respect, and honesty in its interactions with participants.

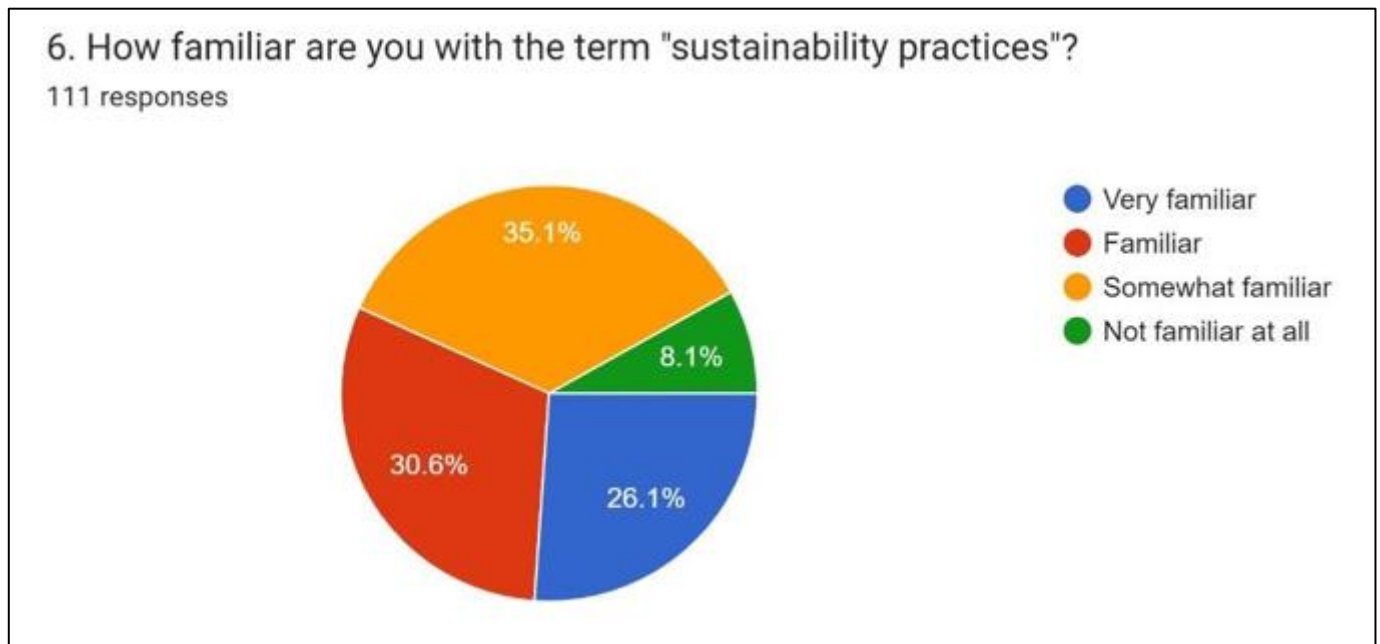
#### *G. Limitations*

It is important to remember that this study includes many limitations. Considering its diversity, the sample size might not be typical of all SMEs. Additionally, bias may be introduced by depending only on self-reported data. These restrictions might be overcome in the future by using larger and more different sample sizes.

