

SUSTAINABLE ENTREPRENEURSHIP IN SMES: A SYSTEMATIC LITERATURE REVIEW

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Abstract

Entrepreneurship is a crucial component of every economy's progress. However, because the concept of sustainable development has emerged as a significant problem affecting the existing global economy, it has been recommended that entrepreneurship should not be oriented exclusively on earning riches. Entrepreneurs must now come up with business ideas that are centered on sustainability. Sustainable entrepreneurship has been defined as the teleological process that strives towards achieving sustainable development through the discovery, evaluation, and exploitation of opportunities and the creation of value that produces economic prosperity, social cohesion, and environmental protection. Through an analysis of 31 publications published between 2003 and 2023, this theoretical literature review aims to deepen the discussion on sustainable entrepreneurship in the small and medium sized enterprises (SMEs). Using theoretical framework, relevant theories used sustainable entrepreneurship are presented in this article. The current study makes an attempt to decipher the issues of sustainable entrepreneurs in the SMEs, as well as the prospects of sustainable entrepreneurship. Profit is required for corporate growth, and sustainability is crucial as well; finding a balance between profitability and sustainability is quite a challenge for entrepreneurs. The findings of this research can be useful for both new and experienced sustainable entrepreneurship researchers, to contribute to bringing clarity to the field by providing a complementary overview of the evolution and current status, in addition to a summary of the problems that entrepreneurs face when implementing sustainability.

Keywords: Entrepreneurs, Sustainability, sustainable entrepreneurship, small and medium sized enterprises.

INTRODUCTION

In recent years, the concept of sustainable entrepreneurship has gained significant traction as businesses and society at large grapple with the urgent need to address environmental, social, and economic challenges. Small and medium-sized enterprises (SMEs), which constitute a substantial portion of the global economy, play a crucial role in this paradigm shift towards sustainability. Unlike large corporations, SMEs often operate with limited resources, yet their agility and innovative potential make them pivotal in driving sustainable practices.

Sustainable entrepreneurship in SMEs involves integrating environmental and social objectives into business operations and strategies, going beyond mere profit maximization. This approach not only contributes to the broader goal of sustainable development but also enhances the long-term viability and competitive advantage of SMEs. Despite its importance, the implementation of sustainable practices within SMEs faces numerous barriers, including resource constraints, lack of awareness, and limited access to sustainable technologies and markets. This systematic literature review aims to provide a comprehensive analysis of the existing research on sustainable entrepreneurship in SMEs. By synthesizing findings from various studies, this review seeks to identify key trends, challenges, and opportunities in the field. The objective is to offer insights that can guide policymakers, practitioners, and researchers in fostering sustainable entrepreneurial practices among SMEs. The review is structured as follows: first, it explores the theoretical foundations and definitions of sustainable entrepreneurship. Next, it examines the motivations and drivers behind the adoption of sustainable practices in SMEs. The subsequent sections address the barriers and challenges faced by SMEs in their sustainability efforts, as well as the strategies and enablers that facilitate these initiatives. Finally, the review highlights future research directions and practical implications for enhancing sustainable entrepreneurship in the SME sector.

REVIEW OF LITERATURE

Exploring entrepreneurial abilities in order to embrace and understand the process of entrepreneurship as a part of business life and then expand is what entrepreneurship is characterized as (Diandra & Azmy, 2020). Sustainable entrepreneurship research has developed as one of the most vibrant subdomains in the last decade, reflecting an explosion of entrepreneurial solutions to social and environmental concerns, as indicated by the growth of for-profit purpose-driven businesses (Stubbs, 2017). As sustainable entrepreneurship research is attracting the attention of scholars from a growing number of disciplines, we are beginning to see a flood of new studies that push the discussion beyond the notion that sustainable entrepreneurship is simply a subset of social or environmental entrepreneurship (Muñoz & Cohen, 2018).

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The review also aims to identify gaps in the literature, points out aspects that may require more exploration or advancement in studies, and suggests future prospects, with the objective of fostering rapid research in the arena of sustainable entrepreneurship.

The rest of this article is structured as follows- A brief summary of the research domain is discussed first, followed by bibliometric facets of the research domain. The findings of the

review are reported in the next section employing a theoretical framework. Finally, prospective research directions are presented.

