

Sustainability: Future Orientation Through Engagement of MSME's

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Abstract

Purpose: Enterprises have been facing a concern from the government to take an initiative in the various environmental maintenance and in the implementation of various sustainable practices laterally with the satisfaction of the customer demands. Thus, the enterprises are enforced to implement sustainable ways of doing business, which would help them achieve competitive advantage in the long run. This paper intends to institutionalise the various sustainability measures (through the leadership approaches and the theoretical approaches) in the various Micro, Small and Medium Enterprises (MSME's)

Design/methodology/approach: This research paper is a general review for highlighting the varied reasons and unreason's behind the various enterprises practising sustainability initiatives in the real business scenario. A thorough and wide exploratory search was made from the existing literature with the help of online databases. The results are presented in the form of descriptive findings.

Findings: The research paper concludes that, sustainability is not a unitary concept, but involves a throng of efforts (to explain, the activities, actors and the resources employed). The MSME's require explicit thought, in case of business plans for sustainability as it is by one way or another not equivalent for the large firms. It has also been brought about that the MSME's require a different way to support sustainability in comparison to the various large organisations which hold a varied set profile and resources.

Practical implications: Sustainability, today is a concern for everybody in the civilisation, this is because of the changes in the climate that have been observed and the growing problem of global warming. This research work, may enable the MSME managers to reconsider the whole business strategy, and making sustainability as an important inclusive element of the same, and thus practising it too.

Research Limitations: Sustainability, has been an important concern to the society in general which points out that there can be plenty opportunities for various organisations to identify

strategies that will have a bearing and may positively advance the – social and environmental performance. However, this research work, does not provide an empirical evidence and support but offers insights on engaging MSME's in sustainability.

Originality/ Value: This research contributes to the area of literature by providing a review, for the various considerations and occasions for the various business strategies for sustainable development and its varied applications to the certainties of business operations in various MSME enterprises.

Keywords: MSME, Small and Medium Enterprises, Sustainable Development, Leadership Approaches, Business Sustainability, Environmental Management Practices.

1. INTRODUCTION

Sustainability seems to be at the vanguard of all business operations in the contemporary times (Sloan et al., 2013). The conception of sustainability is very complicated (Faber et al., 2005). The general and the most widely accepted definition is the one given by World Commission for Economic Development in the year 1987. *“Sustainable development means meeting the needs of the present without compromising the ability of future generations to meet their own needs”* (Loucks et al., 2010; Hult, 2011; Sisaye, 2011; Mukherjee-Saha, 2011; Elliott, 2012). Macro climate changes have evolved a concern for sustainable development. People from various countries are working together to accomplish a way out to this growing problem. The concern regarding the same, was also highlighted two decades back in the Brundtland Commission Report (WCED, 1987) and later by Gibson B.R in the year 2001 which stated that *“Continuing environmental degradation was leading not only to local and regional resource depletion and damage to essential ecological functions, but also it is leading to cumulative global effects”*. Sathaye et al. (2006) has delineated that in the developing countries it has been observed that discussions relating to sustainable development often lie on the trade-off between economic prosperity and the maintenance of the environment. The indications and the budding problems have led to the ruining of various natural resources like the biodiversity, soil, forests etc. which is further aggravating to the problem of climate change.

World Wildlife Fund in the year 2008 in their report 'The Living Planet' stated that, earth's capacity to aid a flourishing diversity of the species which also includes humans is very limited (p.2) and thus it becomes vital for enterprises to get involve in implementing more sustainable practices. The notion of sustainability has been embraced by industry as a principal concept intended to define and incorporate a broad assortment of practices (Loucks et al., 2010). There is a growing acceptance relating to the fact that, sustainability practices can be a key reason to the success of any business enterprise (Kuosmanen and Kousmanen, 2009).

