

ISSN: 25051

EP JOURNAL OF
Entrepreneurship Development

Sep – Dec 2025

Vol – 13

Issue – 3



ENRICHED PUBLICATIONS PVT. LTD

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EP JOURNAL OF Entrepreneurship Development

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EP JOURNAL OF
Entrepreneurship Development

(Volume-5, Issue-3, 2016)

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RURAL ENTREPRENEURSHIP IN INDIA FOR SUSTAINABLE-DEVELOPMENT WITH SPECIAL REFERENCE TO UTTAR PRADESH

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Abstract

Purpose-Women entrepreneurship has been an essential part of development for society and Country. Women have now become more aware of their rights and situations. Their progress in entrepreneurship is more implicit in urban than among rural parts of the Country. The present paper is based on primary and secondary data collected from different sources and specially focuses on women entrepreneurship. For collection of data, the questionnaire has been used and the researcher has used the observation method to draw the inferences from the women involved in business cum entrepreneurial activities boosting the unflourished, unorganised sector through entrepreneurship. Women entrepreneurship is the process where women take a lead and organize a business or industry and provide employment opportunities to others. The paper is based on 3P's i.e. pickle, papad and powder. Developing and developed nations have realized that developing women entrepreneurship is indispensable to flourish as economically dominant nation in the modern high-tech world. Therefore, creation of platforms and networks for entrepreneurial culture are prominent issues globally.

Research Methodology-The SPSS technique has been used to understand the entrepreneurship skills among the women of Allahabad and nearby areas. The present study focuses on entrepreneurship development in Allahabad district to find the women achievements, their drawbacks and suggest the measures in overcoming it.

Key Words-Women Entrepreneurship, Push and Pull factors, Development, Issues, Cottage Industry in 3P's, Unorganised sector, Food processing

Introduction Food processing involves any type of value addition to agricultural or horticultural produce and also includes processes such as grading, sorting and packaging which enhances the life of food products. In India, the food processing industry is highly fragmented and is dominated by the unorganized sector and small. About 42% of the output comes from the unorganized sector, 25% from the organized sector and the rest from small owners. Though, the unorganized segment varies across categories but approximately 75% of the market is still in this segment. The organized sector is relatively bigger in the secondary processing segment than the primary processing segment. Increasing urbanization, realization on health and nutrition and changing life style are changing the consumption habits of India.

Table 1 Percentage share of agricultural productivity in Uttar Pradesh (2011-2012).

Sl. No.	Item	India(inlact ones)	U.P.	Share of U.P. in India's total out put%	U.P's Rank
1	Potato	39.66	13.58	34.24	1 st rank
2	Livestock	529.69	60.27	11.38	1 st rank
3	Milk Production	121.85	21.03	17.26	1 st rank
4	Vegetables	146.55	43.30	29.55	2 nd rank
5	Fruits	74.87	14.53	19.41	6 th Rank
6	Maize	16.72	1.04	6.22	
7	OilSeeds	31.10	.91	2.93	7 th rank
Sl No.	Item	India (in lactones)	U.P.	Share of U.P.in India-stotal output(%)	
1	Food grains	2574	517	20	-----
2	Wheat	939	317	34	-----
3	Rice	1043	140	13	-----
4	Pulses	172	24	14	-----

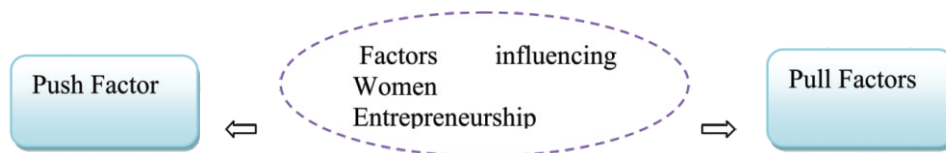
Now, entrepreneurship has been considered as one of the essential factors determining the growth of industry in any country.

Uttar Pradesh is as steadily growing State with large cover of agrarian fertile plains and diverse agro climatic conditions. Agriculture is one of the most important force as of the economy in Uttar Pradesh. Uttar Pradesh is the largest producer of food grains and sugarcane in India. The major crops grown in the state are paddy, wheat, sugarcane, potato, mustard, groundnut, gram, pea and lentil. The State carries immense potential for food processing industries which has been profitably undertaken in the State. In Uttar Pradesh, the State has mentioned four districts which include Allahabad, Pratapgarh, Kaushambi and Deoria. The district has its own speciality and geographical indications for production and processing of food. The Allahabad district is famous for guavas, vegetables and cereals. Where processing the food into jellies, pickles and juices is the main occupation. The Kaushambi district is famous for gram, wheat and sugarcane processing into atta, gur etc. The Pratapgarh district is famous for amla, oil seeds. The processing of amla into candy, juice, jelly and murraba. The district is also famous for milk, potato and mango also. Over the years, India has identified the entrepreneurial capacities of the women and has laid more emphasis on the development of small scale entrepreneurship through Laghu Udyog i.e. cottage industry. The push factors which induced the rural women to work in search for livelihood and sustenance now it has become an occupation to support herself and family. They are perfect in their home based activities like weaving, operating a small store, pottery making, aggarbati making, food processing etc. The women entrepreneurs have diversified their skills into more of a new commercial activities such as cloth stitching, hair cutting parlours, dying of clothes, dhabbas, lac products, candle making, milk dairies, toys, educational entrepreneurs in school etc. all was possible due to the recognition of their activities into international and local markets.

1.1.1. Present Initiatives: The women entrepreneurship activities gathered momentum after 1990 and their importance was duly recognized by the Government to make people independent as other Asian Countries of the World have empowered their people to recover from the present depleted situation. The Fifth Five Year Plan which aimed at poverty reduction and generating employment to make the people of India self sufficient whether rural and urban entrepreneurship was a better alternative for inclusive growth in the country through MSME's. There arose a need for cost effective and technological implementation to innovate the products according to the International standards. Firstly, the government laid emphasis on Special Economic Zone's so that trading of activities with outside foreign buyers becomes direct and barrier free. Secondly, the financial institutions role has increased over a period of time providing loans, necessary infrastructure,

machineries and training in the rural units to explore new market opportunities locally and internationally at 35% of total exports Source: Laghu Udyog 2002. The government programme for women development began around 1954 in India but the actual participation began only in 1974. At present, the government of India has over 27 schemes for women operated by different departments and ministries. Government has initiated these policies under their Five Year Plans through PMRY, TRYSEM, SEWA etc. to provide financial aid and training to women residing in villages to run their small units independently. Some of the States like Rajasthan, Orissa, and Tamil Nadu has been identified working as market facilitator and flourishing tourism industry in India. With the advent of the computers, e-commerce has given impetus to these markets, on line, representing the Indian Heritage and Wisdom on global basis and sustainable development for the rural sector.

Women in India enter into business mainly for two types of factors i.e. push and pull factors. Pull factors refers to the process in which women entrepreneurship is encouraged to start an occupation with an urge of doing something independent. Whereas, push factor refers to the process in which women are compelled to take up



their own business in order to tackle up their own business in economic difficulties as well as responsibilities. Entrepreneurship refers to the act of setting up a new business or reviving an existing business so as to take advantages from new opportunities. Thus, entrepreneurs shape the economy by creating new wealth and new jobs and by inventing new products and services. However, an insight study reveals that it is not about making money, having the greatest ideas, knowing the best sales pitch, applying the best marketing strategy. It is in reality an attitude to create something new and an activity which creates value in the entire social eco-system.

2.1 Objectives of the Study-

To find the degree of effect of social and economical factors on women entrepreneurs-

1. To find out the future prospect of the women entrepreneurship in Allahabad and India
2. To understand the issues of the women entrepreneurs.

3. The role played by government of India and other organisation to promote entrepreneurship.
4. To suggest the appropriate suggestion for women entrepreneurship.

2.2 Issues-

The main issues faced by the rural women entrepreneurs are primarily socio-economic barriers, legal and institutional context. India is a hub of entrepreneurs most of the tiny enterprises start at an average of 95 per year but die sooner due to heavy competition in the market from the large scale units or become a labour force of these units after the failure. *GEM India Report, 2007*. No country can achieve its productivity without adequately promoting and developing the capabilities of women. In the interest of long term development it is necessary to facilitate their empowerment. the gem data for 2007 suggests several important conclusions with respect to women's entrepreneurship globally. Many women start a business due to some traumatic event, such as divorce, discrimination due to pregnancy or the corporate glass ceiling, the health of a family member, or economic reasons such as a layoff. But a new talent pool of women entrepreneurs is forming today, as more women opt to leave corporate world to chart their own destinies. They are flourishing as designers, interior decorators, exporters, publishers, garment manufacturers and still exploring new avenues of economic participation.

Figure1

Issues faced by women entrepreneurs

Explanation: The entrepreneurial process is same for men and women. Successful men and women entrepreneurs undergo similar motivations and thus achieve



success in largely same way under similar challenges. They are also found to have access to fund from the same sources. The same condition both men and women can be successful entrepreneurs. (Cohoon et.al. 2010). However, in practice most of the upcoming women entrepreneurs face problems that are of different dimensions and magnitudes than that faced by their male counterparts. These problems, generally, prevent these women entrepreneurs from realizing their potential as entrepreneurs. The major hurdles that the women face during starting and running a company generally come from financing and balancing of life. The balancing of life is caused due to lack of family support for the women. The other hindering external factors include gender discrimination, inaccessibility to information, training opportunities, infrastructure etc. Some internal factors like risk aversion by women, lack of confidence, lack of vision of strategic leader etc. can also create obstacles for the women entrepreneurship development. The women of India specially in rural lead a protected life. They are un aware, un educated, no money and lack of opportunities. They have their own intrinsic skills which make them rich. They can explore their skills to earn money. Some of them are operating the cottage industry processing fruits and vegetables into papad, spices, jellies, achar etc. These can generate revenue for them.

