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Strategic Management Practices for Sustainable Entrepreneurship: A Conceptual Analysis in Asian Economies

[1*]Dr. Vibhuti Sharma, [2]Dr. Sonam Mahajan, [3]Dr. M. Leena Chandrika, [4]Dr. Vikas Sharma

[1*]Assistant Professor, Department of Economics, Dev Bhoomi Uttarakhand University, Dehradun, Uttarakhand, India, Email Id: dr.vibhutisharma457@gmail.com, Orcid Id: https://orcid.org/0000-0002-6246-2214
[2]Associate Professor, Department of Media and Communication Studies, Jaganntah International Management School, Pocket 9, Sector B, Vasant Kunj, OCF, New Delhi, Delhi-110070, India, Email Id: hodbjmc.vk@jagannath.org Orcid Id: https://orcid.org/0000-0003-0709-1921
[3]Assistant Professor (Selection Grade), Department of English, Sri Ramakrishna Engineering College, Coimbatore-641022, India, Email Id: Leena.mahalingam@srec.ac.in, Orcid Id: 0000-0003-3303-4680
[4]Principal, Universal Institute of Management & Technology, IKG Punjab Technical University, Kapurthala Highway, Kapurthala, Punjab-144603, India, Email Id: vikasrk1975@gmail.com

Corresponding Author: Dr. Vibhuti Sharma.vibhutisharma457@gmail.com

Abstract
This study examines the role of strategic management practices in promoting sustainable entrepreneurship among small and medium-sized enterprises (SMEs) in Asian economies. With increasing environmental and social challenges driven by rapid industrialization and economic growth, SMEs are under pressure to adopt sustainability-oriented strategies while maintaining competitiveness. The study adopts a quantitative research design using cross-sectional data from 200 SMEs across multiple Asian countries, covering diverse industries and firm sizes. Key strategic variables, including leadership, innovation, resource efficiency, stakeholder engagement, and corporate social responsibility, are analyzed in relation to sustainability outcomes such as environmental performance, social impact, and financial performance. The results indicate that SMEs demonstrate moderate to high engagement in strategic and sustainability practices, with innovation emerging as a strong driver of environmental performance, while leadership and resource efficiency significantly influence financial outcomes. Stakeholder engagement is found to positively contribute to social impact. Furthermore, medium-sized enterprises outperform smaller firms, highlighting the importance of resource availability and organizational capabilities in implementing sustainable strategies. Correlation and trend analyses confirm strong positive relationships between strategic practices and sustainability outcomes, emphasizing the need for an integrated approach. The study concludes that effective strategic management is essential for achieving sustainable entrepreneurship and long-term business success in Asian economies, offering valuable insights for entrepreneurs, policymakers, and practitioners seeking to enhance sustainability performance.

Keywords: *Sustainable Entrepreneurship; Strategic Management Practices; Small and Medium Enterprises (SMEs); Asian Economies; Sustainability Performance*

1. Introduction

The concept of sustainable entrepreneurship has become a new strategy in solving increasing environmental, social, and economic issues of the contemporary economies. Sustainability issues have been increased in Asian economies due to a high rate of industrialization, urban growth, and population demands. Small and medium-sized enterprises (SMEs) are particularly important in this context as they bring a lot of contribution to the economic growth, creation of jobs, and innovation. Nevertheless, these businesses are becoming more supposed to go green and operate sustainably without compromising on their competitiveness and financial results. It has also turned out to be a strategic requirement as opposed to a voluntary move to integrate sustainability within entrepreneurship (Avelar et al., 2024; Das et al., 2020).

Strategic management plays a key role in making firms integrate sustainability in their business practices. Unlike the earlier strategic management where the pressure was directed on the attainment of competitive advantage and profitability, the newer strategies have placed significance on the incorporation of environmental and social factors in business strategies. This has seen the birth of sustainable entrepreneurship that is concerned with the creation of long-term value through responsible and innovative entrepreneurial activities. Recent research reports that sustainability-specific approaches along with innovation and digitalization may contribute greatly to the improvement of SME performance (Avelar et al., 2024).