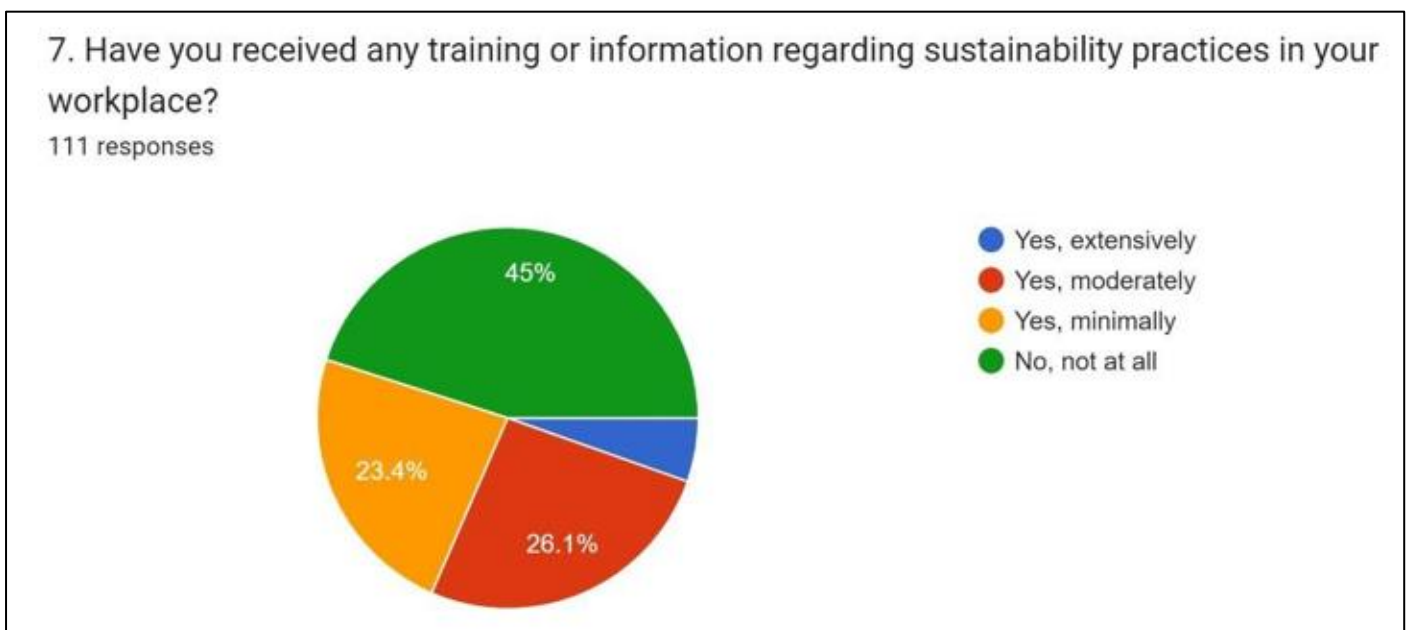
#### *H. Findings*

The objective of the research was to find out how Small and Medium-Sized Enterprises (SMEs) felt about sustainable business practices. Demographic information, knowledge of sustainability techniques, and opinions on the benefits and drawbacks of these activities were gathered through the survey. The findings provide insight into the views and beliefs surrounding sustainability held by the SME sector. Additionally, the study looked at how sustainable practices affected SMEs' risk-taking, innovation, market orientation, and proactive behavior. The findings shed light on the goals and difficulties of introducing sustainable practices in SMEs.

➤ Given Below are Few Responses from the Survey:



Based on the responses they provided, those surveyed are divided into four categories regarding their familiarity with the word "sustainable practices": very familiar (26.1%), familiar (30.6%), moderately familiar (35.1%), and not at all familiar (8.1%). Overall, 91% of the participants knew what was meant by "sustainability practices" to some extent. This suggests that there may be a general awareness of sustainable behaviors among those surveyed. It's likely that certain demographic groups have higher awareness of sustainable practices than others.

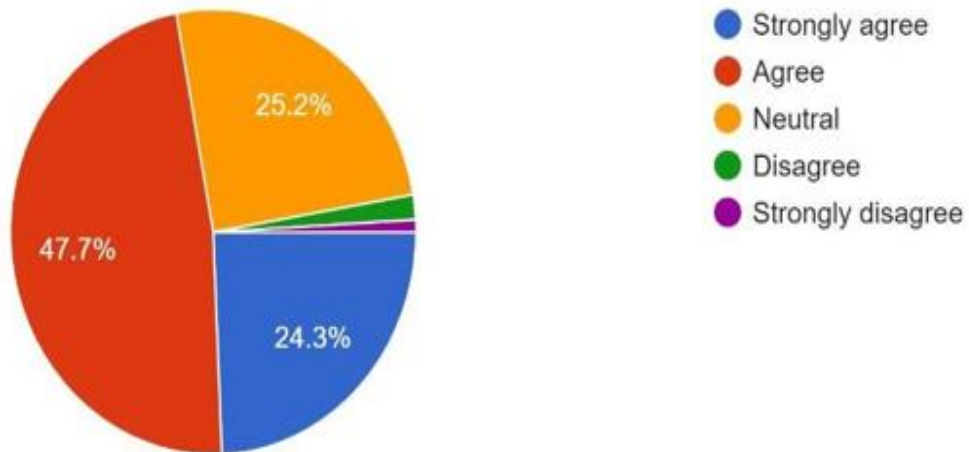


5.4% of respondents said Yes, extensively. 26.1% of respondents said Yes, moderately. 23.4% of respondents said Yes, minimally. 45% of respondents said No, not at all.

According to the survey's overall findings, a significant proportion of participants (45%) reported having no training or information about sustainability measures at their place of employment. However, quite a few people (30%) stated to have received some sustainability-related training or information.