A period back in time, sustainability efforts focussed primarily on curbing the environmental emissions laterally with particular degradation concepts. But in the latest times, the complexity in the business environment is ever challenging, thus forcing the enterprises to adopt a new set of approaches that are environmentally and socially more conscious, and enabling them to increase their profitability and decrease risks (Agnihotri & Tripathi, 2015). But in the latest times, the complexity in the business environment is ever challenging, thus forcing the enterprises to adopt a new set of approaches that are environmentally and socially more conscious, and enabling them to increase their profitability and decrease risks (Agnihotri & Tripathi, 2015).

1.1 The Missing Link

The companies appear to be focused on their core business but unreasonably the value creation is unsatisfactory in regard with stakeholder management. The companies all this while have been managing stakeholders in the hierarchical model, where in one aims to win and the other one loses. Whereas, in a structure based on sustainability, the focus is purely on mutual gains and

strengthening the relationship which helps in the long run. The obstacles have potential leads and new business development opportunities and there is a kind of synchronization between all types of objectives that the firm and its stakeholders want to attain. There are many industry leaders that give highest priority to sustainability and see it as a key to achieve business gains. A few examples would be Philips, Toyota, Lafarge, and General Electric etc. Such companies have been able to simplify the most complex things and have found answers to some of the toughest questions that existed in the environment since new competitive landscape has evolved.

Therefore, it has been observed from the literature that, there arises a need for people, who have the ability to lead differently and manage the stakeholders of the organization with proper conduct and a defined approach. Which in turn would require, to work in coordination with the various stakeholders to reengineer the solutions that might bring sustainability into the system. They have gradually entered into a phase where safety of individuals and environment is the most important thing.

However, in context of the MSME Sector, which is one of the major contributors in the world economy and is set to have a key influence on the futurity of business and the planet (Loucks et al., 2010) the chances of prioritizing these factors are very less. The MSM Enterprises remain either unaware of the above-mentioned safety factors or their priority for value maximization for stakeholders is not letting them pursue these safety factors while making critical organizational decisions. It has been revealed by (Bianchi and Noci, 1998) that MSME's incline to be reactive in their approach, when it comes to adopting sustainability practices. This occurrence is very much unlike the large organisations, which are considerably more proactive in adopting various sustainable practices. Dressen, (2009) concluded that sustainability practices are complex and that the MSME's have a restrictive access to the various financial and other resources required. It has also been concluded that the pressure mounting on the MSME's to practice sustainable business methods, is comparatively less by the external stake holder's vis-à-vis large companies. Orth and Kohl, (2013) in their scholarly work stated that, the number of enterprises emphasizing on sustainability has increased considerably in the recent years, but its implementation still remains a question especially in the context of MSME's. It has also been observed through various studies, MSME's which engage themselves into sustainable practices are much more flexible and are able to embrace the various inventive practices (Loucks et al., 2010). All this while, the MSME sector and the starring role performed by the entrepreneurs of these enterprises have not received due attention, though they have always been a crucial component in the sustainability discussions. The MSME's are holding up in comparison to the various large enterprises in assimilating various environmental management practices into their commercial policies (Revell *et al.*, 2010). Many descriptive studies showed that SME managers display optimistic or beneficial attitudes towards industry and care about the social burden of others in terms of their business activities (Loucks et al., 2010). The MSME sector needs to endeavour such sustainable practices which helps them to become sustainable in long run. Therefore, this paper intends to institutionalise the various sustainability measures (through the leadership approaches and the theoretical approaches) in the various Micro, Small and Medium Enterprises (MSME's).

2. RESEARCH METHODOLOGY

A thorough and wide exploratory search was made from the existing literature with the help of online databases for delivering an inclusive list of journal articles. For traversing the relevant studies for the same, Google Scholar was used. At the later stage, papers were extracted from the online databases like *Emerald Management*, *Elsevier's Business*, *Academy of Management and EBSCO host*. The online databases that have been referred to are one of the most extensively used in the field of business and sustainability. The databanks scanned were available for research in the National Capital region of Delhi, India in the various state and central universities. Additional caution was taken to include the most recent research in the area. Efforts were also laid to incorporate research which signifies the conception of sustainability in the

MSME sector. The key words used for screening and identifying the relevant literature for this paper from among the various journals are: “sustainability”, “sustainable development”, “sustainability in MSME”, “environmental practices”, “business sustainability”, “leadership approaches”. The query led to 98 papers, which were further evaluated. The detailed procedure can be referred from figure 1. To begin with, non-English papers were rejected. This led to 95 papers. Out of which, some papers were assessed and rejected on the basis of not directly related to the study. Afterwards, a final list of 81 papers was obtained.