2.2.1 Measures to Remove the Obstacles

The elimination of obstacles for women entrepreneurship requires a major change in traditional attitudes and mindsets of people in society rather than being limited to only creation of opportunities for women. Hence, it is imperative to design programs that will address to attitudinal changes, training, supportive services. The basic requirement in development of women entrepreneurship is to make aware the women regarding her existence, her unique identity and her contribution towards the economic growth and development of country. The basic instinct of entrepreneurship should be tried to be reaped into the minds of the women from their childhood. This could be achieved by carefully designing the curriculum that will impart the basic knowledge along with its practical implication regarding management (financial, legal etc.) of an enterprise. Adopting a structured skill training package can pave the way for development of women entrepreneurship. Such programs can train, motivate and assist the upcoming women entrepreneurship in achieving their ultimate goals. Various schemes like the World Bank sponsored programs can be undertaken for such purposes. The course design should focus on imparting input on profitability, marketability and practical management lessons. Besides, there should be consideration in helping the women

entrepreneurs in balancing their family life and work life. As a special concern, computer illiterate women can be trained on Information Technology to take the advantage of new technology and automation. The established and successful women entrepreneurs can act as advisors for the upcoming women leading to innovation.

2.2.2 Steps Taken By The Government

Development of women has been a policy objective of the government since independence. Until the 70s the concept of women's development was mainly welfare oriented. In 1970s, there was a shift from welfare approach to development approach that recognised the mutually reinforcing nature for the process of development. The 80s adopted a multi-disciplinary approach with an emphasis on three core areas of health, education and employment. Women were given priorities in all the sectors including SSI sector. Government and non-government bodies have paid increasing attention to women's economic contribution through self employment and industrial ventures.

The First Five-Year Plan (1951-56) envisaged a number of welfare measures for women. Establishment of the Central Social Welfare Board, organization of Mahila Mandals and the Community Development Programmes were a few steps in this direction.

In the second Five-Year Plan (1956-61), the empowerment of women was closely linked with the overall approach of intensive agricultural development programmes.

The Third and Fourth Five-Year Plans (1961-66 and 1969-74) supported female education as a major welfare measure.

The Fifth Five-Year Plan (1974-79) emphasized training of women, who were in need of income and protection. This plan coincided with International Women's Decade and the submission of Report of the Committee on the Status of Women in India. In 1976, Women's welfare and Development Bureau was set up under the Ministry of Social Welfare.

The Sixth Five-Year Plan (1980-85) saw a definite shift from welfare to development. It recognized women's lack of access to resources as a critical factor impeding their growth.

The Seventh Five-Year Plan (1985-90) emphasized the need for gender equality and empowerment. For the first time, emphasis was placed upon qualitative aspects such as inculcation of confidence, generation of awareness with regards to rights and

training in skills for better employment.

The Eight Five-Year Plan (1992-97) focused on empowering women, especially at the Grass Roots Level, through Panchayati Raj Institutions.

The Ninth Five-Year Plan (1997-2002) adopted a strategy of Women's Component Plan, under which not less than 30 percent of funds/ benefits were earmarked for women related sectors. The Tenth Five-Year Plan (2002-07) aims at empowering women through translating the recently adopted National Policy for Empowerment of Women (2001) into action and ensuring Survival, Protection and Development of women and children through rights based approach. At present, the Government of India has over 27 schemes for women operated by different departments and ministries.

Some of these are-

Integrated Rural Development Programme (IRDP)

Khadi And Village Industries Commission (KVIC)

Training of Rural Youth for Self-Employment (TRYSEM).

Prime Minister's Rojgar Yojana (PMRY)

Entrepreneurial Development programme (EDPs)

Management Development programmes

Women's Development Corporations (WDCs)

Marketing of Non-Farm Products of Rural Women (MAHIMA)

Assistance to Rural Women in Non-Farm Development (ARWIND) schemes

Trade Related Entrepreneurship Assistance and Development (TREAD)

Working Women's Forum

Indira Mahila Yojana

Indira Mahila Kendra

Mahila Samiti Yojana

Mahila Vikas Nidhi

Micro Credit Scheme

Rashtriya Mahila Kosh

SIDBI's Mahila Udyam Nidhi

Mahila Vikas Nidhi

SBI's Stree Shakti Scheme

NGO's Credit Schemes

Micro & Small Enterprises Cluster Development Programmes (MSE-CDP).
of governments and NGOs there are certain gaps. 2.3.

Research Methodology on Allahabad District

Information: Allahabad (Uttar Pradesh, India)

Total area-2482 sq km and total population -5959798

Hypothesis of the Study-

1	Sample Size	100
2	Location	Allahabad, Jhusi, Saron, Naini
3	Sampling	Purposive
4	Mode	Questionnaire
5	Target group	Women engaged in 3P's.
6	Test(SPSS)	Descriptive analysis on 3 point Likert Scale.

H₁ The age is not the significant predictor of relative independence among women entrepreneurship in Allahabad and nearby areas.

H₂ The education is not the significant predictor of entrepreneurship development among women entrepreneurship in Allahabad and nearby areas.

H₃ The marital status is not the significant predictor of entrepreneurship development among women entrepreneurship in Allahabad and nearby areas.

H₄ The financial mode is not the significant predictor of entrepreneurship development of women entrepreneurship in Allahabad and nearby areas.

H₅ The level of income is not the significant predictor of entrepreneurship development among women entrepreneurship in Allahabad and nearby areas.

Where on the Three Point Likert Scale

Ist Moderate

IInd Medium

IIIrd

High

2.3.1 Data Analysis-

Descriptive analysis of Women entrepreneurship in Allahabad and nearby	Mean (Me)	Median (M)	Mode (Mo)	S.D.	Skewness
N=100	1.98	2.1	2	.94	0.27

Age	15-30	30-45	45-60	60-75
%	45%	25%	15%	15%
Marital Status	Married	Unmarried	Seperated	Divorcee
%	55%	15%	25%	5%
Education	Un educated	Primary Education	Secondary Education	Higher Education
%	25%	50%	15%	10%
Income	0-5000	5000-25000	25,000-50,000	50,000 above
%	70%	10%	10%	10%
Mode of Finance	Personal Saving	Family and Mortgage loan	Micro finance	Seed Finance
%	35%	35%	15%	15%

The hypothesis suggests that entrepreneurship level is high among the age group of 15-30 years. The second level is 25% among the age group of 30-45 years. 15% is between the age of 45-60 years and the same with the age between 60-75 years. The hypothesis suggests that entrepreneurship among the married women is 55%. As they get married at the early age. 25% are seperated, unmarried is 15%, 5% are divorcee. They are remaining alone and have their identity in the market. The hypothesis suggests that 50% are primary educated, 25% are uneducated, 15% are secondary educated and 10% are higher educated. In the rural, the women are primarily educated, there are few schools till senior secondary. The hypothesis suggests that 70% of the women salary is below Rs.5000, 10% have 5000-25000, 10% is 25000-50000 and 10% are 50,000 above. The level of income is low among women entrepreneurs. The hypothesis suggests that women raise loan 35% from personal saving, 35% shows from family and mortgage loan, 15% take micro finance and 15% have seed finance.

2.4. Suggestions to facilitate entrepreneurship-

1. There is a need for special training programs for women entrepreneurs to face the challenges of the present world.
2. The role of extension agencies should be facilitated into infrastructure setup to run their business unit.
3. The creation of Help cells would help in registering the women entrepreneurs complains and requirements so that they get the adequate facilities and resources.

There is a need to promote and motivate women to recognize their efficiency and skills.

5. In Allahabad, there is a need for enhancing the government policies for promoting women entrepreneurship. There is a good scope in the area of agripreneurship.
6. Allahabad is rich in fruits and vegetables production thus entrepreneurial activities should be promoted in this area.
7. The mode of finance in Allahabad should be promoted through the regional rural banks and micro financial units.
8. The people of Allahabad and nearby area are educated and there is good scope for facilitating entrepreneurship.
9. The income level of women is low in Allahabad and there is a need to enhance their income through increasing their skills.
10. The geographical indicator in Allahabad district of guava which has a good market in the state.

Conclusion-

The overall scenario of women and its society has changed, the Indian economy witnessed a drastic change after 1991 with new economic policies, liberalization, globalisation of activities (*Global Institute Of Management, 2009*). The position of rural women entrepreneur has shown a significant growth in India and more initiatives are required to nurture their talent and competitive advantage through diversifying their activities globally. There is need for more effective government programmes for promoting their skills in the right direction. The social activists, NGO's, government agencies and corporate sector should play an active role in the transformation of women and driving the women to explore entrepreneurial opportunities in small scale industries. It can be said that rural entrepreneurship can be the central pillars for the developing economy in the near future. The major task is to make a definite improvement in the conditions of women entrepreneurs. They should be supported and given training by some organisations to facilitate entrepreneurship among them.

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IMPACT OF EMPLOYEE ENGAGEMENT ON ORGANIZATIONAL GROWTH WITH SPECIAL REFERENCE TO GOAL SETTING

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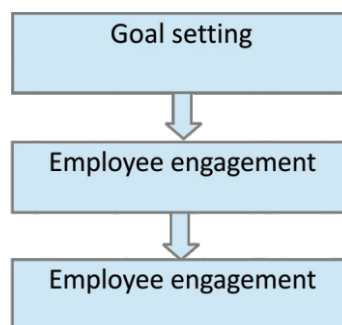
Abstract

Goal setting involves the development of an action plan designed to motivate and guide a person or group toward a goal. Goal setting can be guided by goal-setting criteria (or rules) such as Smart criteria. Goal setting is a major component of personal-development and management literature.

Goal setting is the most pivotal factor to enhance organizational commitment because it has got positive relation with employee engagement which resultantly made a positive impact on engagement of employee at work place. The aim of this study is to know about various factors of employee engagement and how these factors affect organizational growth. This study focus on impact of employee engagement on employee growth in organization. It shows that all the factors are positively correlated with each other and this correlation can achieve greater organizational commitment.