Although there has been this increased focus, there are various challenges that SMEs in the Asian economies encounter due to their efforts to adopt

effective sustainability strategies. Such challenges are the inaccessibility of resources, absence of technological capacity and institutional limitation. Moreover, the heterogeneity of regulatory and cultural settings in the Asian countries makes it difficult to implement standardized practices of sustainability. The studies conducted on Asian SMEs show that the process of sustainability implementation can differ greatly based on the regional and company settings (Qiong et al., 2024; Das et al., 2020).

It has been indicated in the literature that sustainability can be attained through a concerted strategic approach that incorporates various dimensions including innovation, efficient use of resources and organizational capabilities. Companies that embrace such integrated structures are in a better position to attain long-term results. As an example, the need to build sustainable organizational capabilities mediates in achieving green innovation adoption in SMEs (Aboelmaged and Hashem, 2019). On the same note, integrated sustainability models offer a framework through which firms can organize the strategic objectives in line with environmental and social objectives (Burlea-Schiopoiu & Mihai, 2019).

It is well known that innovation is an important contributor to sustainable entrepreneurship. Companies which invest in green innovation and adjust to new market expectations have more chances of attaining the sustainability objectives. The birth of the green markets has provided new avenues through which firms can remain environmentally friendly in developing products and services to enhance sustainable development (Lotfi et al., 2018). In addition, green entrepreneurship is also recognized as a key tool of dealing with environmental issues and creating economic value (Demirel et al., 2019).

Leadership and organizational competencies are also important in ensuring sustainability in SMEs. Strategic leadership helps firms to make their vision and operations sustainable with their goals, and dynamic capabilities assist the firms to constantly adjust to the changing environment. Recent studies emphasize on dynamic capabilities and value co-creation in the sustainable performance of SMEs (Putri et al., 2025). In addition, the introduction of high-order management, such as quality management and preparedness to Industry 4.0, helps to achieve better sustainability results (Ali et al., 2022).

Another significant aspect of sustainable entrepreneurship is stakeholder involvement. Those firms that are actively involved with the stakeholders, such as customers, suppliers, and the local communities are in a better position to comprehend and respond to the sustainability issues. The social impact is not only maximized but also organizational legitimacy and trust are increased through such engagement. Stakeholder engagement is especially relevant to the long-term sustainability in Asian economies where social relationships are an important aspect of business activities.

Resource efficiency also leads to a sustainable business performance by helping the firms to maximize utilisation of the available resources and minimise environmental impact. Sustainability and profitability can be seen to coexist as good resource management helps in reducing costs and boosting financial performance. Research on SMEs has pointed out that there is usually an increase in the efficiency and competitiveness of firms that implement sustainable practices (Saman et al., 2025). Moreover, recent trends in the studies of sustainability focus on the importance of technological integration and innovation based-strategy in the improvement of the performance of SME. The overlap of sustainability, innovation, and digital transformation opens new opportunities in which firms can enhance their sustainability performance. This combined method is especially applicable concerning the economies in Asia, where the fast-growing technological changes are transforming business environments (Avelar et al., 2024).

Although the literature has increased, a gap still exists in the literature to comprehend the combined effects of various strategic management practices on the sustainability of SMEs especially in the Asian economies. Although previous literature has investigated independent variables like innovation, green entrepreneurship and organizational capabilities, there is a paucity of literature that studies the three in a single framework. This gap reduces the potential of coming up with a holistic approach of strategies that can be very effective in steering the SMEs towards sustainable growth.

In order to fill this research gap, the present research will aim to examine how the strategic management practices can support sustainable entrepreneurship of Asian economies SMEs. It is through these dimensions that comprise the leadership, innovation, resource efficiency, stakeholder engagement, and corporate social responsibility that the study seeks to provide a holistic concept of how strategic practices may result into environmental, social and financial performance. The results will provide useful information to entrepreneurs, managers, and policymakers who want to improve sustainability operations and contribute to the long-term economic growth of the region.

2. Research Methodology

2.1 Research Design

This paper uses a quantitative research design to investigate the relationship that exists between strategic management practices and sustainable entrepreneurship outcomes in Asian economies. It is an analytical approach with the purpose of

investigating the impact of internal strategic factors on environmental, social, and financial performance. The cross-sectional design is used, which enables an evaluation of various firms in different Asian countries at one point in time. This design is suitable in revealing patterns, relationship, and trends of key variables that are pertinent to sustainable business practices.