## 8. Do you believe that sustainability practices are important for businesses like SMEs?

111 responses

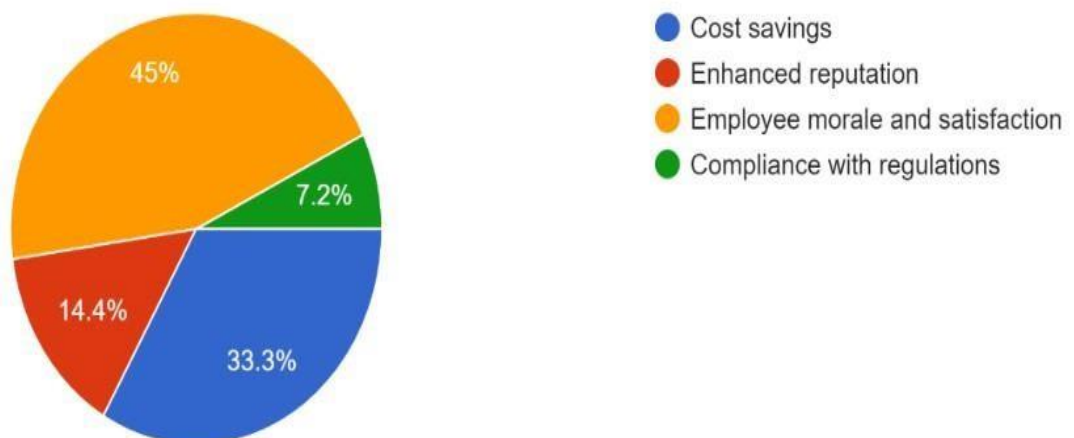


- Strongly Agree: 24.3%
- Agree: 47.7%
- Neutral: 25.2%
- Disagree: 1.8%
- Strongly Disagree: 0.9%

From the respondents, over half (47.7%) agree and an additional 24.3% strongly agree that sustainable practices are important for SMEs. This indicates that a significant proportion of participants (72.9%) think that sustainable business practices are crucial for small and medium- sized businesses. A sizable minority (2.7%) strongly disagrees or doesn't think sustainability policies are necessary for small and medium-sized enterprises. This offers some information on how SMEs feel about sustainable practices.

## 9. What do you perceive as the main benefits of incorporating sustainability practices into SME operations?

111 responses



- **Cost savings:** 33.3% of respondents identified cost savings as the main benefit.
- **Enhanced reputation:** 14.4% of respondents believed this to be the main benefit.
- **Employee morale and satisfaction:** 45% of respondents thought this to be the primary benefit.
- **Compliance with regulations:** Only 7.2% of respondents considered compliance to be the most important benefit.



According to the study results, the main advantage of integrating sustainable practices into SME operations is thought to be improved employee morale and satisfaction. This indicates that a lot of people think that using sustainable methods will improve employee happiness and morale, maybe by increasing productivity or lowering waste. Although it was mentioned less frequently, cost savings was nevertheless valued by some of the respondents. The benefit that was mentioned the least was compliance with regulations. This implies that the majority of SMEs are not primarily driven by the need to comply with rules, even though some enterprises may be encouraged to embrace sustainable practices for that reason.

#### 10. What do you perceive as the main challenges or barriers to implementing sustainability practices in SMEs?

111 responses

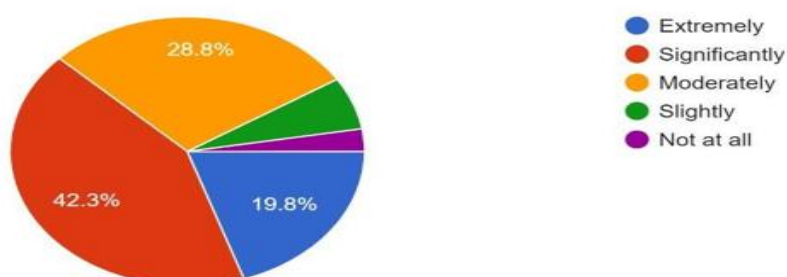


- **Lack of resources:** this was cited by 18.9% of respondents.
- **Lack of awareness or understanding:** This was the biggest challenge, 48.6% of respondents indicated this as a major barrier.
- **Resistance to change:** 24.3% of respondents said resistance to change was a main challenge.
- **Competing priorities:** Only 8.1% of respondents listed competing priorities as the biggest barrier.