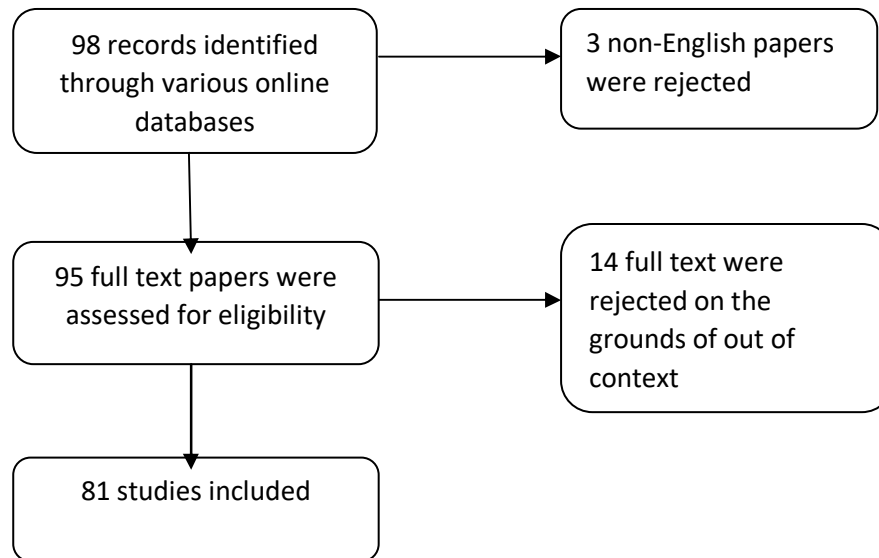


FIGURE 1: Search and Selection process.

3. MSME SECTOR AND BUSINESS SUSTAINABILITY

3.1 Sustainability

Stead & Stead (1994) argued that in the era of 21st century, there is a need to change firm's fundamental assumptions and their operational relations with the natural environment. This would by far mean, integrating the ecological conduct to the strategic and operational planning of the enterprise and at the same time, commissioning market research to identify the changing consumer behaviours and attitudes concerning environmental issues, adopting to the new functional principles and altering the performance. The latest expansions offered in the UN report, IPCC WGI (2007) Fourth Assessment Report emphasizes on the crucial need of making more efforts in the field of sustainability. It lays emphasizes on the natural and the human drivers pertaining to a change in the climate, climate processes and approximations of projected climate change elevating a subsidiary quest for business sustainability.

Thus, the term “business sustainability” is frequently denoted as the total effort that is put in by the company - taking into account its demand and logistic network – to lessen the influence on the Earth's life and the ecosystem to reduce the total e-footprint (Svensson and Wagner, 2011a). It has been brought about, empirical evidences are required for practices in business sustainability as the previous research work has only given minor attention to it (e.g., Svensson and Wagner, 2011b, c). Effective supervision of business sustainability may thus involve a proper coordination, of the various operations that are to be managed in any product life cycle (Hong et al., 2009). The various business sustainability aspects may actually comprise of any of the following: dropping the raw material waste, water pollution, safety in the various manufacturing operations, harvesting of the rain water, energy consumption and designing of better warehouse management services, reducing packaging and augmenting safety thus keeping in mind the

probable social influence of working hours, improving transportation etc. which in turn can eliminate various kinds of wastage and emissions.

