Driving Entrepreneurial Success: Innovating in Sustainability and Social Responsibility for Competitive Advantage

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Sustainable Innovation

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Abstract

This paper explores how innovation in sustainability, particularly through Sustainable Development Goals (SDGs), is crucial for entrepreneurial success. Entrepreneurs who embed sustainability and social responsibility into their business models can seize new opportunities, gain stakeholder support, and achieve a competitive edge in the market. Yet, many entrepreneurs fail to leverage these opportunities. This paper presents a theoretical exploration aimed at developing hypotheses on how these factors can drive entrepreneurial success and create a competitive advantage. Given its conceptual focus, empirical data collection is beyond the scope of this study, with future research recommended for empirical validation. Adopting a constructivist ontological stance, the study recognises that entrepreneurial success, sustainability, and social responsibility are socially constructed and context dependent. Epistemologically, it employs a critical realist perspective, acknowledging that while interpretations of these constructs vary, underlying mechanisms can be explored through hypothesis generation. The methodology involves a comprehensive review and synthesis of existing literature to identify key gaps and inconsistencies. Hypotheses are formulated through deductive reasoning to address these gaps and propose new directions for future empirical investigation. This approach aligns with the goals of theory-building research, aiming to advance conceptual understanding and guide subsequent studies. The study integrates the Triple Bottom Line (TBL), Stakeholder Theory, and Sustainable Entrepreneurship to examine how businesses can innovate sustainably. Four hypotheses are proposed within each theoretical framework to enhance understanding of sustainable

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practice's impact on entrepreneurial success.

1. Introduction

In the contemporary business landscape, sustainability and social responsibility have become central pillars of entrepreneurial success rather than peripheral considerations. Entrepreneurs who can seamlessly integrate these principles into their business models are not only meeting the increasing demands of consumers, investors, and regulatory bodies but are also positioning themselves to exploit significant market opportunities. This dual approach of ethical alignment and strategic innovation offers a substantial competitive advantage in a global market characterised by rapid change and heightened awareness of environmental and social issues.

The rise of sustainability and social responsibility as core components of business strategy is well-documented. According to the World Economic Forum (2023), businesses that embed sustainable practices are better positioned to manage risks, improve efficiency, and enhance their brand reputation. Similarly, recent research by Capgemini (2022) reveals that 79% of consumers are changing their purchase preferences based on social responsibility, inclusiveness, or environmental impact, demonstrating the growing market preference for ethical business practices. Furthermore, a study by McKinsey & Company (2021) emphasises that companies with robust sustainability strategies are more likely to achieve long-term profitability and resilience in the face of market disruptions.

Incorporating the Sustainable Development Goals (SDGs) into entrepreneurial firms is both a moral imperative and a strategic necessity. Aligning with the SDGs enables businesses to innovate in response to global challenges, engage stakeholders more effectively, and create long-term value. Companies that integrate SDG-related innovations and strategies are better positioned to capture emerging opportunities and foster competitive advantage (Van Zanten & Van Tulder, 2018). This alignment also enhances trust and loyalty among stakeholders, contributing to stronger relationships and sustained success (Scheyvens, Banks, & Hughes, 2016). Moreover, aligning with the SDGs supports long-term value creation by ensuring business resilience and adaptability (Bebbington & Unerman, 2018), while also contributing to global efforts for sustainabilsity and equity (Sachs et al., 2019).

The concept of the Triple Bottom Line (TBL), introduced by John Elkington in 1994, continues to underscore the importance of balancing profit with people and the planet. This framework has gained significant traction among forward-thinking entrepreneurs who recognise that long-term success is increasingly tied to their ability to address social and environmental impacts. Elkington's (1997) seminal work, Cannibals with Forks: The Triple Bottom Line of 21st Century Business, argued that sustainable business practices lead to more resilient and adaptable enterprises. Recent literature supports this view, with studies indicating that businesses adopting TBL principles are better positioned to thrive in a dynamic and competitive global market (Slaper & Hall, 2021; Székely & Knirsch, 2020).

Investors, too, are increasingly prioritising Environmental, Social, and Governance (ESG) criteria in their decision-making processes. According to a report by the Global Sustainable Investment Alliance (GSIA, 2021), global sustainable investment reached $35.3 trillion, a 15% increase from 2018, reflecting a growing recognition that sustainable and socially responsible businesses are not only more resilient but also offer better long-term returns. Similarly, BlackRock's 2022 Global Sustainability Survey highlights that 88% of investors consider ESG metrics a central component of their investment strategies, further reinforcing the financial benefits of sustainability-driven business models (BlackRock, 2022).