When pressing social and ecological requirements are numerous, sustainable entrepreneurship is believed to perform the same function in building societal wealth. Despite the increased academic interest in sustainable entrepreneurship, a full examination of the complexities that sustainable entrepreneurs face while starting a business is still required (Cohen & Winn, 2007). A sustainable entrepreneur's willingness or intention to combine and balance their goal to generate money with their want to affect the world is what drives them most. One of the key conclusions (Sarango- Lalangui et al., 2018) of bibliometric study on sustainable enterprise is the deluge of literature on sustainability. But what are the problems faced by these entrepreneurs is still not examined, The first papers on this topic start to appear in the beginning of the 1990s, and after 2006, there are much more articles on this subject. The results show that this expansion has not slowed down and that the field of sustainable entrepreneurship continues to be a vibrant field of study.

RESEARCH DESIGN

The research questions that will be addressed in the systematic literature review in sustainable entrepreneurship during the last two decades are as follows:

RQ 1: which are the prevailing theories in the existent literature on sustainable entrepreneurship?

RQ 2: what are the problems and the prospects of sustainable entrepreneurship in SMEs?

RQ 3: What are the future research directions in sustainable entrepreneurship, and what are the implications for policymakers and practitioners?

METHODOLOGY

As part of the theoretical study, an online database was searched to identify all relevant publications published on sustainable entrepreneurship between 2003 and 2023, since the number of sustainable entrepreneurs has surged in recent decades. The review confines itself to academic works published during the above-mentioned time period. Relevant publications on sustainable entrepreneurship have been identified through online databases such as ProQuest, Elsevier-Science Direct, Google Scholar, Researchgate, JSTOR and Scopus. Books and conference proceedings are excluded. The articles published in languages other than English have been excluded. Keywords such as entrepreneurship, sustainable entrepreneurs, sustainable development, SMEs , sustainability, were used.

DATA ANALYSIS

In this section, we present a comprehensive analysis and discussion of the findings from the systematic literature review on sustainable entrepreneurship in small and medium-sized enterprises (SMEs). The purpose of this analysis is to synthesize the key insights, identify prevailing trends, and highlight the challenges and opportunities that characterize sustainable entrepreneurship within the SME sector. By systematically reviewing academic publications from 2003 to 2023, we aim to provide a detailed understanding of how sustainable practices are being integrated into SME operations, the factors driving these initiatives, and the barriers that hinder their implementation. This analysis draws on data extracted from peer-reviewed articles sourced from leading databases, ensuring a robust and credible foundation for our findings. The discussion will delve into several critical aspects of sustainable entrepreneurship in SMEs. First, we will explore the motivations and drivers that encourage SMEs to adopt sustainable practices. Next, we will examine the common challenges and barriers faced by SMEs in their pursuit of sustainability. Additionally, we will identify the strategies and enablers that have proven effective in overcoming these obstacles and promoting sustainable entrepreneurship.