Thus many business firms have started realising a fact, that it is essential to achieve business sustainability in the long run (Turner, 2009) and it is something they cannot achieve in isolation but by the cooperation of the various intermediaries that are involved in the supply chain network of the various business operations. Achieving business sustainability is no longer seen as a costlier affair, but as an essential element to any business strategy making it competitive in the current scenario (Mahler, 2007). A.T. Kearney in his study revealed that firms which have started with sustainability initiatives, are largely benefiting from the same in the form of better brand names or distinguishing their products (Mahler, 2007). Thus, it is essential that the business enterprises take a charge and perform their obligations to alter the existing business practices. The approach of each firm towards sustainability, is something which can vary, hence the business enterprises, should take the initiative of learning about the social and the environmental practices, which are most significant for the respective business and its varied stakeholders.

3.2 Sustainability Dimensions at a Glance

3.2.1. Environmental

For various people and establishments, those who are new to the concept of sustainability, often regard the various environmental concerns or issues as a synonym for the same (Berns et al. 2009; Montiel 2008). It has been often observed that in many organisations, the “responses” to the various environmental concerns is merely because of the pressure that is being imposed on to them. Thus, this is gradually driving an increased pressure, for the changes in the internal process operations and in the cost savings (Siebenhüner and Arnold 2007; Wilkinson et al. 2001). Over the recent few years, it has been seen that the firms have been reactive in their approach to environmental decisions, though it can be attributed under managed circumstances businesses can earn good number of profits by approving of the firms’ various environmental practices (Siegel, 2009). These environmental initiatives can be grouped into the following three categories:

- **Conservation:** Businesses often focus on conservation through their various efforts to Lessen the dependence on various resources like water, energy, etc.(Pullman et al. 2009) which is only possible by involving the varied marketing and supply chain functions to have a successful conservation and management of resources.
- **Usage Reduction:** It basically involves, making efforts to reduce waste, the release of the various greenhouse gases, aggregating recycling activities and managing the products the disposal of products at the end stage (Barros et al. 1998; Clelland et al. 2000; Parthasarathy et al. 2005). Businesses may look for various instances through which they can lessen or even eliminate the not so necessary or the various poisonous by-products from the manufacturing processes. They can opt for various waste management activities initiated through the processes like lean manufacturing (Gordon 2007; King and Lenox 2001; Zhu and Sarkis 2004).
- **Business Management Practices:** Firms can be sustainable in their business practices crosswise departments and thus can create a more positive environmental impact. They can follow various practices like, having a strong association with the various network partners and designing the products much more efficiently (Guide et al. 2003; Linton and Jayaraman 2005). Thus, this collaborative effort, can result in new friendly activities.

3.2.2. Social

Sustainability initiatives in the social context, aims at managing the labour workforce. The managerial talent are developed and skilled to replace the present employees. The social initiatives, can be further understood in the following three aspects:

- Employee Relations: This dimension primarily focuses upon aspects like work life balance and quality of work life (Kelliher and Anderson 2008; Wilkinson et al. 2001) encouraging employees to have a healthy lifestyle (Corbett, 2004).
- Talent Development: Understanding firm sustainability means paying emphasis on the human competency and agility (Boudreau and Ramstad 2005). It comprises of a wide range of firm capabilities and experiences (Colbert and Kurucz 2007). Efforts should be made to ensure that employees possess the necessary soft skills required in complementary to the technical skill set they possess to sustainably meet the requirements across the various geographical boundaries, where the firm may choose to operate (Colbert and Kurucz 2007).
- Business Management Practices: While the firms possess an internal expertise of duly meeting the customer demands in the changing scenario and efficiently supporting the global supply chain, it becomes all the more important to extend this further to the various supply chain constituents. Initiating, supplier training programs and to make the suppliers understand the context of firm sustainability (Business and the Environment 2010; Goodman 2000).

3.2.3. Economic

To reduce the overall cost of supply chain and aggravate the total benefit constant push is required. The economic sustainability dimension follows the above-mentioned statement with the running business of the organization which is equally complimented by other initiatives responsible for the marketing and financial strategy formulation.