Keywords: employee engagement, organizational commitment, goal setting, organization performance.

I**ntroduction** All businesses share a primary goal: success. Goal settings, aligning and tracking those goals through actions and results are critical to greater business execution and as a result greater success. Most organizations see a dramatic increase in employee and business performance when they effectively set individual employee goals and closely tie them to the company's overall strategy. Employee engagement is a property of the relationship between an organization and its employees. An "engaged employee" is defined as one who is fully absorbed by and enthusiastic about their work and so takes positive action to further the organization's reputation and interests. Employee engagement is about positive attitudes and behaviors leading to improved business outcomes, in a way that they trigger and reinforce one another. Employee engagement is about our employees feeling pride and loyalty working for our organization, being a great advocate of the organisation to our clients, users and customers, going the extra mile to finish a piece of work. Employee engagement is about drawing on our employees' knowledge and ideas to improve our products and services, and be innovative about how we work. Employee engagement is about drawing out a deeper commitment from our employees so fewer leave, sick absence reduces, accident rates decline, conflicts and grievances go down, productivity increases. Employee engagement is about organization actions that are consistent with the organization's values. It is about kept promises, or an explanation why they cannot be kept. Organisational commitment is the bond employees experience with their organisation. Broadly speaking, employees who are committed to their organisation generally feel a connection with their organisation, feel that they fit in and, feel they understand the goals of the organisation. The added value of such employees is that they tend to be more determined in their work, show relatively high productivity and



are more proactive in offering their support.

Literature Review

According to SHRM report on 2012 employees are focused on meeting goals and using their skill at work. An average, employees were only moderating engaged. Employee engagement levels have not changed in the two years. It is found that 85% of the employees reported that they are determined to accomplish their work goals and confident that they can meet the goals.

Some researchers like Kaushik Mukherjee in 2011, says that there is a growing recognition about the need to evolve an engagement strategy to keep employees engaged and aligned with an organizations mission. He also focuses on the need implementation across five levels they are: respecting employee's dignity and competence, facilitating employees with suitable equipment, systems and environment, adopting an inclusive approach towards employees trust based relationships, proactively capturing the noise of employees, ensuring that employees are given responsibility and purpose.

According to Joseph, 2001 training and development increase employee satisfaction and are significant in an employees decision to stay with company. Company must put the utmost value on their human resource and develop a culture and practices that show that type of commitment. Although all companies cannot develop corporate universities and offer extensive opportunities for internal promotion. They can help people develop career goals and action plans to develop through out their careers. Porter et al. concept of organizational commitment is grounded on the basic assumption of Becker"s theory, i.e., commitment and employee turnover are highly correlated. Based on Porter, Steers, Mowday and Boulian"s approach to OC, a tool in the form of a organizational commitment questionnaire was developed that captured not only the attitudinal notion of commitment, but also encapsulated the consequences of commitment. Due to the inherent limitations of the Organizational Commitment Questionnaire, Meyer and Allen (1984), O"Reilly and Chatman (1986) proposed the multi-dimension model.

Objective

1. To study about employee engagement
2. To study the impact of employee engagement on organizational growth.
3. To understand about factors of employee engagement specially goal setting.

Research Methodology

This paper tries to find out the organizational growth through various factors. Secondary data has been referred like books, journals, articles and websites to explore the concept of employee engagement and its impact on organizational growth.

H1: Goal setting is positively correlate to employee engagement.

H2: employee engagement helps to achieve organizational growth.

Drivers of Employee Engagement

Work/Job Role/goal setting involvement - Employees must see a link between their role and the larger organization goal. Understanding this linkage provides an intrinsic motivation and increased engagement. Most employees will come to work on time without possessing a sense of belonging and will try and complete assigned tasks even without possessing that sense achievement on completion of task.

However, an employee that sees a clear linkage on how his/her role contributes to the organization will go the extra mile and help create organization wealth.

Work Environment/Organization Culture - The bond between an employee and the organization is cemented when the employee identifies with the culture of the organization. An employee is engaged and motivated to stretch beyond the call of duty if he/she finds the work environment enabling and supportive.

Rewards and Recognition - The bottom line is that people work to earn which helps fulfil ambitions. Equitable pay coupled with rewards and recognition programs enhances motivation and leads to commitment and engagement.

Learning and Training Opportunities - As Lawyer (2006) put it - "People Enjoy Learning." This is especially true in the case of today's millennial workforce that constantly looks at enhancing knowledge and skill. Skill and Knowledge enhancement is not just important for the employees but providing a learning culture is essential for organizations to remain relevant in the constantly changing business landscape.

Performance Management - An effective performance management system contributes positively to employee engagement. Goal setting lies at the root of any performance management system. Clearly articulated goals, a fair and just means to judge performance and timely, rational feedback are critical elements in creating a

bond between the employee and his/her organization.

Leadership - It is a well recorded fact that most resignations happen because the employee is not satisfied with his/her 'boss.' An organization that spends time and effort in grooming leaders who are aligned to its goals, culture and people invests well. New age industries have a young and dynamic workforce that looks for autonomy in decision making, increased responsibility and accountabilities.

Other Factors - Clear and open communication, quality of interaction with peers, collaboration, organization policy, organization performance are all contributing factors to employee engagement.

Results And Conclusion

Goals energizes people to expand more effort based upon the effort that is required to reach a certain goal. When people are pursuing a goal they will seek effective means for accomplishing it, particularly if the goal is difficult to achieve. When employees themselves have been involved with the goal setting and choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities. When we talk about goal setting then the principles of MBO method the employee understands what is his role and responsibilities and they can understand how their activities relate to the achievement of the organization's goal. In the process of goal setting employees are engaged and through which they are empowered. This increases job satisfaction and commitment which is reflected on employee engagement. Common goal for whole organization means it is a directive principle of management. The goals set by top-level managers are based on an analysis of what can and should be accomplished by the organization within a specific period of time. The functions of these managers can be centralized by appointing a projects manager who can monitor and control activities of various department.

Employee engagement is about encouraging employees to have a passion for their work and identifying the organization as more than a place to earn money. It's a key strategic initiative that drives employee performance, accomplishment and continuous improvement. Employee engagement must focus on business results.

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AN EMPIRICAL STUDY ON PROBLEMS & RISKS FACED BY INDIAN SMALL & MEDIUM-SIZED ENTERPRISES

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Abstract

Purpose of this research paper is to study and analyze the problems faced by Indian Small & Medium-sized Enterprises (SMEs) while working in global market. SMEs form the backbone of industrial development in a growing economy like India. A rigorous literature review has been done to identify the problems faced by Indian SMEs. According to their nature, the problems have been classified into different sections like market problems, technological problems, production problems etc. A questionnaire based survey has been done to collect the data on problems faced by Indian SMEs. Collected data has been analysed by using different statistical techniques. Authors have observed that increased production cost and tough competition were among the biggest problems faced by the SMEs while union strikes and lack of loans were the least bothering one. Finding of the current research can help the India SMEs in identifying the problems and make strategies to remove these problems.

Keywords- Small and medium enterprises, production problems, training problems, market problems, supply chain problems.

Introduction

SMEs serve as integral institutions in the development of an economy. A majority of them are covered under the secondary sector of an economy & assist various large firms in their production. The definition of SMEs significantly varies from country to country. Indian SME sector has emerged out to be highly vibrant, dynamic sector of the economy over the last five decades. They have been providing large employment

opportunities at comparatively lower capital cost than large industries alongside the industrialization of rural areas. Being complementary to large industries as ancillary units, this sector contributes enormously to the socio-economic development of the country. Comprising of 36 million units, as of today SMEs, provides employment to over 80 million persons. The Sector through more than 6,000 products contributes about 8% to GDP besides 45% to the total manufacturing output and 40% to the exports from the country [17].

Uncertainty of customer order/demand, insufficient knowledge of SCM and involvement of middlemen in supply chain are the main problems faced by Indian SMEs and fluctuating prices of raw materials, sharing of sensitive information and seasonality of demand are main risks which Indian SMEs feel while working in supply chain [11]. To survive in global competitive atmosphere and to compete with large and global enterprises, SMEs need to cope up with the risks & problems coming to their path. The remaining part of the paper is organized as follow. Section 2 discusses the literature review. Section 3 discusses the research methodology. Section 4 discusses the observation and finding from the questionnaire based survey on Indian SMEs. Finally the concluding remarks & implications are presented in Section 5.

2. Literature Review

An extensive literature review has been done to find out different problems faced by the Indian SMEs. Indian SMEs faces different problems like limited resources, lack of skilled human capital, reduced volume of production, increased production cost, insufficient knowledge; IT related issues etc. [4]. Supply chain management capability of small and medium sized family businesses in India mostly faces low implementation of software, supply chain issues and reduction in entrepreneurship etc. [9]. Indian Manufacturing SMEs faces problems like lack of cross functional training programs, limited utilisation of social media and communication channel and language acting as a communication hurdle etc. [19]. Lack of technological innovations by SME's in India is the source root of multiple obstacles such as limited resources, increased production cost, poor technological advancement & adoption along with strict governmental regulations etc. [16]. Mediocre innovation incentives & poor R&D infrastructure affects patenting culture along with reduced knowledge sharing [18].