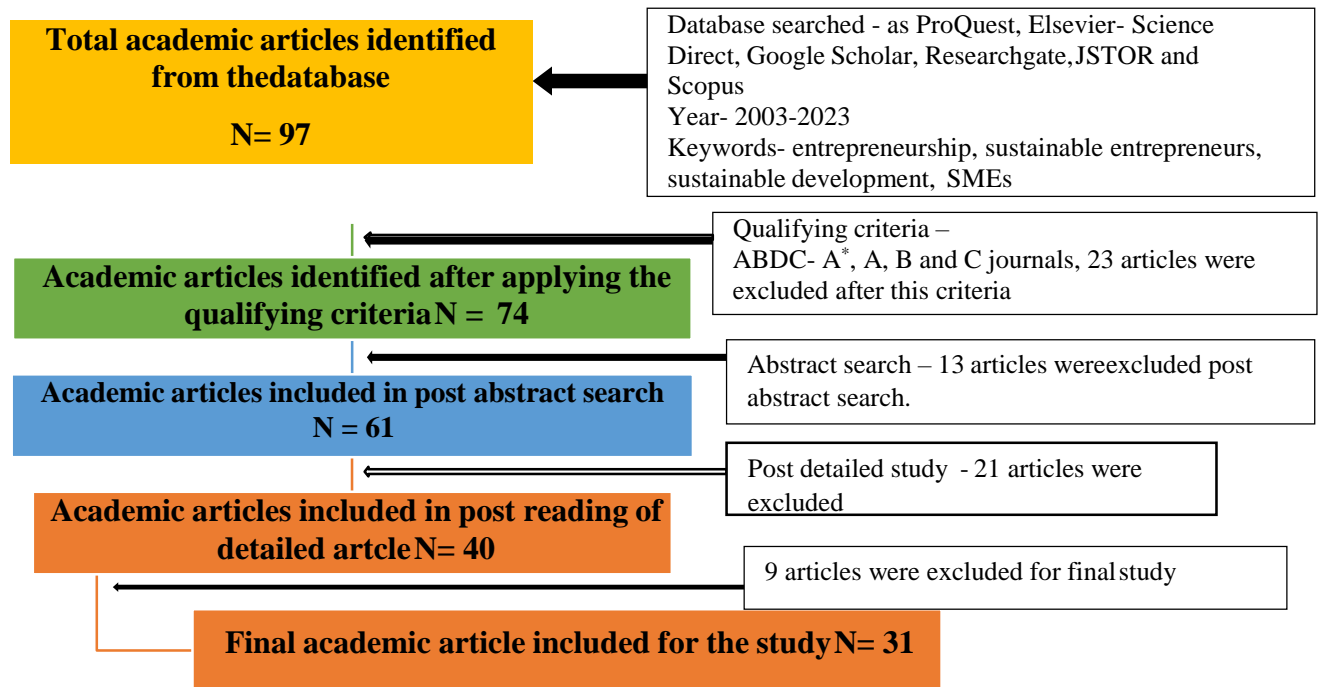


Fig 1: Article qualification criteria

By synthesizing the literature, we aim to draw meaningful conclusions that can inform future research, policy-making, and practical applications in the field of sustainable entrepreneurship. The insights gained from this review will not only contribute to the academic discourse but also provide valuable guidance for SME practitioners and stakeholders committed to fostering sustainability in their operations. As presented in Figure 1, the first keyword search on online databases (EBSCO, ProQuest, Jstor, Science direct, Google Scholar and Scopus) generated 97 academic articles on sustainable entrepreneurship published between 2003 and 2023. To this the journal qualifying criterion was applied, which resulted in the omission of 23 scholarly articles, thereby reducing the number of articles to 74. Subsequently, abstract search on the selected articles was conducted which resulted in the exclusion of 13 articles, as they were not relevant to the current study or objectives, thus reducing the number to 61. In the next phase, detailed reading of selected articles was conducted which resulted in elimination of twenty one articles, further reducing the number to 40. Lastly, back and forth search and reference check of existing articles resulted in the eliminating of nine more articles, thus taking the total number of articles

to 31 for the final review. The presence of one research article in more than one database gives undue weightage to the study in a systematic literature review. One author screened the title, author name and abstract of each research article to ensure that there is no overlapping effect in our study.

REGULATORY FOCUS THEORY

RFT investigates the connection between a person's motivation and the steps they take to accomplish a goal. According to the regulatory fit theory, when a goal's orientation and its means are compatible, a condition of regulatory fit results, which both promotes task engagement and fosters a sense of rightness about the goal's pursuit. Regulatory fit does not improve the evaluation of a choice; rather, when someone makes a choice they feel "right" about, this sense of "correctness and importance" is transmitted to the subsequent appraisal of the object, raising its outward value. According to research, the "feeling right" experience can then influence past or future judgments. People who are driven by the urge for growth and advancement may define their objectives in terms of their own aspirations and ideals (Cornwell & Higgins, 2015). In addition, they have a propensity to choose undertakings that carry risk but could help them realize their goals. It's about thriving and maximizing advantageous results (Spiegel et al., 2004). Regarding the temporal dynamics of motivation, the sustainable entrepreneurs' self-regulatory emphasis shifts during the entrepreneurial process. Sustainable entrepreneurs engage in a prevention-focused self-regulatory process when they come up with ideas because social or ecological issues prompt them to focus on sustainable development objectives. In contrast, during rollout they get more involved in a promotion-focused self-regulatory process and focus more on venture growth objectives (Fischer et al., 2017). According to (St-Jean & Labelle, 2018) if person's propensity to engage in entrepreneurial activities is increased and their Sustainability Orientation values do not diminish if they believe that entrepreneurship may alter the world.