- Internal Management: This category is solely aimed at various approaches like Kaizen which clearly means continuous improvement. It also involves approaches like maximum productivity with minimum effort and other strategic measures to achieve maximum efficiency in almost everything if we think from supply chain's point of view.
- External Management: This involves creation of new markets and management of the stakeholders if we think from supply chain's point of view. External management compliments the internal management by taking various measures to help internal management reduce total cost and improve sustainability of the organization.

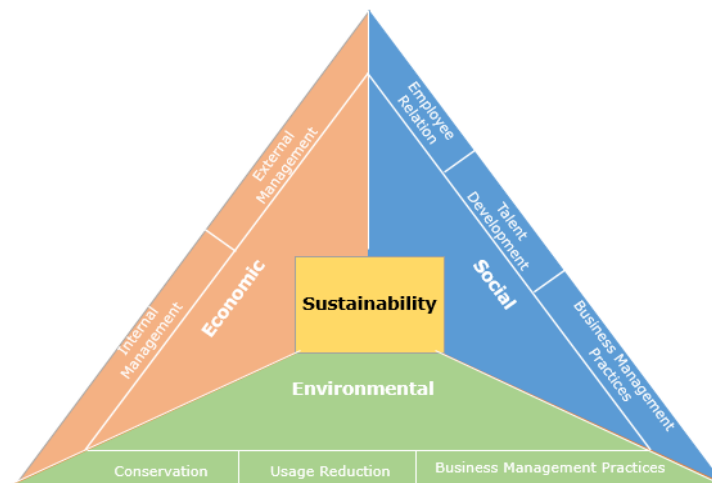


FIGURE 2: Sustainability Dimensions.

3.3. The Micro Small Medium Enterprises

The significance of MSME is quite well known. MSME's have been encouraging the individuals by providing those jobs; helping them with innovation and helping them identify the entrepreneur within themselves for overall development of the economy. It has also been observed that there is

no standard definition that has been set for defining MSME's. The (Table No. 1) presented below, highlights regarding the various parameters that are often taken into consideration while defining MSME's across the various countries. The parameters are defined as, i) the number of employees working in the enterprise; ii) the industry which it belongs to; iii) the capital investment that has been made into the enterprise; iv) the extent to which it distinguishes between the micro, small and medium enterprises.

Country	No. of Employees	Industry	Assets/Turnover/ Capital/Investment	Definition distinguishes between MSME
Argentina	✓	✓	✓	✓
Brazil	✓			✓
Canada	✓	✓	✓	✓
India		✓	✓	✓
Russia	✓		✓	✓
Singapore	✓	✓	✓	
South Africa	✓	✓	✓	✓
UK	✓		✓	✓
USA	✓	✓	✓	✓

(Source: Kushnir, K. (2010). How do economies define micro, small and medium enterprises (MSMEs), *Companion Note for the MSME Country Indicators*, 66)

TABLE 1: Definition MSME in various countries, based on various parameters.

3.3.1. MSME's: Key to Overall Growth of the Nation

MSME's have been playing an essential part in taking the country to an aimed level. SMEs provide employment, contribute to country's GDP and improve any problems which may arise or which have been there for a long. Because MSMEs are considered to be the major contributor to the nation's GDP, it requires more attention from the policy makers. As per various economic surveys, MSMEs are inviting more investments and providing employment opportunities to the youth as well (Gade, 2018). SMEs are really active these days with digitizing their day-to-day operations and other organizational activities. This helps them save time, improve efficiency and enhance productivity. SMEs are extremely important for attainment of Sustainable Development Goals by encouraging innovation, promoting gender equalities and employing the unemployed. SMEs as part of their CSR initiatives have worked on addressing issues like poverty, child mortality etc and promoting good health and well being (Verma & Nema, 2019).