Inefficient training system for employees though might reduce the cost to the SME, yet long term gains are severely impacted [5]. To run a business, finance acts as a significant pillar for SMEs. However lack of loans from banks & other monetary sources gravely impacts SMEs sustainability [1]. At times, lack of monetary fund

affects the payments or bonus of skilled human capital. Thus, retaining this capital for long run seems to be harder [13]. Tough government policies & regulations beside complex taxations rules hamper SME operations [8]. Demanding labour laws also pose as glitches, failing which labour adopts protest and agitation [15]. Ineffective competitive and proactiveness nature among SME officials affects them in long run. Thus, being avid of taking risks by such officials seems to be a rare act [2]. At times crisis namely natural ones like earthquake, drought or man-made ones like wars, political instability in the region plays detrimental to the SMEs. However such crisis is affecting areas either with similar geographical or social infrastructure of their governments [7]. Recognizing the market needs as well as understanding the constraints active in the market seems to be highly complex in nature. Low partnership and information interchange culture affects in terms of competitiveness. Insufficient knowledge sharing, knowledge management & in related infrastructure also risks SMEs in the present age. Lower interaction with other pioneers from the same field & conferences among officials of SMEs leaves less space for collective development for SMEs [3]. High competition especially from China is very challenging due to its deeper penetration into the market, with greater affordability [10]. Low penetration of the outsourcing phenomena in SMEs sector will prove detrimental for their survival, as it opens up new ways of improving efficiency, cost & effectiveness [12]. Overall, SMEs would have to sort out all such diversified set of issues with adaptiveness so as to gain strong with effective & efficient system.

3. Research Methodology

The present study being an empirical study of Indian SMEs has its own importance for academia and industry sector. To analyze the issues related with problems & risks faced by SMEs, a survey instrument was developed. Survey has been done among Indian SMEs (From January 2016 to April 2016) of different sector. All of SMEs were having investment in plant and machinery as per guidelines in Indian context. The methodology was based on a questionnaire survey done across various sectors using hard as well as soft copy of the questionnaire. A structured, well-rehearsed questionnaire was designed via the feedback received against an intermediate questionnaire. Majority of them were located in urban areas. Pilot survey had been conducted on 20 SMEs from varied sectors so as to give final touch to the questionnaire. Questionnaires were sent through via email or by taking appointment from the SMEs. In this study, associates of SMEs were given questionnaire to mark the intensity of each variable for their respective firm on a five-point Likert scale (1–very low, 5– very high). Respondents participated in survey were at the level of managers, engineers or top management in the SMEs. A total of 250 SMEs were approached for survey out of which 140 replied with a response rate of 56%. SPSS 20 software had been used to do the analysis of collected responses.

4. Observation & findings

Observations from questionnaire based survey of different sector's SMEs are discussed in following sections. Inter-item analysis is used to check the scales for internal reliability of the study so conducted. Cronbach's coefficient is calculated for each scale, as recommended for empirical research in operations management [6]. The coefficients of Cronbach's for all constructs were in range from 0.672 to 0.968. These values exceed the minimum requirements of 0.5 for an exploratory study [14]. Data acquired from survey of Indian SMEs are analyzed statistically in the following sections. The problems faced by the Small and Medium Enterprises are as follows

4.1 Human Resource Training problems

The results of this study for various problems being faced by Indian SMEs on a Likert scale of five (1 – very low, 5 – very high) are shown in the Figure 1. Mean of these responses has been plotted on bar graph.

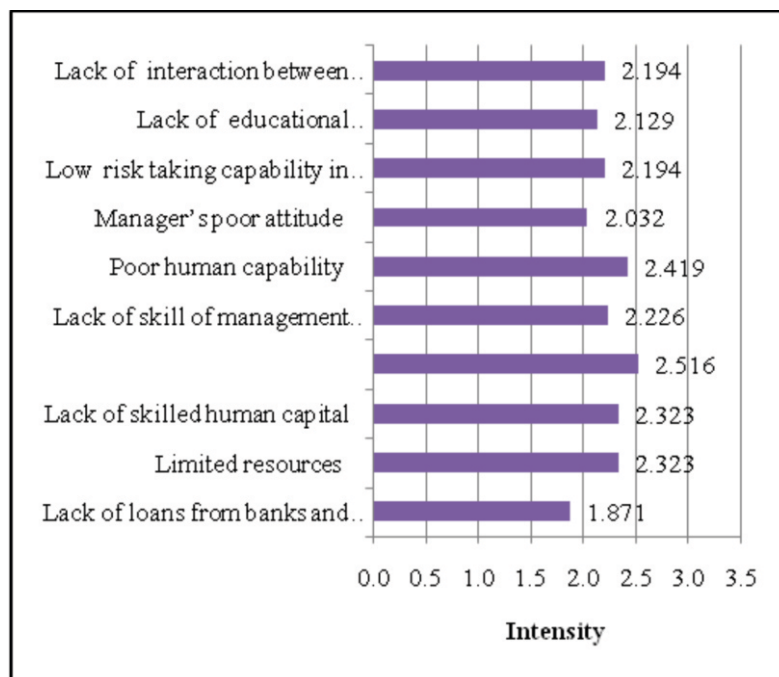


Figure 1 Human resource Training problems

It has been observed that lack of providing appropriate training to the human resource is a major shortcoming in the development of the Small and Medium Enterprises (2.516). Generally the SMEs have workforce which is not trained up to the mark and hence hampers the productivity. Mostly, these firms demand for

already trained labour so as to save time & money. But due to lack of availability of such facility, it leads to higher inaccuracies in industrial operations. Poor human capability is also a prominent factor which deeply affects SMEs performance (2.419). Lack of recreation facility & guidance are the main causes of this problem. Skilled human labour is also a constraint for these companies (2.323). Skilled labour demands high labour rates which these companies are unable to provide and so human resource is a major shortcoming of such SMEs. Another issue is the limited devoted resources for HRT in SMEs (2.323). This variable critically depends on affordability & competitiveness of SME. The management of these human resources is also an issue that bothers companies on a considerable scale (2.226). Limited professional employed in HR is the cause for it. A manager might sometimes be averse to taking calculated risks (2.194). This might lead to saturation in the development of the SME. The lack of interactive atmosphere proves to be a bottleneck in the all round development of the Small and Medium Enterprises (2.194). This is because the employees can't catch up with new SME practices and trends & meet experts from the same sector of varied fields, whose knowledge might come handy. It is also found that sometimes the manager or the official selected for a particular job role is not educationally qualified for that position and so is not able to contribute enough to the growth of the company (2.129). Sometimes the manager's attitude causes problems in such enterprises (2.032). There is incompetency of the manager in maintaining the much required harmony at the workplace & he might be concerned only with desirable production, without paying any heed to working atmosphere. Lastly the lack of loans and other monetary investments from the banks and similar financing institutions is another persistent risk (1.871). The banks are reluctant in providing loans due to lack of trust on the business prospects of these enterprises.

4.2 Production Related Problems

Production is the converting of the raw materials into the finished goods. Survey opinion of various production problems being faced by Indian SMEs has been collected on a Likert scale of five (1 – very low, 5 – very high) are shown in the Figure 2. The foremost and most important issue faced by the companies in this category is the increase in cost of production due to various reasons also adds to the problems faced by the Small and Medium Enterprises as growing cost of production but same sale value leads to decrease in the return on investment and so the development is hampered (3.613). Absenteeism of workers is a considerable issue as it severely affects the working hours & thus leads to reduced or inefficient production process (2.935). Also the decrease in the rate of production due to various tangible and

intangible issues (2.871). This directly affects the revenue of the company. Time constraint plays a major part here (2.742). The lack of ample time to meet the production demand leads to the loss of the sales and so the development of the company is hampered. Machine Breakdown has also been found to affect SMEs (2.581). There is also sometimes no reservation on the items that can be produced by patents etc (2.548). In this case, SME can't share & learn about different industrial products or procedure which again hampers the growth prospects of the SME and so is a considerable problem. Union Strike isn't a significant risk (1.581). It may happen occasionally along with disturbing coordination within the firm.

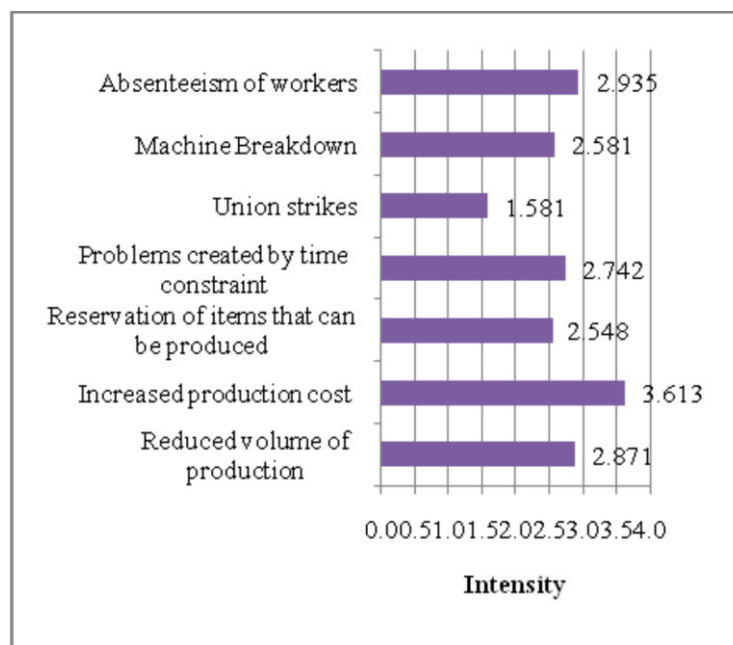


Figure 2 Production related problems

4.3 Market Related Problems

Market is the place where the exchange of the commodity takes place. Survey opinion of various problems being faced by Indian SMEs have been collected on a Likert scale of five (1 – very low, 5 – very high) are shown in the Figure 3. The main problem that the SMEs face is the inability to extend to the new markets (2.516).



Figure 3 Market related problems

These enterprises have a very limited market geographically as well as functionally and the extension is generally not that comprehensible due to the presence of tough competition and market regulations. Another big problem faced by these enterprises is the lack of a perfect strategy for marketing and managing market information (2.419). In today's cut-throat competition, the inability to reach out to the existing market also causes a leak in the development process of the company. The available market information may also not be managed sometimes due to the incompetency of the marketing managers. Recognition of the newer markets may even be absent sometimes (2.226). It can be followed up by low demand for their product & thus questioning on SME's survival. It is also found that lack of distribution channels are far below the required amount (2.194). Due to this the expansion in the marketplace becomes highly difficult and so these issues pose big problems in the path of progress of a Small and Medium Enterprise. Difficulty in getting feedback about new launches might also pose to be problematic (2.129). It doesn't rectify the future roadmap of that product towards a better direction. Lastly lack of awareness about the product is also a critical issue (2.129). Supplying a product without understanding its demand in the market wastes resources time, energy & money.