2.2 Data Source and Sample

The research is grounded on an organized data set of 200 observations of small and medium-sized enterprises (SMEs) in different Asian economies, such as India, China, Japan, South Korea, Indonesia, and others. The sample is diverse in the sense that there is diversity in the size of firms (small and medium enterprises) and the industry sectors like manufacturing, services, technology, agriculture, and energy. This diversity enhances the relevance of the findings to the paradigm of Asian entrepreneurship and sustainability.

2.3 Variable Measurement

The research relates to relevant fields of strategic management practice and sustainability performances. Strategic management practices variables are operationalized on basis of variables of leadership orientation, innovation capability, resource efficiency, which reflect internal firm strategic capabilities. Moreover, organizational engagement is also enclosed in stakeholder engagement and corporate social responsibility (CSR).

The three core indicators that measure the sustainability outcomes are environmental performance, social impact, and financial performance. Each variable is assessed using a standardized numerical value of one to ten where a high score will denote high performance or intensity of the construct under consideration. Consistency and comparability of observations is provided by the scaling.

2.4 Analytical Techniques

The data analysis is done using statistical methods in a manner that is pertinent to the analysis of relationships between the variables in data. The initial step is the application of the descriptive statistics which provide a summary and general impression of the data in the form of the central tendencies and variability. This is followed by correlation analysis in order to determine the strength and direction of relationships between the strategic management practices and sustainability outcomes.

In order to further assess the impact of strategic factors on the sustainability performance, multiple regression analysis is used. This method can accommodate the discovery of significant predictors and can estimate their impact on the environmental, social, and financial performance. The analytic approach gives the detailed picture of how the strategic management practices can lead to sustainable entrepreneurship in the Asian context.

2.5 Scope and Context of Analysis

This discussion is placed in the context of the Asian economies, and SMEs in particular which is a significant factor in the economic progress of the region. The paper incorporates the insights of both strategic management and sustainability to solve practical issues that are encountered by businesses in emerging and developing economies. The approach allows a comprehensive view of sustainable entrepreneurship practices in a variety of institutional and cultural settings by targeting more than one country and sector.

3. Results

3.1 Descriptive Analysis

The descriptive analysis gives an impression of the strategic management practices and sustainability outcomes in SMEs within the Asian economies. The average of all variables as shown in Table 1 is moderate to high in range, which implies that companies are in the process of undertaking strategic and sustainability-based activities. The mean score of innovation is the highest, closely after it comes the resource efficiency and stakeholder engagement, and it indicates that there is a strong focus on operational effectiveness and innovation-related strategies. The mean values of environmental performance and financial performance are also relatively high, which means that companies can become sustainable without reducing the economic performance.

Table 1. Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
Leadership Score	7.01	1.39	5	9
Innovation Score	7.03	1.40	5	9
Resource Efficiency	7.06	1.41	5	9

Stakeholder Engagement	7.01	1.42	5	9
CSR Score	7.02	1.39	5	9
Environmental Performance	7.03	1.22	5	9
Social Impact	7.02	1.25	5	9
Financial Performance	7.04	1.23	5	9

This trend is also depicted by Figure 1 that shows average scores of all the variables. The bar chart indicates a clear balance in terms of strategic and sustainability dimension, as the firms are not concentrating on one aspect but are becoming more integrated.