3.3.2. MSME's: Towards a better standard of living and social status

MSME's have been a major source employment opportunity in the 35-member country cooperation i.e., OECD (Refer Table No. 2). They are considered to be responsible for more than 95% of the jobs in the OECD area and also, they are equally responsible for great value creation. Almost 50% of employment is generated by SMEs in the emerging nations while they account for

one third of the GDP (OECD, 2016b). The table below represents, the relative contribution made by the MSME sector in the GDP of the economy, which is quite a large percentage in context to countries like Taiwan (85%), Italy (68%) and so on. The other section of the table elaborates upon the % of employment generated by the MSME's, which again stands high in context of Canada (90%), Italy (80%) and has been significantly contributing for the various other economies too.

Country	MSME Contribution to the GDP (in % terms)	Employment generated by MSME (in % terms)
Argentina	25	15
Brazil	22	67
Canada	27	90
France	59	63
Germany	54	62
India	8	21
Italy	68	80
Russia	35	23
Singapore	50	70
South Africa	57	74
Taiwan	85	78
UK	50	52
USA	48	53

(Source: *The new wave Indian MSME: An action agenda for growth. A Report by KPMG and CII, Year 2016*)

TABLE 2: Contribution of MSME Sector in the GDP and the Employment generated by the MSME Sector.

3.3.3. MSME's: Realize the importance of innovation

Practising innovation into business operations has been observed as a general trend in today's scenario and MSME's are well aligned towards this approach. They enable the small unrecognized ideas / initiatives of universities and other research focused organizations (Baumol, 2002; OECD, 2010a) to come to light and be identified by potential investor or government to promote and utilize the same (Eurostat, 2014).

3.3.4. MSME's: Fundamental role in achieving sustainability

The role of MSME's has been quite significant in keeping the environment safe for everyone. They are engaged in a lot of activities which are ultimately aimed at achieving sustainability. The collective effect of MSME's can be considered hazardous for the environment as they have been extensively using resources which are leading to waste and various kinds of pollution (OECD, 2013a). These enterprises for a while have been trying to follow the ideal steps for a greener environment but the cost, lack of education, lack of technical knowhow stops them from contributing to a greener surrounding. Also, lack of skills and necessary competencies in the employees of an SME leads to loss of revenue and loss of future business opportunities (Mazur, 2012; EaP Green, 2016). However, in many ways MSMEs are helping in urbanization by making inclusive practices and projects which lays emphasis on urban regeneration and SME development (Kamal, 2017). With their diverse range of operations, MSMEs are helping in making sustainable communities by engaging in solid waste management , waste recycling etc.

3.3.5 Why MSME's have not been excluded till now?

- Labonne (2006) has evaluated both large and small firms for their environmental sustainability and found out that due to financial limitations and heavy cost related factors, small firms are less likely to track their environmental assessment.

- The SME adoption of sustainability is highly influenced by lack of financial knowledge and employee resources (Condon2004). Bianchi and Noci (1998) found, large firms are more likely to be engaged in pre-emptive sustainability strategies whereas small firms implement these practices only under strong pressures from stakeholders.
- Hillary (2000) in her book on “SMEs and the environment”, reviewed an edited collection of articles and concluded that SMEs tend to be “largely ignorant” about their environmental impact and regulation; “less concerned about the importance of sustainable development;” “cynical about the benefits” of assessment tools designed to improve environmental performance; and “difficult to reach, mobilise, or engage” on environmental topics.
- Drensen (2009) pinpointed the possible reasons of less inclination of SMEs towards sustainability such as limited financial resources, less pressure from external stakeholders and the perception of complicity of engagement of sustainability practices.
- Bradford and Fraser (2008) have highlighted the need of advisors and their support for framing sustainability strategies of SMEs related to their businesses. Furthermore, many SMEs still consider environmental issues as a secondary and expensive to address.
- Structures of SMEs businesses are rather diverse as they run with very different budget sizes, objectives, personnel structures and strategies. Researchers have established that tools of sustainable development were shaped with larger firms in mind and are challenging for SMEs to implement (Jones and Tilley, 2003; Rutherford et al., 2000; Spence and Schimdpeter, 2003; Hillary, 2004; Jenkins, 2004, 2006; Fassin, 2008; Bradford and Fraser, 2008; Perrini et al., 2007).