Effective planning to understand that product's demand & forecast is must.

4.4 Trade Related Problems

Exports and Imports form a driver in the path of accelerated growth of any company at any level. Details are shown in the Figure 4. But they have their own pros and cons. Tough competition has been considered as a major problem by the SMEs (3.419). Trends like globalisation and liberalisation, which is the trend today, pose a great threat for the domestic SMEs as the imported products are generally cheaper and also more qualitatively superior. SMEs also face costlier import due to falling rupee value (2.968). Thus import quantity falls due to this apparent inflation & production is affected. Increased competition from China is another major problem (2.871). It provides cheap substitute to SMEs & taps their market. Then there is ineffective competitive aggressiveness (2.645) & proactive nature (2.387) in SMEs which increases their concerns. If they acquire the thinking of a salary substitute firm without inculcating new practices, they tend to become sedentary. Ineffective risk taking nature of SMEs has also come in light (2.548). Not exploring new incentives & lack of flair for learning new trends somewhere leads to outdated stage which slowly but surely causes damage & hurdles which won't be visible in the short term. Lastly low partnership & information interchange in SME also proves to be a hurdle (2.258). It tends to make SME more vulnerable with the sole proprietor bearing the entire risk & low information sharing proceeds towards incoherence eventually the hampering of the uplifting of the Small and Medium Enterprises. The lack of proper communicating medium as a language leads to insignificant loss in the trade (1.935).

4.5 Supply Chain management Issues

The results of this study for various problems being faced by Indian SMEs have been observed on a Likert scale of five (1 – very low, 5 – very high) as shown in figure 5.. The foremost problem faced by the SMEs here is the lower level of the supply chain management capability (2.226). The various stages are not effectively managed which leads to a reduction in the efficiency of the enterprise. It has also been found that there is lack of trust among the members of the supply chain and so coordination is limited in such a scenario (2.097). Certifications from concerned authorities might provide a standard & help develop trust. Lastly the lack of vendors also bothers the SMEs as without proper raw materials the company cannot function (2.097). So the supply chain issues form an important part of the discussion of the problems faced by the Small and Medium Enterprises.

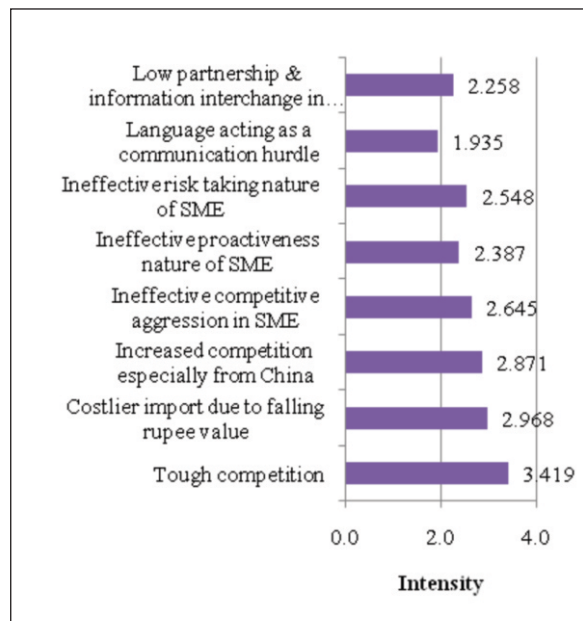


Figure 4 Trade related problems

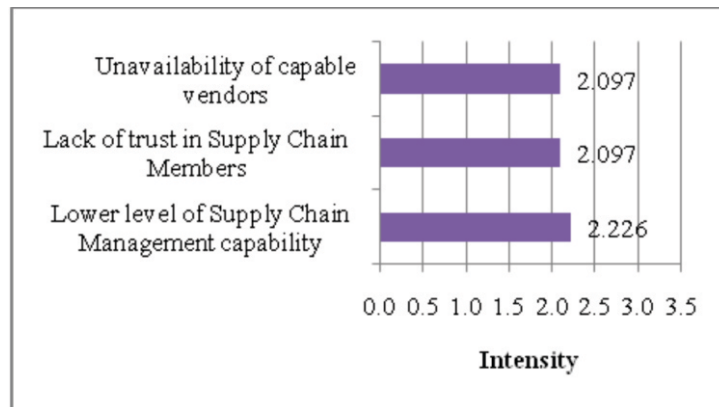


Figure 5 Supply chain management issues

4.6 Standards & Regulation Problems

Regulation means the standards set by any regulating authority for any particular product to be produced. Where on one hand these regulations ensure transparent production of standard goods, some of these regulations are unnecessary and create problems for the SMEs operating in that domain. The results of this study for various problems being faced by Indian SMEs has been recorded on a Likert scale of five (1 –

very low, 5 – very high) as shown in figure 6. Tough/Non cooperative policies, tax rules & regulations of government agencies & bureau create difficulty for the SME (2.806). They are always expected to provide different facilities in their industries so as to achieve license of permit. Multiplicity & complexity in such policies also create concerns. Apart from this the SMEs face problems in complying with the strict labour laws set by the unions (2.548). Unions may sometime act stubborn and so the company faces troubles regarding this.

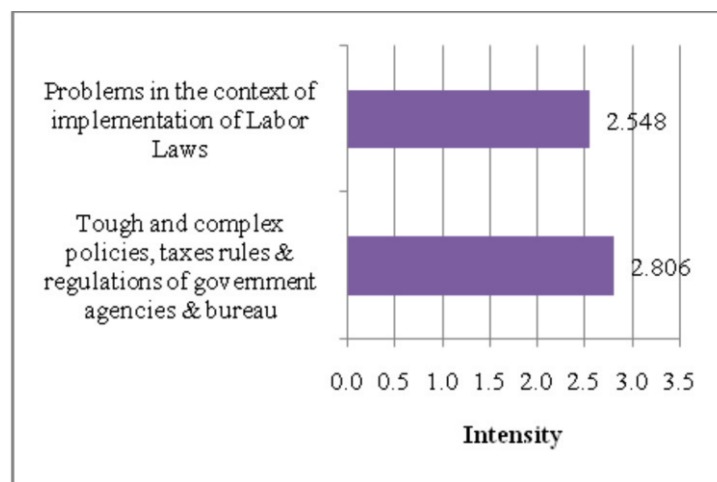


Figure 6. Standards & Regulation Problems

4.7 Research & Innovation Related Problems

Knowledge forms the basis of development of any company. Insufficient knowledge creates difficulty in all aspects of the SME (2.613). Details are shown in figure 7. In manufacturing & engineering sector, only knowledge can help firms to move by leaps & bounds. Another problem is that Time taken for innovation's effect (convert knowledge into economic performance) is longer than expected (2.548). This proves to be very harmful in this age of competition. The major issue relating to knowledge is the research and development in the SME (2.516). Without innovative research ideas, the SME stagnates in the growth process and finally declines. So having excellent R&D is of utmost importance for any SME. One problem worth mentioning which relates to the knowledge domain is insufficiency in knowledge sharing and management inside the company (2.452). This issue may not be sought after a lot but it bothers the company in the long run. Lastly there is lack of Absorptive Capacity (ability to gather and implement new knowledge of various fields) in the companies (2.323). A company reluctant to absorb knowledge by any means possible

has a really difficult path towards progress. So this knowledge related problems cannot be overlooked while looking at the development of a Small and Medium Enterprise.

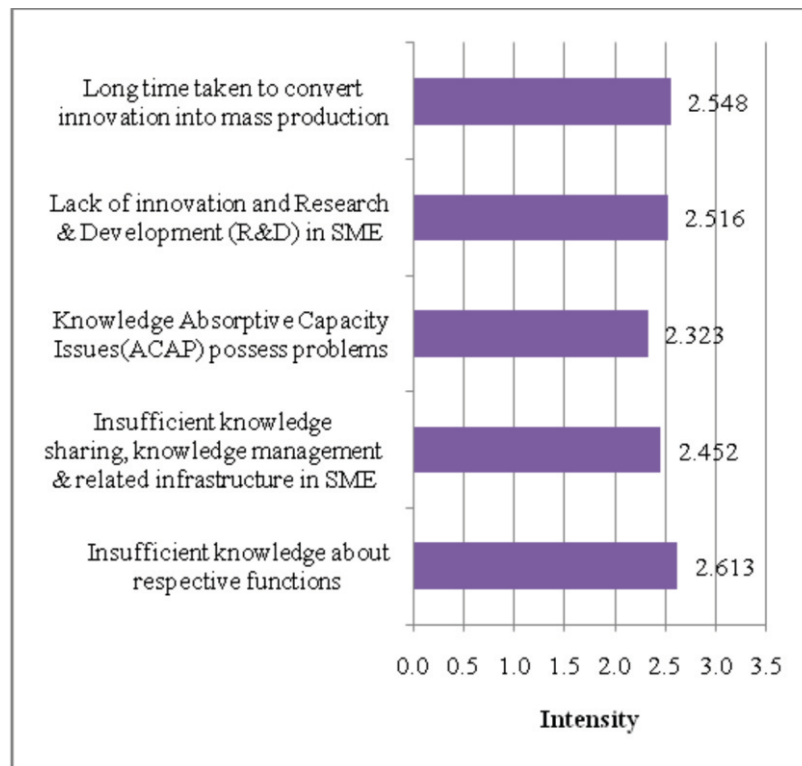


Figure 7 Research & Innovation Related Problems

5. Concluding Remarks

SMEs face different problems, as discussed under different sections in the section 4. In this section, authors are going to conclude the finding of this paper:

-Observing section-wise distribution of issues, production based issues (2.696) regulation issues (2.677) & trade issues (2.629) were among the three major risks area identified by the authors.

