



Environment Friendly Policies and Perception Towards Competition In The Industry: A Guiding Force For Sustainability In Small Entrepreneurial Firms

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ABSTRACT

SMEs are one of the main contributors to employment and their sustainability is of utmost importance to any economy. This paper tries to understand sustainability of SMEs through adoption of environment friendly policies and perception of entrepreneurs towards competition in the industry, where the firm survives. It was found out that environmental policies have a positive relationship with sustainability. Also, competition in the industry was found to have positive relationship with sustainability. SME's less complicated organizational structure make them flexible enough to come up with their own environment friendly policies so as to outperform competition.

KEY WORDS: Sustainability, SME, entrepreneur, economy, environment friendly policies, competition

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I. INTRODUCTION

Just imagine an office without meetings or which doesn't have a pantry., where very few computers, ACs or printers are available or minimalistic paper work takes place! Is it even possible? Yes! Small entrepreneurial firms are functioning like this to cut costs and by doing these, they are saving resources like electricity and water. Although these measures are not consciously done, yet they make a positive impact towards the environment. Environment friendly policies imbibe everything leading towards environment conservation. Competition of the industry can be understood as number of direct and indirect players who are racing for position against any firm. Some degree of competition will force the small entrepreneur to think out of the box and take a closer look to improve product quality, pricing strategy, marketing strategy etc; so as to be ahead of other players. Keeping such a close watch will help the small entrepreneur not commit the same mistakes or replicate good things that the competitor is doing.

Both of these initiatives i.e., environment friendly policies as well as competition helps the small firms to survive and sustain. Sustainability as an issue is more important to small firms as they are not only the driving force behind lot of economies; but easy entry in this sector increases the competition to succeed and survive.

II. REVIEW OF LITERATURE

Sustainability of a firm is described as the bottom-line approach; which elaborates on three dimensions: social, environmental and economic measures. According to Epstein, 2018, the environmental measure is the impact of a firm's product or services on the environment in the form pollution or carbon footprint. Firm's role to economic growth and lowering the economic weaknesses in communities is referred as Economic sustainability. It is viewed as capability to create value and grow financial performance (Gunilla, A., 2014). All the philanthropic initiatives to uplift the needy such as providing safe working condition or providing health facilities are the social aspect of sustainability.

A study by Hörisch, J. et.al (2015) suggests that SMEs organizational capabilities facilitates them to proactively take care of environmental concerns. Firms that are inclined towards sustainability consider environmental quality as well as social well-being as mutually supportive ways. Such entrepreneurs handle the "triple bottom line" by balancing social equity and environmental concern and economic growth through their entrepreneurial behaviour to implement an ecosystem with all major stakeholders responsible for sustainable business development. Sustainability oriented entrepreneurs have traits like inner morality and status motives that guide them to perform 'green' practice (Shepherd, 2002). They regard sustainability as 'their religion'.

They are able to motivate others and stimulate action(s) through 'leading by example' (Miller and Bentley, 2012). Firms that are environmentally conscious are able to improve their image (e.g., Bhamra & Lofthouse, 2007) as well as attract more job seekers (Albinger & Freeman, 2000).

SMEs are important contributors to the economic growth and competition all over the world (Khajehieian 2013; Shutyak and Van Caillie 2015). Competition remains the center-focus of all firms as it streamlines a firm's activities and resources and lead to effective innovation and competitiveness (Riley, 2012; and Blunck, 2006). To become more competitive, SMEs adopt principles of lean production and sustainability (Sajan et al., 2017).

SMEs need to bridge knowledge gaps and enhance their performance, by optimal utilization of their knowledge resource. This specific resource which is difficult to duplicate may be essential to providing a sustainable competitive advantage to SMEs (McEvily and Chatravarty, 2002). SME's in the developing countries need to chart business models based upon open innovation paradigm (Amer et al., 2016). MNCs can play a major role in this capacity building/ knowledge sharing tasks by mentoring SMEs through trainings and helping to enhance the capacity to innovate (Rahman & Ramos, 2010). SMEs continuously work towards increasing competitiveness, because self-interest is at a premium. The environment concerns come into the picture when the total costs towards it are exceeded by the short-term economic benefits, else it resulted in improvement of competitive advantage of the firm (Bradford & Fraser, 2008; Revell & Blackburn, 2007).

III. RESEARCH METHODOLOGY

A five-point Likert Scale by Soto-Acosta et al. (2016) on Sustainable Entrepreneurship was adopted to measure Sustainability. The reliability (Cronbach's α) in the present sample for this scale was found to be 0.82. The scale had 11 items; including 5 on people, 3 on planet and 3 on profit. Environment friendly policies were measured by adopting, Closs et al. (2011) 9 item scale. The reliability (Cronbach's α) was found to be 0.85. Competition is considered as a demographic. Entrepreneurs were asked about their perception about competition in the industry in which their firm exists.

The study surveyed 107 entrepreneurs of small firms, from Delhi, capital city of India. The multivariate analysis of variance (MANOVA) was applied to identify the relationship between Sustainability, people, planet, profit (Dependent variables) with Environment friendly policies and competition (Independent variables). It was found that level of environment friendly policies (low or high) differs significantly on Sustainability, planet and profit.