3.4 Institutionalisation of Sustainability in MSME's: Proactive Measures

3.4.1. Leadership Approaches to Implementing Sustainability in Organisations

It has been observed that the various enterprises, may take a different approach when it comes to addressing sustainability, the major practical reasons behind the same lies in the fact that, there are differences in the capabilities of the firm, their area of operations, the size of operations and the positioning of the firm in the global context may vary (e.g., Kärnä et al. 2003). Thus the commitment levels offered by the various organisations can be categorized into the following three heads: Reactor, Contributor and Innovator (Table No. 3). The table represents the various leadership approaches that might be followed by any enterprise. The perspective of each approach varies from one to another, the Reactor Approach, lays emphasis on sustainability as an irrelevant dimension, thus adhering to only the legal obligations. The Contributor Approach lays emphasis on sustainability as a strategic concern for supply chain networks, thus taking initiatives to suggest their channel partners on how to build green supply chain networks. The Innovator Approach gives sustainability a strategic primacy and try to initiate activities, which in turn help the organisations, reap long term benefits.

Leadership Approaches →	Reactor	Contributor	Innovator
Perspective	<ul style="list-style-type: none"> • A firm is concerned about the finances. • They view the sustainability dimension as an irrelevant one or give less priority. 	<ul style="list-style-type: none"> • Firms consider the strategic relevance of sustainability and their supply chain networks. 	<ul style="list-style-type: none"> • Firms create sustainability as a strategic primacy. • Sustainability activities are frequently regarded as longer-term firm investments
	<ul style="list-style-type: none"> • These firms often adhere to the rules 	<ul style="list-style-type: none"> • These firms, may often rely on the 	<ul style="list-style-type: none"> • These firms, often use

<p>Orientation</p>	<p>and regulations, but rare is the case that they will engage themselves in sustainability activities which are outside the compliance.</p>	<p>various sustainability initiatives which are often referred elsewhere.</p> <ul style="list-style-type: none"> • They take an initiative to analyse their channel partners and suggest ways on how can they synergistically work. 	<p>sustainability in the context to bring a positive change for the stakeholders, communities and industry.</p> <ul style="list-style-type: none"> • It is often viewed as longer-term firm investments.
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(Source: Closs, D. J., Speier, C., & Meacham, N. (2011). Sustainability to support end-to-end value chains: the role of supply chain management. *Journal of the Academy of Marketing Science*, 39(1), 101-116.)

TABLE 3: Leadership approaches for implementing Sustainability.

3.5 Theoretical Approaches to Implementing Sustainability in Organisations

3.5.1. Institutional Theory

Institutional theory explains the impact of external pressure on organizational actions (Hirsch, 1975; Sarkis et al., 2011). The three drivers in institutional theory namely; normative, coercive and mimetic drivers act as diverse isomorphic forms (DiMaggio and Powell, 1983; Sarkis et al., 2011). Environmentally friendly practices have been adopted by European manufactures for a long because of normative, coercive and mimetic pressures from either government, local communities, customers or other external stakeholders. Since the Single European Act of 1987 sustainable development was announced as a definite goal of the European Community. On the other hand, economic performance is the deciding factor for companies to apply environmental management practices in the developing countries (Zhu and Sarkis, 2004). For understanding the pressure from either internal or external stakeholder, identifying the kind of industry is also important. According to the institutional theory (Zhu and Sarkis, 2007; Sarkis et al., 2010, 2011; Tate et al., 2010; Sarkis et al., 2011; Walls et al., 2012), regulatory pressures should also encourage companies to adopt specific EMPs.

These firms view sustainability through an economic sense and hence apply reactor leadership approach. Reactor firm tends to comply rules and regulations which are required for sustainability standards, but these firms do not take any initiative beyond the minimum compliance (Closs et al., 2010).