-Production cost, production time constraint, production volume & absenteeism of workers proved significant factors.

-Higher number of rules, licensing conditions regulations, policies, diversified taxes with, multiple stages & complex understanding are definitely chaotic. Failing any of these standards impacts the SMEs in the long term.

-Trade issues indicated us a diversified picture that how SMEs actually face

problems when it comes to the domain of business. Higher competition, aggressive competitors, better substitutes, tough existence, expansion constraints in this present scenario of globalization & liberalization tends to make survival of SMEs very difficult.

-From all sections of problems & risks, Authors observed that: Increased production cost (3.613), tough competition (3.419), costlier import due to falling rupee value (2.968), absenteeism of workers (2.935), reduced volume of production (2.871), increased competition especially from china (2.871), tough & complex policies taxes rules regulations of govt (2.806), problems created by time constraint (2.742), problems due to clients changed preferences (2.742) are top nine problems for Indian SMEs.

This research aims to cover all the factors concerning the problems & risks faced by Indian SMEs. Authors have used holistic approach to the study and thus, the findings of the study have many crucial implications for SMEs and academia. However, this research is limited to only India and thus, other regions can be explored on similar lines.

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SUSTAINABLE ENTREPRENEURSHIP & SUSTAINABILITY INNOVATION: CASE STUDY

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Abstract

The purpose of this paper is to propose a framework to position sustainable entrepreneurship in relation to sustainability innovation. The framework builds on a typology of sustainable entrepreneurship, develops it by including social and institutional entrepreneurship, i.e. the application of the entrepreneurial approach towards meeting societal goals and towards changing market contexts, and relates it to sustainability innovation. The framework provides a reference for managers to introduce sustainability innovation and to pursue sustainable entrepreneurship. Methodologically, the paper develops an approach of qualitative measurement of sustainable entrepreneurship and how to assess the position of a company in a classification matrix. The degree of environmental or social responsibility orientation in the company is assessed on the basis of environmental and social goals and policies, the organization of environmental and social management in the company and the communication of environmental and social issues. The market impact of the company is measured on the basis of market share, sales growth and reactions of competitors. The paper finds conditions under which sustainable entrepreneurship and sustainability innovation emerge spontaneously. The research has implications for theory and practitioners in that it clarifies which firms are most likely under specific conditions to make moves towards sustainability innovation. The paper makes a contribution in showing that extant research needs to be expanded with regard to motivations for innovation and that earlier models of sustainable entrepreneurship need to be refined.

I**ntroduction** Companies are considered by many to be the main players creating environmental and social problems and thus to be the source of a lack of sustainability in society. From this perception government and non-government organizations are those have to create and control a tight regulatory framework for business. As a consequence, management is challenged to comply with regulations and requirements and to keep the unwanted, negative impacts under control.

However, while this view tends to overestimate the possibilities of political programmes, legal regulations and NGOs it underestimates and distorts the role of companies in society. For many years and with increasing visibility the management of leading companies have been core drivers of sustainable development. With their innovations sustainable entrepreneurs and sustainability managers are shaping markets and society substantially. Likely, cars, computers and the internet have changed the world more fundamentally than most political programs. To be innovative means to provide organizational and technical improvements that can be sold successfully in the marketplace. In a market system, sustainable development requires sustainability innovation and entrepreneurs who can achieve environmental or social goals with superior products or processes that are successful in the marketplace of mainstream customers. Market innovations driving sustainable development do not necessarily occur by accident but can be created by leaders who put them into the core of their business activities. Actors and companies making environmental progress to their core business can be called sustainable entrepreneurs. They generate new products, services, techniques and organizational modes which substantially reduce environmental impacts and increase the quality of life.

Joseph Schumpeter (1934) referred to entrepreneurial activities as creative destruction. Sustainable entrepreneurs destroy existing conventional production methods, products, market structures and consumption patterns, and replace them with superior environmental and social products and services. They create the market dynamics of environmental and societal progress. This paper attempts to analyze which actors are most likely to bring about sustainability innovation under different conditions. This is based on a typology of sustainable entrepreneurship (Schaltegger, 2002) which distinguishes it from other forms of corporate environmental and social responsibility activities and is summarized with a positioning matrix of sustainable entrepreneurship which allows management to assess its state of environmental and economic activities in relation to others. The framework for sustainable entrepreneurship which so far has covered business approaches with a strong inclusion of sustainability issues is further developed by including social entrepreneurship, i.e. the application of the entrepreneurial approach towards the primary goal of meeting societal goals. In this context also the notion of institutional entrepreneurship, i.e. the effort to change institutions like market regulations despite pressures towards stasis plays a role and is considered.

Transition Towards Sustainability

Society increasingly imposes a challenge for changing the nature of economic activities in almost every sector of the economy. The dependence of current energy

production, distribution and consumption systems on the extensive use of fossil fuels, brings uncertainty with regard to the security of supply and contributes heavily to environmental degradation of ecosystems due to increased carbon emissions leading to global warming and climate change (IEA, 2008). Trends emerge in society as a reaction to these threats concerning the sustainability of how current economic activities are organized. It is becoming increasingly important that economic developments are sustainable, that is that they “meet the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987: 8).

This societal trend for improving the sustainability of current economic systems means that economic activities in the energy sector need to change in order to create sustainable, environmentally friendly and socially accepted forms of energy production, distribution and use. This structural, long-term reorientation and transformation of economic activities is termed a transition (Kemp, 1994; Geels, 2004). The transition towards sustainability acknowledges the increasingly important societal requirement that economic, social and environmental impacts of developments in the sector need to be jointly considered. This entails far-reaching changes in the energy sector that go beyond incremental processes caused by technical change only (Hekkert et al., 2007). Walking the path towards sustainability means that the current structure and organization of the energy sector will have to change.

Innovation

Innovation processes are thought to be fundamental driving forces for realizing the transition in society towards sustainability (Geels, 2004; Hekkert et al., 2007). Innovation contributes to the challenges of the sustainability transition, since innovation processes lead to the development of new technologies and practices that are necessary to effectively achieve a sustainable system (Geels, 2005; Hekkert et al., 2007). These promising innovations can lead to more efficient use of resources, less stress on the environment and even cleaning of the environment (Hekkert et al., 2007). Realizing these innovations, that move the sector towards sustainability, requires a change in the nature of innovation processes. In addition to a contribution to economic objectives of innovation such as sustainable profits, growth or revenues – which is still considered a requirement for successfully introducing new economic activity (Fagerberg & Godinho, 2005), firms need to incorporate in their innovation processes the social and environmental aspects of sustainability. This results in sustainable innovations: new combinations that integrate all three aspects of sustainability and that have the potential to contribute to the transition by changing the sector towards a more sustainable state (Ashford, 2001). Sustainable innovations

create win-win situations in terms of the triple bottom line by integrating economic health, social equity and environmental resilience. This goes beyond the old perspective that innovations can only contribute to sustainability with an inherent trade-off to economic profitability (Cohen & Winn, 2007). Through the integration of the three aspects of sustainability, sustainable innovations will not only change the sector to become sustainable in environmental and social terms by reducing the deterioration of the human environment and of natural resources, but will also create sustainability in economic terms by creating added value and sustained economic competitiveness of the sector through improved ways of energy production, distribution and use (Gerlach, 2003).

System Change

Introducing and diffusing sustainable innovations necessitates far-reaching changes in the structure and organization of the entire system context. This system context consists of all important economic, social, political, organizational, institutional and other factors that influence the development, diffusion and use of sustainable innovations (Edquist, 2005). Entrepreneurs operate in this system context and are influenced by its policies, regulations, interactions, norms, societal pressures etc. (Jacobsson, 2002). Since the sustainable innovations that entrepreneurs aim to introduce create radically improved ways of organizing economic activities, a conflict arises with the current way of thinking and organizing in the sector (Hekkert et al., 2007). The current system of regulations, interactions, beliefs, behavior etc. is tuned to current products and services and not aligned with new practices, knowledge, values and interaction patterns of the sustainable innovation. Successful introduction and diffusion of a sustainable innovation thus requires profound changes in the way of thinking within organizations, in the way that organizations operate and interact and in the principles, standards, routines, norms and values of the system that influence the actions and interactions of organizations. Entrepreneurs that innovate can deploy various strategies to change the system context in which they operate, in order to foster the introduction of their sustainable innovations, such as active lobbying for changes in regulation, establishing new habits and practices, creating new partnerships, increasing societal acceptance of sustainability etc. Through these strategies, entrepreneurs are able to change the current standards, routines, norms and practices to build up a new and more sustainable system context that is aligned to the sustainable innovations and thus contribute to the transition towards sustainability in the sector. In order to successfully introduce and diffuse sustainable innovations in the system, entrepreneurs will have to take the lead and pave a new path in the system context to create space for sustainable innovations. Although much attention has been given as to how entrepreneurs innovate, it is much

less known how innovating entrepreneurs create changes in the system context. The currently available literature on innovation and entrepreneurship fails to explain adequately how entrepreneurs can influence or even change the system context itself. Literature focused on the transition towards sustainability has so far disregarded the interactions between entrepreneurs and the system context and insufficiently explains how innovation can act as a driver for sustainability and economic growth of an industry simultaneously, with entrepreneurship as a method to reconcile both (Gerlach, 2003; Dijkema 2006; Cohen & Winn, 2007; Coenen & Diaz Lopez, 2008; Lepoutre, 2008). Innovation systems literature does recognize the great importance of the system context for introducing sustainable innovations, but insufficiently explains the strategies of entrepreneurs to change the system, which calls for more research to strengthen the link between the macro-level of innovation systems and the micro-level of entrepreneurial strategies in order to gain insight into the dynamic interactions between both levels (Hekkert et al., 2007; Markard & Truffer, 2008). The notion of path creation (Garud & Karnoe, 2001) makes a first step in this direction, by providing insight into how individual actors can shape and are shaped by the system context that emerges together with the introduction of innovations, but does not provide for a bottom-up overview of the range of strategies available to entrepreneurs to actively create and shape the new path. Literature that has started from the micro-perspective to identify strategies of entrepreneurs, offers some situations in which entrepreneurs are indeed able to change the system context: institutional entrepreneurship (DiMaggio, 1988; Oliver, 1991; Leca et al., 2008) emphasizes that actors need to be large and have power in order to change the system and literature on advocacy coalitions (Sabatier, 1988) and running in packs (Van de Ven, 2005) suggests that entrepreneurs can operate collectively in order to gain the necessary power. However, these theoretical insights do not satisfactorily explain whether and how small innovative entrepreneurs without power or without the right relationships are able to achieve system change. What is missing in literature is a clear understanding of how entrepreneurs interact with the system context which, besides their reaction to pressures from the system context, also includes how entrepreneurs aim to influence the system in which they operate. With rising interest in research how the system context shapes entrepreneurs on the one hand and research into how entrepreneurs shape the system on the other, more research is needed on the interaction between these two streams (Leca et al., 2008).