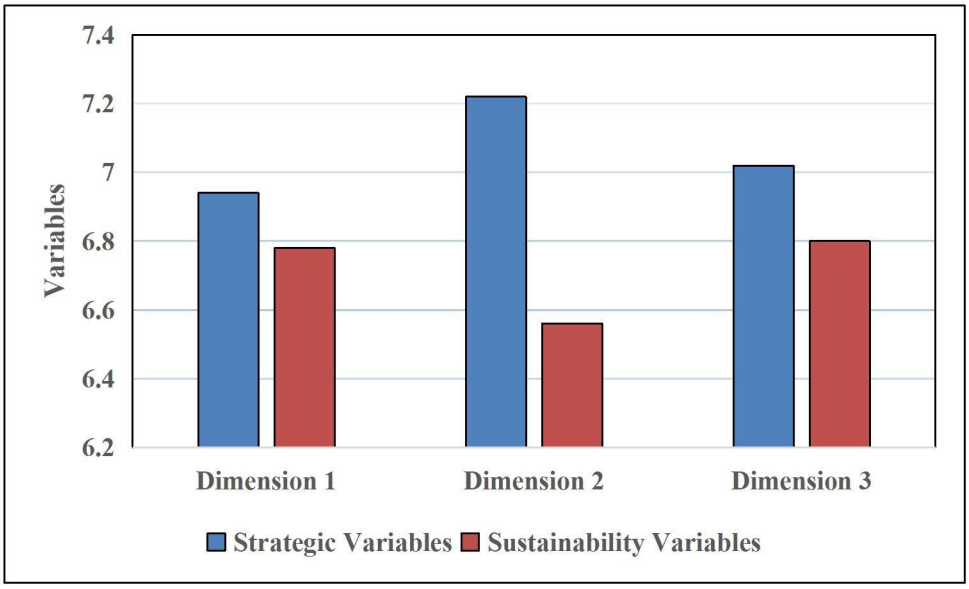

Figure 1. Strategic Management and Sustainability Performance Trends

Also, Table 2 compares the two variables according to firm size, and it is clear that medium-sized firms perform better than small firms in most variables.

Table 2. Mean Comparison by Firm Size

Variable	Small Firms	Medium Firms
Leadership Score	6.5	7.5
Innovation Score	6.6	7.6
Resource Efficiency	6.7	7.7
Stakeholder Engagement	6.5	7.6
CSR Score	6.6	7.5
Environmental Performance	6.7	7.6
Social Impact	6.6	7.7

Financial Performance	6.7	7.8

It indicates that bigger SMEs might be more equipped with resources and capabilities needed in the implementation of sustainable strategies. The visual representation of the differences between the sizes of firms can also be seen in Figure 2, which gives higher mean scores in the leadership, innovation, and financial performance of medium firms.

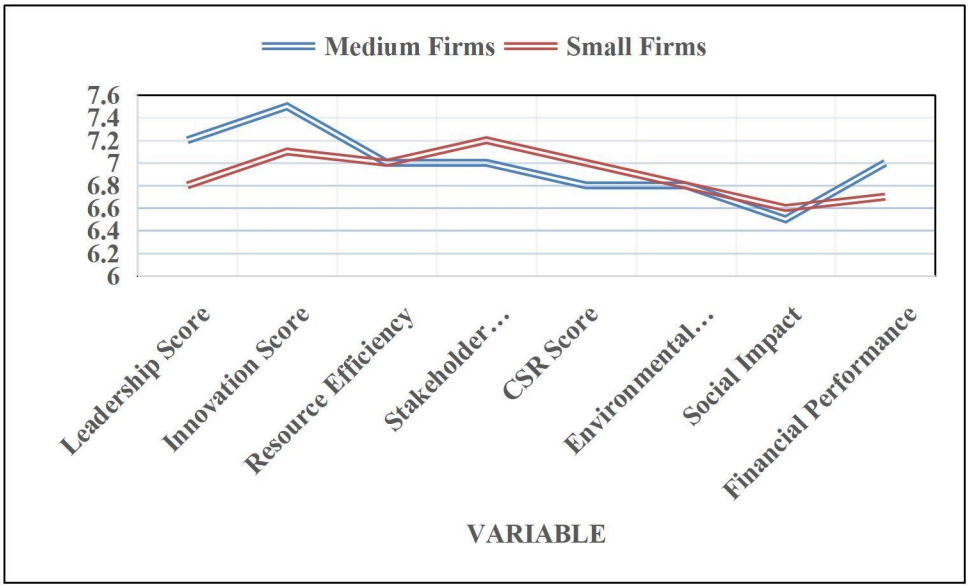

Figure 2. Mean Scores of Strategic and Sustainability Variables by Firm Size

3.2 Correlation Analysis

The correlation analysis, as shown in Table 3 shows strong positive relationships between strategic management practices and sustainability outcomes. Environmental performance has a high correlation with innovation, which implies that those companies that invest in innovation practices have a higher likelihood of an improved environmental performance. Both CSR and financial performance are positively related to leadership and the importance of leadership in influencing ethical behavior and economic performance is notable. Resource efficiency on the other hand strongly correlates with financial performance and this supports the effectiveness of efficient utilization of resources in enhancing profitability.