3.5.2. Win-win Principle

Win-Win principle is an ecological modernization theory which explains the relationship of a firm's environmental performance with other financial/non-financial performances. Researchers have formulated certain opinions on the win-win hypothesis: (i) companies can foster innovation by following environmental regulations and standards to balance regulatory costs (Montabon et al., 2007; Sarkis et al., 2011). It will have a positive impact on company's performance. ii) Manufacturers who are environmentally active can reduce their operational costs by putting more emphasis on technological innovation like recycling waste for increasing demand of eco-friendly products. Firms which implement innovator leadership style, gives equal consideration to economic and non-economic dimensions. They have a long-term perspective regarding their economic impact while taking sustainability decisions. Innovator firms exhibit greater concern for stakeholders along with maintaining strong financial performance (Closs et al., 2010).

3.5.3. Complexity Theory

Complexity theory can be best described through environmental factors in the organizational context. It includes factors such as suppliers, customers, governmental regulations, and technological advancements (Chakravarthy, 1997). The theory states that pre-involvement of the suppliers in eco-product designs can impact the firm's performance. Also, standardising and assessing the supplier's environmental management system, eco designs, return policies also possess an impact on firm's performance. (Koufteros et al., 2007, Sarkis et al., 2011; Vachon and Klassen, 2006).

3.5.4 Diffusion Theory of Innovation

The diffusion theory states that social members play a vital role in diffusing innovation. Those who adopt the innovation early are called as first adopters and they can have the additional benefits (Sarkis et al., 2011). Diffusing environmentally friendly products can also be considered as an innovation process. Huber (2008) in his "Eco-innovation and global diffusion model" stated that pioneering countries and its rooted industries are first adopters of regulatory and innovation technologies in global innovative competition. On the other hand, other countries can either adopt or only intend to do so. However, first adopters take more advantage as compared to imitative adopters. Sweden has long been accredited for employing good environmental practices, while other countries like China and India have just started to develop environmentally friendly manufacturing practices. These firms tend to apply innovator leadership approach and balance out the economic and environment dimensions of sustainability.

4. CONCLUSION

This research work is intended to provide a review, for the various considerations and the opportunities available with the MSME's to alter their business strategies. The sources used here are not exhaustive and some significant sources might have been overlooked. The work in a much-synchronised manner has been detailing about the various essential aspects, explaining the need for sustainability in the ever-new evolving competitive environment. Further, emphasising on the missing links between MSME's and the sustainability efforts or in other words, the various environmental management practices adopted by the MSME's. It talks in context of the efforts that are done by the various large enterprises, in comparison to the other enterprises. Additionally, it lays emphasis on sustainability, thus providing the intricate details regarding the various sustainability dimensions. Taking into consideration the essence of the MSME sector for any economy and highlighting on the various facets on which MSME's are defined across the world.

This paper acts as a supplementary source of reference for the various stakeholders, to mention a few the governments, the academicians, the research scholars, the owners of various enterprises and etc. As this work provides important insights relating to a much widely discussed concept. It details about the various sustainability practices proactively taken by the firm. The same have been elaborated, through the Leadership and the Theoretical Approaches. To draw out main conclusions from this review, MSME's need to reframe their strategies as per the sustainable development because it differs for larger firms. Furthermore, tools for sustainability differ for different resources and as per size of the firm.

Indeed, the diversity of the business ideas are being reflected by the scale of diversity among MSME's. The orientation of companies regarding the sustainable development does vary significantly as compared to their competitors. Many societal issues can be addressed under sustainable development which implies that there exists a wider scope and many opportunities for the companies as per which they have the liberty to formulate their strategies. These will not only impact their operational performance but will also improve their social and environmental performances as well. Therefore, as a member of community, MSMEs are obliged to follow and implement sustainability in order to get competitive advantage and contribute for the betterment of the planet as well.

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IJBRM Special Issue - Contemporary Issues and Challenges in Management Research (SIBRM11) : 2022 35

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