Sustainable Development and Entrepreneurship

The relationship between entrepreneurship and sustainable development has been addressed by various streams of thought and literature such as: ecopreneurship, social entrepreneurship, sustainable entrepreneurship and, in an indirect way also,

institutional entrepreneurship. In terms of extant literature, earlier authors addressing sustainability and entrepreneurship have dealt exclusively with environmentally orientated entrepreneurship, often called 'ecopreneurship'.

The core motivation and main goals mentioned with ecopreneurship are to earn money through contributing to solving environmental problems (Table 1). Economic goals are the ends of the business whereas environmental goals are considered as integrated part of the economic logic of the business. The organizational challenge of entrepreneurship is to better integrate environmental performance into the economic business logic or to multiply the number of (small) green businesses (Hockerts and Wüstenhagen 2010).

Social entrepreneurship is about how to provide club goods to members or on how to provide access to innovation for specific deprived market segments (Desa and Kotha, 2006a) especially in the context of base-of-the-pyramid innovation in emerging markets and developing economies (Prahalad, 2005, 2006). It also is concerned with detailed case analyses of successful non-profit social ventures, such as for example Benetech (Desa and Kotha, 2006b). In this literature, social entrepreneurship has been described as a specific form of ownership structure (for example, Mair and Noboa, 2003) as well as a philanthropic, fund-raising or social-purpose business venture. Compared to this focus of the social entrepreneurship literature environmental entrepreneurship is more strongly linked to the pursuit of profitable entrepreneurial opportunities.

The organizational development challenge is to better integrate economic issues in the core logic of solving societal problems (Mair and Marti, 2006; Zahra et al., 2010). As some product, service and organizational innovations may have a limited effect and success if market conditions are very unfavorable, entrepreneurial activities aiming at sustainable development have to consider market issues and, in addition, aim at influencing market conditions.

Thus, the environmental entrepreneurship literature, and to some extent also the social entrepreneurship, also addresses corporate influence in changing market conditions and regulations as well as initiating societal change. The ambition to change institutional settings creates links to institutional entrepreneurship (Table 1). Actors who initiate changes that contribute to transforming existing institutions or to creating new institutions are termed institutional entrepreneurs (DiMaggio, 1988) and their effort to change institutions despite pressures towards stasis is discussed as institutional entrepreneurship.

Table 1. Characterization of different kinds of sustainability oriented entrepreneurship

	Ecopreneurship	Social entrepreneurship	Institutional entrepreneurship	Sustainable entrepreneurship
CORE MOTIVATION	Contribute to solving environmental problem and create economic value	Contribute to solving societal problem and create value for society	Contribute to changing regulatory, societal and market institutions.	Contribute to solving societal and environmental problems through the realization of a successful
MAIN GOAL	Earn money by solving environmental problems	Achieve societal goal and secure funding to achieve this	Changing institutions as direct goal	Creating sustainable development through entrepreneurial corporate activities
Role of economic goals	Ends	Means	Ends or Means	Means and Ends
Role of nonmarket goals	Environmental issues as integrated core element	Societal goals as ends	Changing institutions as core element	Core element of integrated end to contribute to sustainable development
Organizational development challenge	From focus on environmental issues to integrating economic issues	From focus on societal issues to integrating economic issues	From changing institutions to integrating sustainability	From small contribution to large contribution to sustainable development

We synthesize of these streams of literature on entrepreneurship with environmental and social objectives and will put it in perspective with regard to the conditions under which entrepreneurs pursuing sustainability innovation are likely to emerge spontaneously in a market system and which type of firms are most likely involved in it.

The joint treatment of sustainable entrepreneurship and sustainability innovation is crucial because the underlying logics differ considerably. As concerns innovation, the core dimensions are private and social benefits and these can be related to a defined sequence of product and process innovations, the existence of complementary assets and the means to protect the innovation from undesirable knowledge spillovers to third parties (Utterback and Abernathy, 1975; Teece, 1986; Utterback, 1994). Conversely, as concerns entrepreneurship, the dominant logic is that of opportunity recognition and exploitation (Shane 2000; 2003) but the aspect of innovativeness is mainly confined to the level of the individual (Kuckertz and Wagner, 2010).

What is Sustainable Entrepreneurship?

The word “entrepreneur” derives from French and can be taken to mean “taking the initiative to bridge”. Entrepreneurs are the catalyst who brings together money, people, ideas, etc. to establish value creating networks. Whereas all entrepreneurs deal with bridging activities between suppliers and customers to create and change markets, sustainable entrepreneurs differ from conventional entrepreneurs in that they also build bridges between environmental progress and market success. Sustainable entrepreneurship is in essence the realisation of sustainability innovations aimed at the mass market and providing benefit to the larger part of society. By realising such (radical) sustainability innovations sustainable entrepreneurs often address the unmet demand of a larger group of stakeholders. Stakeholders are groups or individuals that materially affect or are affected by a firm's activities (Freeman, 1984). Stakeholder demands go beyond narrow economic interests of shareholders and are the ultimate sources of entrepreneurial opportunities for sustainability innovation (Figge et al., 2002) discovery and exploitation of which is at the core of sustainable entrepreneurship (Dean and McMullen, 2007). This interpretation is also consistent with recent work arguing that specific market failures are the underlying root cause for entrepreneurial activities aimed at realizing social objectives as well as environmental improvements (Cohen and Winn, 2007; Cohen et al., 2007). Stakeholders can demand environmental improvements (as for example environmental NGOs) or social improvements (as e.g. consumer associations or stakeholders concerned with child labour). Such extended stakeholder demands also matter economically, as they can foreshadow demand from a larger group of customers. Stakeholders with currently weak bargaining positions and limited relevance for the continuation of a firm's operation can in this respect be lead users in an economic sense (see von Hippel (1982) and von Hippel et al. (1999) on the lead user model in general). To the degree this is true, such 'fringe' stakeholders provide important input on entrepreneurial opportunities (see Hart & Sharma, 2004) that are ultimately discovered and/or exploited by sustainable entrepreneurs, since lead users foreshadow future demand of a large majority of market participants.

Economics and management theory neglected the phenomenon of entrepreneurship for a long time. However, for the last couple of years more and more authors have started to deal with entrepreneurship following the work of Schumpeter (1934) and Kirzner (1973) and this has partially contributed to the increasing focus on sustainable entrepreneurship as a specific type of entrepreneurship.

The term “sustainable entrepreneurship” essentially brings many of the above phenomena together and combines two words; sustainability and entrepreneurship (see also Table 1, last column). Sustainable entrepreneurship is characterized by

some fundamental aspects of entrepreneurial activities which are less oriented towards management systems or technical procedures, and focus more on the personal initiative and skills of the entrepreneurial person or team to realize large-scale market success and societal change with environmental or societal innovations. Entrepreneurial thinking first starts with individuals. Also environmental and social preferences are in many ways personal concerns. This is why sustainable entrepreneurs like Hipp, one of Europe's largest producer of baby food, Duttweiler, the founder of Migros, the largest food supplier in Switzerland, Pfenninger, the head of Trisa, a leading European producer of brushes and brooms, or Anita Roddick, the founder and former head of Body Shop, have been analysed to embody the combination of strong environmental and social values with an energetic entrepreneurial attitude (Schaltegger, 2002). Sustainable entrepreneurs show personal mastery (Senge, 1990) and consider their professional life as a creative act. Differences between personal goals and the perceived reality are taken as a challenge and not as a problem (Senge, 1990). Sustainable entrepreneurs furthermore mostly influence the company very much with their personal goals and preferences in a way that these are reflected in the company's goals. This is more often and to a larger extent the case with start-up companies and small companies than with larger enterprises. Whereas environmental or CSR managers can leave a company without the company losing substantial character, sustainable entrepreneurs constitute and shape the "face" of their company. Because of the strong influence of the personality of the company leader (or leaders) on company goals sustainable entrepreneurship and the status of such an entrepreneur can also be related to the company directly. As a consequence, sustainable entrepreneurship - defined in a narrow sense - deals with a very innovative company start-up supplying environmentally and/or socially beneficial products and services with the potential to conquer a large part of the market. However, the spirit and the process of creating substantial market success with environmentally or socially beneficial products and services is not limited to start-ups, sustainable entrepreneurship can also be seen in established companies, or in the process of building up corporate ventures, spin-offs, etc.