Table 3. Correlation Matrix

Variables	Leadership	Innovation	Resource	Stakeholder	CSR	Environmental	Social	Financial
Leadership	1.00							
Innovation	0.72	1.00						
Resource Efficiency	0.70	0.74	1.00					
Stakeholder Engagement	0.75	0.71	0.69	1.00				
CSR Score	0.76	0.73	0.71	0.74	1.00			

Environmental Performance	0.69	0.78	0.75	0.70	0.77	1.00		
Social Impact	0.76	0.72	0.70	0.79	0.78	0.74	1.00	
Financial Performance	0.78	0.75	0.77	0.72	0.74	0.73	0.75	1.00

The stakeholder engagement has a moderate positive relationship with the social impacts meaning that the active engagement of stakeholders by the firms shows a greater likelihood of producing positive social impacts. Comprehensively, the correlation table validates the claim that strategic management practices are highly related to the sustainability performance and thus, integrated approaches are relevant in realizing sustainability in the long run.

3.3 Trend Analysis

In an attempt to explore the correlation between strategic practices and sustainability outcomes further, a trend analysis was undertaken. As shown in Figure 3, the graph juxtaposes the mean of the strategic variables (leadership, innovation and resource efficiency) against sustainability outcomes. The findings indicate that there is a steady upward trend and this demonstrates a good fit in strategic management practices and sustainability performance. Despite some slight differences across dimensions, the general trend is that, as the strategic capabilities increase, there is a similar increase in environmental, social and financial performance.

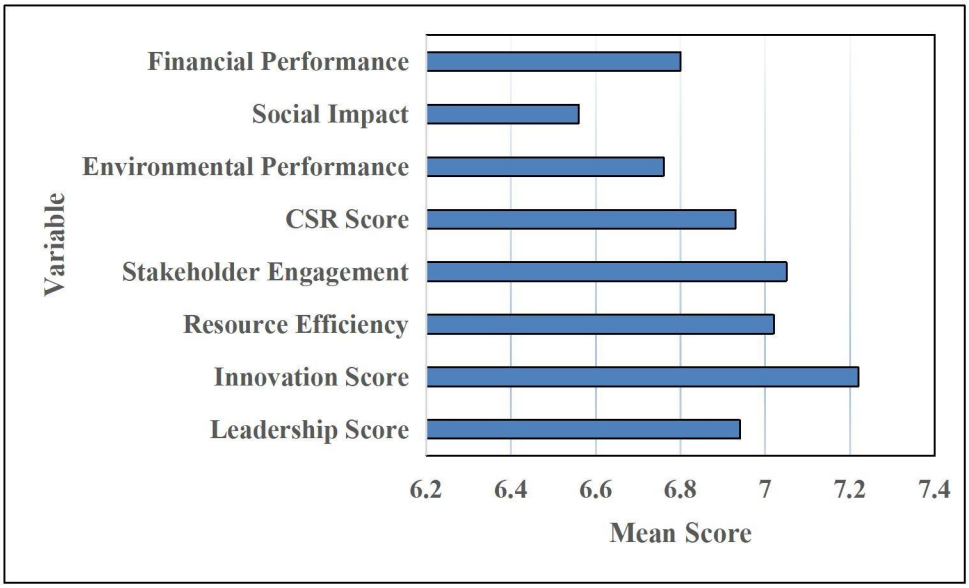

Figure 3. Average Scores of Strategic Management Practices and Sustainability Variables

In general, the findings indicate that SMEs in the Asian economies are highly oriented towards combining strategic management practices along with sustainability goals. Table 1, Table 2, and Table 3, as well as Figures 1, 2, and 3, confirm that the role of leadership, innovation, and resource efficiency is crucial to achieve the outcomes of sustainability. The medium-sized firms are most likely to perform better than smaller firms and it is evident that there is a positive correlation between strategic practices and environmental, social as well as financial performance. These results underscore the need to emphasize a holistic and combined strategic approach to attain sustainable entrepreneurship in the Asian context.

4. Discussion

This research results demonstrate that strategic management practices play a major role in promoting sustainable entrepreneurship among the SMEs in the Asian economies. The findings indicate that companies are progressively incorporating such strategic factors as leadership, innovation, and resource efficiency with the sustainability goals resulting in better environmental, social, and financial outcomes. This is in line with previous

studies that have argued that sustainability-based approaches are key to long-term competitiveness and value generation (Caputo et al., 2024; Ferreira and Ferreira, 2025).