PROBLEMS

Personal failure is a greater dread of sustainable entrepreneurs than of regular enterprises (Hoogendoorn et al., 2019). In comparison to regular entrepreneurs, sustainable entrepreneurs are said to confront distinct hurdles when starting a business. These difficulties may occur as a result of the disparity between the generation of private and social value (Pinkse & Groot, 2015). (Hoogendoorn et al., 2019) argued that sustainable businesses confront more hurdles during the starting process than conventional entrepreneurs since they pursue both individual and collective rewards. Operating in the context of market failures, as well as environmental and societal difficulties, presents additional obstacles for sustainable entrepreneurs. Additional obstacles associated with the pursuit of sustainable possibilities influence entrepreneurs' perceptions of barriers and risks. Financial barriers are often brought up in the linked domains of sustainable entrepreneurship (Dorado, 2006). Financial constraints impede SME expansion and growth (Wu et al., 2008). Several explanations for the relative difficulty of securing finance have been postulated, all of which are related to the business practice of sustainable entrepreneurs to purposefully start enterprises in locations with minimal value capture potential (Di Domenico et al., 2010). Financial issues among sustainable entrepreneurs may also develop due to the lack of standardized measures for evaluating the effectiveness of sustainable firms in terms of social value creation. This condition complicates calculating returns on investment and impedes the acquisition of private capital (Huybrechts & Nicholls, 2012). Scholars with disciplinary origins in environmental economics have argued that environmental entrepreneurs are limited in their ability to capture value due to strong value spillovers caused by the presence of positive externalities (Dean & McMullen, 2007). The study on (Shepherd & Patzelt, 2011) implies that non-financial constraints exist for sustainable entrepreneurs. Sustainable entrepreneurs confront institutional constraints and are more prone than conventional entrepreneurs to perceive more barriers. Sustainable start-ups rely increasingly on government support in the form of subsidies and other incentives, which require extensive paperwork and lack transparency when they request for government assistance (Pinkse & Groot, 2015). Additional monitoring and reporting requirements as a result of increasingly diverse and complicated stakeholder relationships are

likely to increase the administrative burden of beginning sustainable entrepreneurs (Castka et al., 2004).

OPPORTUNITIES

Sustainable entrepreneurs must engage their resources in external knowledge acquisition, collaboration, and internal knowledge production. As a result, when dealing with the commercial, public, and civil society sectors, sustainable entrepreneurs must deal with more diverse and complex stakeholder relationships (Alcalá et al., 2015). This finding stresses on the importance of social capital which is needed for the sustainable entrepreneurs. Government-led initiatives for knowledge transfer have also been effective at enhancing environmental standards and new businesses' competitiveness (De Palma & Dobes, 2010). Support from formal institutions assures surviving the early phases of growth because new sustainable businesses are relatively inefficient when they are first identified as such (Geels & Kemp, 2007).

AREA FOR FURTHER RESEARCH

In spite of its importance, the study of sustainable entrepreneurship is still partially undeveloped (Haldar, 2019). It is intended to investigate SMEs from various significant industries, taking into account the findings of (Hull & Rothenberg, 2008) who concluded that SMEs operating in diverse activity sectors may profit differently in their quest of sustainable characteristics. New analytical methods are seen to be necessary given the complexity and singularity of the issue of sustainable entrepreneurship. If one wishes to really grasp the moral motivations of sustainable entrepreneurs, more interpretive techniques need to be taken into account (Muñoz & Cohen, 2018). Only lately has entrepreneurship study (Muñoz & Dimov, 2015) adopted configurationally methodologies, revealing the equifinal nature of sustainable companies and cracking open the "black box" of the entrepreneurial process

CONCLUSION

Corporate Social Responsibility as a "lethal weapon" will build an enduring brand for the enterprise's presence and overall growth (Joshi et al., 2007). According to (EBSCOhost | 164852837 | The Moderating Role of Social Capital in the Relationship Between Green Supply Chain Management and Sustainable Business Performance: Evidence from Jordanian SMEs., n.d.) Environment friendly business practices significantly boost Sustainable Business Performance. The study has carefully synthesized and presented one important theory, problems and prospects of sustainable entrepreneurship research for the past two decades. Using the same paradigm, the literature review highlighted gaps in sustainable entrepreneurship research and suggested ideas for future research. This comprehensive review of literature in sustainable entrepreneurship is able to present the problems and prospects of sustainable entrepreneurship in service sector which would help the policy maker and practitioners. Sustainability is encouraged but there are several problems which is faced by the entrepreneurs in implementing this. Also, the review recognized significant theories in sustainable entrepreneurship research and proposed noteworthy theories for future research applications. As entrepreneurs continue to encounter many sustainability difficulties, the literature review suggests greater research in the economic, financial, and social dimensions of sustainability. More research is essential in other areas of the sector where sustainable entrepreneurs contribute minimally. It has been identified that 'sustainable entrepreneurship' has been the most talked about variant of entrepreneurship amongst the research community in the recent past. Based on research findings from the past studies in sustainable entrepreneurship, this variant of entrepreneurship promises to be effective in for survival of any business.

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