IV. RESULTS AND DISCUSSIONS

Table 1 shows the sample of the study. 102 firms were found to be playing in high competition in comparison to only 5, who are playing in the low competition environment. 50 firms were high on environment friendly policies and 57 were found to be low. Table 2 shows the results of Two Way MANOVA – Competition, and Environment friendly policies, as independent variables and factors like Sustainability, people, planet and profit as dependent variables.

The further scrutiny of the ANOVA table (Table 3) according to each variable shows that Environment friendly policies differ significantly on Sustainability, planet and profit. The table of means for Environment friendly policies (Table 4) shows that Sustainability, planet and profit is higher when the Environment friendly policies are higher. Environment friendly policies' goal is to reduce the impact of their operations and their products and services on the environment (Gadenne et al. 2009; Uhlener et al. 2012). These activities include endeavours to minimize waste, recycling, offering eco-designed products, saving water, electricity and other resources. Adoption of these policies have direct impact on planet and sustainability and by saving costs by reducing carbon footprint, the firms save money. A study by Bowen et al. (2001) found that implementing sustainability practices might not lead to profitability in the short-term due to the initial substantial upfront costs, but; these practices will prepare firms for long lasting long-term performance through the enhanced capacity for managing environment (Zhu & Sarkis, 2004).

The scrutiny of the mean table (Table 5) shows that profit is higher when competition and Environment friendly policies is high. When entrepreneurship business activities, adopt environment criterion in their activities, it leads to economic benefits (Cohen & Winn, 2007; Eiadt et al., 2008; Hart & Ahuja, 1996). The threat of new entrants in the case of SMEs is much higher and thus such firms push themselves really hard to enhance efficiency at all levels to face the competition (Singleton, 1997).

Tables

Table1: Sample distribution of the study

| | Value Label | N |
|--|-------------|-----|
| Perception on competition | low | 102 |
| | high | 5 |
| Level of environment friendly policies | low | 50 |
| | high | 57 |

Table 2 Summary of Multivariate Tests (Wilks Lambda) for Sustainability, people, planet and profit on Level of environment friendly policies and Competition

| Effect | Value | F | Hypothesis df | Error df | Sig. |
|---|-------|--------------------|---------------|----------|------|
| Level of environment friendly policies | .867 | 3.728 ^b | 4.000 | 97.000 | .007 |
| Competition X Environment friendly policies | .888 | 3.074 ^b | 4.000 | 97.000 | .020 |

Table 3: Summary of Analysis of Variance for Sustainability, people, planet and profit on Level of environment friendly policies and Competition

| Source | Dependent Variable | Type III Sum of Squares | df | Mean Square | F | Sig. |
|--|--------------------|-------------------------|----|-------------|-------|------|
| Level of environment friendly policies | Sustainability | .707 | 1 | .707 | 4.126 | .045 |
| | Planet | 2.040 | 1 | 2.040 | 6.452 | .013 |
| | Profit | .334 | 1 | .334 | 8.086 | .005 |
| Competition X Level of environment friendly policies | Profit | .329 | 1 | .329 | 7.957 | .006 |

Table 4: Level of environment friendly policies wise Mean Scores on Sustainability, planet and profit

| Dependent Variable | Environment policies Low | Environment policies High |
|--------------------|--------------------------|---------------------------|
| Sustainability | 1.896 | 2.212a |
| Planet | 1.799 | 2.304a |
| Profit | 7.679 | 7.896a |

Table 5: Competition and Level of environment friendly policies wise Mean Scores on profit

| Dependent Variable | Competition | Environment policies Low | Environment policies High |
|--------------------|-------------|--------------------------|---------------------------|
| Profit | Low | 7.858 | 7.843 |
| | High | 7.500 | 8.000a |

Note: Only significant results are reported in each table

V. CONCLUSION AND IMPLICATIONS

The results of the study are in sync with the previous ones and strongly suggest that higher Environment friendly policies has a positive relationship with sustainability. The theoretical framework by Kahn (1995) suggests that economic, social and environmental ‘sustainability’ essentially be ‘integrated’ and ‘interlinked’. Goodland (1995) identified a strong linkage between ‘economic sustainability’ and ‘environmental sustainability’. The present study reveals that good competition amongst firms not only forces each other to perform better but helps the industry to maintain certain standards. High environment friendly policies and competition has a positive relationship with profits. The study aims to help small entrepreneurs to realize and adopt environmentally friendly measures in all possible aspects.

According to Fenwick (2007) sustainability is learned through everyday interaction as employees observe, discuss with each other and work towards finding novel sustainability approaches. Entrepreneurs should become role models and motivate others to judiciously use the firm's resources/ reduce waste. Environmental policies help in gaining competitive advantage (Thanki and Thakkar, 2016; Dora, Kumar, and Gellynck 2016; Genovese et al. 2017). A SME has full potential to create a system of continuous improvement that will aid in staying ahead of competition. Policies like car-pooling, double sided photocopy, reuse/ recycle any resource available in the firm, etc are few practices that any firm can do. Also, because of its simple structure, SME has a higher flexibility towards accepting newer ways of doing things. SMEs environment friendly policies can boost a firm's competitiveness while at the same time improving environmental impact. Sustainability describes the concept of going together of economic growth and environmental protection. Government should frame policies to help SMEs understand their environment impact for sustainability and accordingly train them to improvise on this aspect.

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