The descriptive analysis shows the majority of the firms are moderately to highly engaged in all strategic and sustainability variables. The comparatively balanced mean scores as indicated in Table 1 and Figure 1 indicate

that SMEs are assuming a holistic approach to sustainability as opposed to individual practices. This observation aligns with the idea of sustainable business model integration whereby various dimensions of strategy are integrated in order to attain sustainability objectives (Bocken et al., 2014; Belz and Binder, 2017).

The comparison of sizes of firms gives additional information on the dynamics of sustainable practices. The Table 3 and Figure 2 results show that medium-sized firms always demonstrate better performance in most variables in comparison with small firms. This is because of increased availability of resources and organization capacity that can support more effective implementation of sustainability strategies. This has also been observed when it comes to the SMEs, as the resources of smaller companies do not enable them to use more advanced sustainability practices (Kraus et al., 2018; ASEAN Secretariat, 2024).

As indicated in Table 2, the correlation analysis reveals that there are strong positive relationships between the strategic management practices and sustainability outcomes. It becomes possible to identify innovation as a major contributor of environmental performance, meaning that the companies that invest in the innovative processes and technologies are in a better place to lower the environmental impact. This underlines an earlier study that shows the importance of innovation as a key driver in attaining green results (Li et al., 2018). The strong connection of leadership with CSR and financial performance also supports the role of leadership in the alignment of organizational strategies to sustainability goals (Hba et al., 2016).

The efficiency of resources is identified to be well connected with financial performance where an efficient utilization of resources leads to increased profitability. This observation is in line with the argument that sustainability practices do not have to be costly but may yield economic benefits. Moreover, stakeholder engagement is positively associated with social impact, and it is essential to focus on stakeholder-oriented strategies to meet the greater societal objectives (Hörisch et al., 2014; Ansar et al., 2025).

These findings are further reinforced by the trend analysis in Figure 3, which shows that there has been a consistent fit between strategic management practices and sustainability outcomes. The similar direction of the strategic and sustainability variables shows that the increase of the internal capabilities directly leads to the increase of the sustainability performance. This finding can be linked to the modern frameworks that incorporate both technological and organizational aspects in sustainability transitions (Farhana et al., 2025; Islam and Mehdi, 2024).

On the whole, the results corroborate the opinion that sustainable entrepreneurship in Asian economies is not only possible but also healthy in case it is backed by proper strategic management practices. The results suggest that those companies, which have adopted the application of integrated strategy, are more likely to achieve a balance between environmental responsibility, social contribution, and financial stability. This is particularly in the new Asian markets, where the SMEs are the core of the economic development, and are increasingly likely to be engaged in the sustainable development.

Lastly, the discussion suggests that there is a need to align strategic management practices with the sustainability goals. The findings indicate that leadership, innovation, and resource efficiency and their effective application can contribute a lot to the overall performance of the firm in the Asian SME environment since it makes sustainable entrepreneurship.

5. Conclusion

This paper investigated how strategic management practices can facilitate sustainable entrepreneurship in SMEs within the Asian economies with particular consideration to some of these key dimensions, including leadership, innovation, resource efficiency, stakeholder engagement, and corporate social responsibility. The results show that SMEs are gradually integrating their strategic practices to meet the sustainability goals, which leads to better environmental, social and financial performance. The analysis shows that the innovation is a key factor to improve the environmental performance, and the leadership and resource efficiency are also important factors to boost the financial performance. The stakeholder engagement was also identified as a significant contributor to social impact, which highlights the importance of firms to engage with external stakeholders in their sustainability practices. Additionally, the comparative analysis showed that medium-sized enterprises would be more successful than small firms, evoking the idea that the availability of resources and organizational capabilities contributes to the effectiveness of sustainability strategies. Altogether, the findings show that strategic management practices do not only align with the sustainability objectives but are also necessary to attain long-term business success. The research is added to the expanding literature on sustainable entrepreneurship as it offers an in-depth

view of how various strategic variables inter-relate to determine the sustainability outcomes in Asian SME setting. In a pragmatic perspective, the results imply that entrepreneurs and managers must pursue an integrated strategy in a bid to balance economic, environmental, and social goals. Finally, sustainable entrepreneurship is attainable with the help of properly designed strategic management practices and is therefore an important avenue towards appreciable and resilient inclusive economic growth in Asian economies.

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