According to 48.6% of respondents, the biggest obstacle was ignorance or lack of understanding. This shows that most managers and owners of firms might not be completely aware of the advantages of sustainable practices or how to incorporate them into their operations. The difficulty of intolerance to change was also mentioned a lot (24.3%). Even when individuals recognize the advantages of adopting sustainable behaviors, they could still be reluctant to alter their behavior. The least common problem mentioned was competing priorities, which just 8.1% of respondents said posed the greatest obstacle. This shows that while most SMEs understand the value of sustainability, given other competing business goals, they could find it difficult to find the time and resources to put sustainable strategies into effect.

#### 11. In your opinion, how do sustainability practices contribute to fostering innovation within Small and Medium Enterprises ?

111 responses

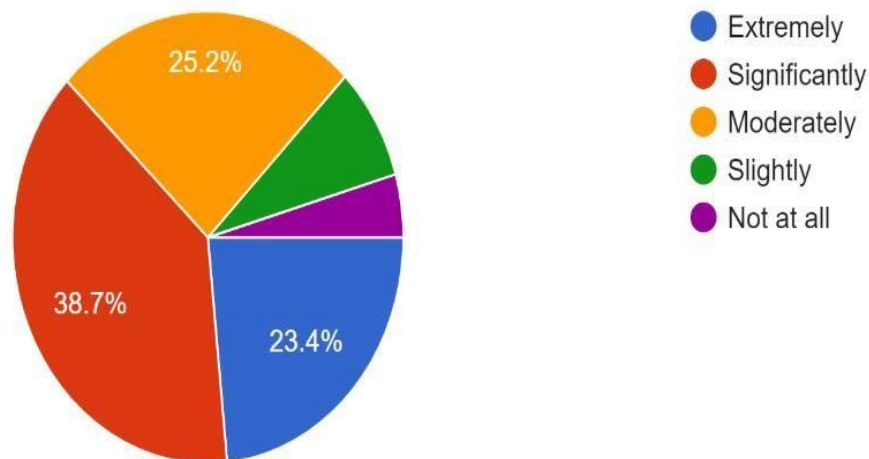


- **Extremely:** 19.8% of respondents believe sustainability practices contribute extremely to fostering innovation in SMEs.
- **Significantly:** 42.3% of respondents say they contribute significantly.
- **Moderately:** 28.8% believe they contribute moderately.
- **Slightly:** 6.3% say they contribute slightly.
- **Not at all:** Only 2.7% of respondents felt that sustainability practices don't contribute to innovation in SMEs at all.

Most respondents (62.1%) think that sustainable practices have a considerable or highly positive impact on SMEs' ability to innovate. This implies that the people who responded to the survey firmly believe that these two facets of business are positively correlated. The following could be the cause: compliance, market demand, and resource efficiency.

## 12. To what extent do sustainability practices drive your SME to be more market-oriented?

111 responses



- **Extremely:** 23.4% of respondents said sustainability practices drive their SME to be extremely market-oriented.
- **Significantly:** 38.7% said significantly.
- **Moderately:** 25.2% said moderately.
- **Slightly:** 8.1% said slightly.
- **Not at all:** 4.5% said sustainability practices don't drive their SME to be more market-oriented at all.

The majority of respondents (67.3%) think that their SME's market orientation is somewhat influenced by sustainable initiatives. This shows that a sizable portion of survey participants think that market orientation and sustainability in SMEs have a positive relationship, and potential explanations for this belief include consumer preference, brand image, and innovation.

## 13. How do sustainability practices influence your SME's willingness to take risks?

111 responses



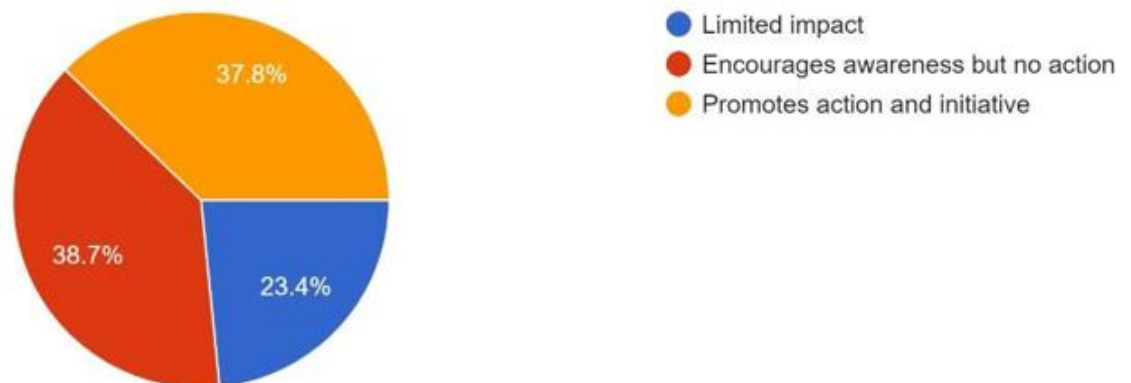
- **Increases willingness:** The majority of respondents, 65.8%, believe that sustainability practices increase their willingness to take risks.
- **No impact:** 28.8% of respondents said that sustainability practices have no impact on their willingness to take risks.
- **Decreases willingness:** Only 5.4% of respondents believe that sustainability practices decrease their willingness to take risks.