As a distinction to many views of conventional entrepreneurship, sustainable entrepreneurship furthermore extends the goal of corporate influence beyond market success to initiating societal change and changing market conditions and regulations. The societal ambition to achieve societal goals by means of entrepreneurship and business approaches has been dealt with under the term of social entrepreneurship (Brinckerhoff, 2000; Borzaga and Solari, 2001; Prahalad and Hammond, 2002; Mair et al., 2005; Bright et al., 2006; Milstein et al., 2006; Desa and Kotha, 2006a; 2006b; Bull, 2008). Social enterprises constitute a heterogeneous business movement which is oriented towards the equitable distribution and not

accumulation of social and economic capital (Ridley-Duff, 2008). The idea of a “beyond market” application of the entrepreneurial approach, however, with the goal of changing institutions and market regulations, has also been taken up by the notion of institutional entrepreneurship which addresses the attempt to change institutional settings (Ostrom 1990; DiMaggio, 1988; Holm, 1995; Dacin et al., 2002; Seo and Creed, 2002; Battilana et al., 2009). Defined more widely, sustainable entrepreneurship can thus be described as an innovative, market-oriented and personality driven forms of creating economic and societal value by means of break-through environmentally or socially beneficial market or institutional innovations. This wide definition of sustainable entrepreneurship takes intrapreneurs (Pinchot, 1988; Gapp and Fisher, 2007) as an important subgroup of sustainable entrepreneurs into account, which represents actors inside an organization who substantially change and shape the environmental and business growth development of the company (Jorna, 2006; Zhao, 2005). The conceptual idea behind this subgroup is related to that of promoters, which is a well established concept in the innovation management literature (see e.g. Hauschildt and Chakrabati, 1988).

A Positioning Matrix of Sustainable Entrepreneurship

This section shows in more detail what can be understood by sustainable entrepreneurship and how it is distinguished from other kinds of environmental and socially responsible activities of companies. After an introduction to the positioning matrix of sustainable entrepreneurship the two main dimensions, priority of environmental and societal goals and market effect, are discussed in more detail. On a pragmatic scale sustainable development requires the integrative achievement of environmental, social and economic goals now and for future generations. Corporate sustainability management thus attempts to shape the environmental, social and economic effects of a company in a way that firstly results in a sustainable development of the company and secondly that the company contributes to a sustainable development of society as a whole. Among the core challenges are the management of social and environmental issues with economic approaches and to integrate environmental and social issues in core business processes and tools. Companies contribute most to the sustainable development of an economy and society if their core business deals with solutions to environmental and social problems, if they supply environmentally and socially superior products, and if their innovations influence the mass market and society substantially. A positive sustainability influence by companies calls for a real and substantial contribution to a sustainability progress. This, in turn, requires sustainability innovations. Real improvement can only be created if the production processes, products and services are superior. A substantial contribution requires that the company can exert both, a

large market influence and a large social or political influence. A large market influence can be based on a large market share or by influencing competitors and other market actors (such as suppliers) to adopt superior sustainability solutions. A large social and political influence includes the development of trends, fashion, values and political opinions, institutions, regulations, and frameworks. Both dimensions of sustainability management can be further subdivided. The priority of sustainability goals can range from low priority (social and environmental requirements as a trustee duty), to medium priority (sustainability issues as a supplement to conventional business issues) and high priority (sustainability issues as an integral part of core business activities). On the other, depicting the real effects of the organization, socially desired effects can be created by outside the market or in a manner which is not yet marketable. Once the market is entered the market effect of the company and its businesses can be small in a niche and large through a strong influence on the mass market or even spill over to society and politics at large. Company leaders who consider sustainability issues as a supplementary aspect of business establish environmental, quality and social management systems and departments which attempt to pilot and control impacts in the most efficient manner. Cost reduction, the improvement of competitiveness and eco-efficiency, image campaigns and the differentiation of products and services are major goals of such a sustainable management directed towards doing things right. Firms in this group are likely to carry out some innovation activities, but with a stronger focus on mostly incremental innovation. The issue with a purely economic motivation leading to social and environmental improvements is that it is oriented towards the short-term and limited by inherent characteristics of incremental innovation.

Ideally sustainable entrepreneurship pulls the whole market towards sustainability and influences the society as a whole. Sustainable entrepreneurs strive for business success through sustainability solutions for the mass market. With their innovations they are able to exert a constructive influence on society and politicians. In this view sustainability management is concerned with doing the right thing to promote and push sustainable development in the mass market and society. Sustainable entrepreneurs treat sustainability issues as central to their core business because their economic success is strongly linked to their sustainability performance.

Focusing on environmental aspects “ecopreneurs” can be found close to sustainable entrepreneurship, but with a less strong focus of full sustainability performance as a core business goal. Ecopreneurs aim with their companies at considerably big market shares and high or increasing turnover in (more or less ecologically sensitive) mass markets. Whilst ecopreneurs historically often had a focus on a larger market (rather a strong non-profit orientation as traditional social entrepreneurship), their value focus was on environmental performance and not much on social performance.

Hence they only to some degree had sustainability performance (combining social and environmental performance) as a core business goal. In recent years however, social aspects have become more crucial for business as is witnessed e.g. by the UN Global Compact or the Millenium goal of eliminating world poverty by 2025. This implies that ecopreneurs have to also address the social aspects of their breakthrough environmental innovations more systematically and to the degree this actually happens they move forward towards sustainable entrepreneurship. For ecopreneurs, their knowledge about substantial environmental problems enables them to foresee a demand for fundamental innovations also in traditional markets. The entrepreneurial challenge is thus to be economically successful with the supply of products and services which change - on a purely voluntary basis - consumption patterns and market structures leading to an absolute reduction of environmental impacts. As a difference to bioneers ecopreneurs are mostly not inventors. Instead of spending time in laboratories ecopreneurs search for inventions which they can place on markets to create turnover and influence market structures. Only in exceptional cases like the entrepreneur Geoffrey Ballard who developed fuel cell technology successful inventors are ecopreneurs at the same time. The core activity of ecopreneurs is thus to search for business ideas created by environmental problems and solutions, to identify the market potential of inventions and to realize market success with them.

When do Sustainable Entrepreneurs Emerge ?

Environmentally and socially superior products and production processes exceeding by far the strictest regulations have been created by numerous companies, for example in the textile, food, furniture and energy industries. These firms can in principle be small start-ups, but also large incumbent firms that have significant market share in their industry. The decision of a company to get involved in sustainability innovation can be triggered by a number of factors, which can relate for example to changes in regulation (see e.g. Porter and van der Linde (1995) for various examples), initiatives of important stakeholders, such as NGOs (e.g. Volkswagen in the case of the 3-liter-engine, where research activities were triggered by pressure from Greenpeace) or changes in the management team of a firm. In order to analyse and better understand when sustainable entrepreneurship emerges and who will be most likely to carry out sustainability.

Conceptualizing sustainability innovation in a more general way, one can distinguish the private benefit of an innovation (i.e. the cost reduction the innovation brings about for e.g. producing a good whilst keeping the benefit of that good constant) and the social benefit, which is defining for sustainability innovation. The higher the private benefit, the higher is the potential of an innovation to compensate for negative social effects of that innovation (e.g. because it implies a high level of

resource consumption). If social benefit and private benefit of an innovation can be fully monetarised then any innovations where the private benefit cannot compensate negative social effects or where positive social effects are lower than the total private disbenefit are not sustainable in that either they have both, negative social effects and low private benefit, or their compensation potential due to the (lacking) private or social benefit is so low that it cannot compensate fully for the increased resource use. This can be termed the “Playstation World” of innovations based on the notion, that such innovations neither provide positive social effects, nor do they meet consumer demand at a cost so much lower, that the consumer could at least in principle compensate society with his consumer surplus for the negative social effect. If innovations provide (1) sufficient private benefits to compensate negative social effects or (2) have a positive social effect that justifies accepting a lower level of private benefit (because the net benefit to society would still be positive) can be termed compensatory sustainability innovations. Finally, those innovations where (3) positive private and social benefits coincide are the most desirable form of sustainability innovations. This becomes particularly obvious from the fact that when involving themselves in sustainable innovation, company representatives play an important role in society and politics by shaping the market framework towards sustainability. Similarly, many important sustainability innovations are the result of a constructive interaction of corporate, political and social leaders in multi-partite stakeholder cooperation efforts.

Conclusions

In this paper, we have introduced a framework of sustainable entrepreneurship and explored its links to sustainability innovation. The business implications of our analysis especially relate to important conditions that bioneers, social and institutional entrepreneurs and other start-ups and incumbents need to consider when deciding on the type of sustainability innovation. First of all, these concern the industry life cycle, since the innovation requirements change over time when a dominant design emerges (Utterback, 1994). Because of this, product and process innovation need to be understood as jointly determined. To enable them to react to this, firms should carefully monitor the market for changes, for example as concerns technologies or context. Specifically, institutional entrepreneurs may want to actively attempt to change market contexts.

Furthermore, as concerns the appropriability of innovation rents, bioneers and ecopreneurs in our framework are well advised to focus on innovation that can be easily and effectively protected and where complementary assets are less relevant or easily accessible or available. Conversely, sustainability administrators and managers can benefit most from pursuing innovation (as fast second) where

appropriation is difficult for the first movers and where the need for complementary assets is strong.

The influences from the system context mentioned by entrepreneurs (sub-question 2) can be divided in drivers and barriers. The most important drivers from the system context are the public awareness of sustainability and developments in technology, and the most important barriers are the lack of guidance and flawed subsidy schemes from the government, a lock-in of vested interests in the building and energy industries and the need of all actors to think differently about sustainability. System building entrepreneurs experience the lack of guidance from the government, the current regulations and the lock-in of vested interests in the sector as strong barriers for sustainable innovation, while system following entrepreneurs view the government, regulations and initiatives from current players as drivers for sustainable innovation.

Finally, the model outlined for sustainability innovations suggests the existence of innovations with high social benefit, but very low private benefits appropriable. For such innovation entrepreneurial activities aimed at profit generation, which are frequently linked to a mass market orientation, may be less appropriate. Also, multi-partite partnerships of stakeholders seem to be necessary to create stable institutional structures that enable pursuing such innovation (Ostrom 1990). For example, in situations where no business case exists, public policy may become involved in order to regulate market failure if the sustainability innovation in question represents a high social benefit. The energy feed-in tariff in Germany is one example of such an intervention.

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