➤ *The Following are Reasons for Each of These:*

- **Excellent reputation:** A company with a better positive reputation may be more willing to take risks as a result of its sustainability efforts. Long-term advantages: Companies may be more inclined to accept short-term risks if they believe that sustainability measures will pay off in the long run.
- **Innovation:** As was previously mentioned, adopting sustainable methods can stimulate creative thinking, which may call for taking chances to produce novel goods or services.

#### 14. In what ways do sustainability practices encourage proactive behavior in your SME?

111 responses



- **Promotes action and initiative:** 37.8% of respondents said that sustainability practices promote action and initiative in their SMEs.
- **Limited impact:** 23.4% said they have a limited impact.
- **Encourages awareness but no action:** 38.7% said they encourage awareness but no action is taken.

The majority of respondents (38.7%) said that while sustainability practices raise awareness, their SMEs do not take any action. This implies that a lot of companies think sustainability can result in a more proactive way of doing business.

➤ *This is Due to the Following Reasons:*

- **New Possibilities:** Implementing sustainable practices can aid companies in locating novel prospects, including untapped markets or fresh offerings in goods and services.
- **Innovation:** As was previously mentioned, sustainable methods can stimulate creative thinking, which sometimes calls for initiative.
- **Problem-Solving:** Adopting sustainable practices can push companies to take a more proactive stance by requiring them to come up with answers to challenging issues.

## **CHAPTER FOUR**

### **CONCLUSION**

According to the research's outcomes, SMEs are aware of the advantages that come with adopting sustainable practices. They also understand that these practices can improve market orientation, stimulate innovation, and encourage proactive behavior within their own businesses. There seems to be a big disconnect between awareness and action, with many SMEs unable to turn their understanding of the benefits of sustainability into concrete activities.

Lack of knowledge or comprehension of how to successfully integrate sustainability into operations is one of the main obstacles preventing SMEs from adopting sustainable practices. This shows that in order to close this knowledge gap and empower SMEs to make sustainable decisions, there is a need for further education and training initiatives.

Major barriers to the adoption of sustainable practices include priorities that disagreement and opposition to change. Progress in this area may be limited by SMEs' reluctance to alter their frequently procedures or their preference for other business goals over sustainability initiatives.

In addition, the poll indicates a significant gap between SMEs' assessed level of action and the relevance of sustainability. Even while most respondents acknowledge the importance of sustainable practices, a sizable portion say their SMEs don't do anything about it. This disparity emphasizes the necessity of focused interventions to assist SMEs in removing implementation obstacles and realizing the full potential of sustainable practices.

Overall, the results point to the need for greater resources and support to encourage the adoption of sustainable practices, even though SMEs are becoming more conscious of sustainability. Policymakers, industry stakeholders, and support organizations may assist SMEs in realizing the full potential of sustainability in promoting good change and sustainable growth by addressing the issues raised in the study.

## SCOPE OF FUTURE

Future studies on the connection between entrepreneurial spirit and sustainability practices in small and medium-sized businesses (SMEs) have a lot of promise to improve our knowledge of sustainable business practices. Insights into the long-term viability of these practices can be gained by following the development of sustainability practices and their influence on entrepreneurial orientation across time through longitudinal research.

In order to find patterns and best practices, comparative research comparing different industries, geographical areas, and SME sizes can pinpoint particular aspects that affect this relationship. Qualitative research techniques, such as case studies and interviews, can offer more in-depth understanding of the obstacles and chances SMEs encounter when putting sustainability strategies into reality.

Studies spanning cultural boundaries can investigate the ways in which cultural elements impact the uptake of sustainable practices and an entrepreneurial mindset, providing insights into customized approaches for various settings.

Finding successful policy interventions can be aided by looking into the policy implications of encouraging sustainable practices in SMEs. Furthermore, investigating the ways in which technical advancements might augment sustainable practices and an entrepreneurial mindset can reveal novel prospects for sustainable expansion.

SMEs trying to improve their sustainability performance might benefit from research on creative and sustainable business models that incorporate sustainability strategies. All things considered, further study in these fields can help SMEs become more robust and sustainable.

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