In this rapidly evolving context, entrepreneurs who innovate with sustainability and social responsibility at the forefront of their business models, in alignment with the SDGs, are not just contributing to a better world; they are also creating a strategic advantage. By embracing these principles, they can tap into new markets, attract discerning customers, and secure investment from a growing pool of socially conscious investors. As the evidence suggests, sustainability and social responsibility, particularly in the context of the SDGs, are not just ethical imperatives but also pivotal to entrepreneurial success in the 21st century (Eccles, Klimenko, & Schwartz, 2022).

1.1. Background

Sustainability and social responsibility are integral concepts in contemporary business practices. Sustainability refers to the development and implementation of business strategies that meet present needs without compromising the ability of future generations to meet their own needs. It encompasses economic, environmental, and social dimensions, aiming for a balance that fosters long-term business viability and ecological health (World Commission on Environment and Development, 1987; Bocken, Short, Rana, & Evans, 2014). Social responsibility, on the other hand, pertains to the ethical framework and corporate behaviour that emphasises the welfare of society. It involves businesses taking proactive steps to contribute positively to the communities and environments in which they operate, beyond mere compliance with legal requirements (Carroll, 2016).

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taking proactive steps to contribute positively to the communities and environments in which they operate, beyond mere compliance with legal requirements (Carroll, 2016).

In the realm of entrepreneurship, sustainability and social responsibility have become critical for several reasons. First, they drive innovation and create new market opportunities. Entrepreneurs who integrate sustainable practices can differentiate themselves in the marketplace, appealing to the growing segment of consumers who prioritise ethical and environmentally friendly products and services (Nidumolu, Prahalad, & Rangaswami, 2009; Schaltegger & Wagner, 2011). Second, adopting sustainable and socially responsible practices enhances a company's reputation and brand loyalty. Businesses perceived as socially responsible tend to attract and retain customers, employees, and investors who value ethical conduct and corporate accountability (Peloza & Shang, 2011; Porter & Kramer, 2019).

Moreover, sustainability and social responsibility can lead to operational efficiencies and cost savings. For instance, by minimising waste, reducing energy consumption, and optimising resource use, businesses can lower their operational costs while also contributing to environmental conservation (García-Quevedo, Jové-Llopis, & Martínez-Ros, 2020). Additionally, socially responsible practices can mitigate risks associated with regulatory changes, social unrest, and environmental degradation, providing a more stable operating environment for entrepreneurial firms (Flammer, 2018; Eccles, Ioannou, & Serafeim, 2014).z

Ultimately, the integration of sustainability and social responsibility into entrepreneurial activities aligns business success with societal well-being. Entrepreneurs who prioritise these principles contribute to the creation of a more equitable and sustainable global economy, addressing pressing challenges such as climate change, resource depletion, and social inequality (George, Schillebeeckx, & Liak, 2015; Bocken et al., 2014). Thus, sustainability and social responsibility are not merely ethical imperatives but strategic necessities for modern entrepreneurs seeking to achieve long-term success and societal impact (González-Ramos, Donate, & Guadamillas, 2018).

1.2. Problem Statement

The Sustainable Development Goals (SDGs) established by the United Nations present a strategic opportunity for entrepreneurs to gain a competitive advantage by integrating sustainability and social responsibility into their business strategies. Authors generally agree on the potential benefits of aligning with SDGs, though they emphasise different aspects of this alignment.

Elkington (2018) contends that such alignment allows entrepreneurs to capitalise on the growing consumer demand for sustainable and ethically produced goods, enhancing brand reputation and customer loyalty. This view is supported by Bocken, Short, Rana, and Evans (2014) as well as García-Quevedo, Jové-Llopis, and Martínez-Ros (2020), who argue that adopting SDGs is not merely a reaction to market trends but a proactive strategy that drives innovation, operational efficiency, and resilience.

Hebb (2013) and Flammer (2021) further suggest that aligning with SDGs can spur the development of new technologies and practices, which differentiates businesses in competitive markets and opens access to specialised funding sources, including impact investments and grants. This perspective highlights the financial and technological benefits of SDG integration.

Porter and Kramer (2019) add that incorporating SDGs into business strategies serves as an effective risk management tool, enabling entrepreneurs to navigate regulatory complexities and societal expectations with greater agility. Cone Communications (2022) and Deloitte (2021) support this view, noting that businesses perceived as socially responsible are better positioned to attract and retain top talent, particularly among younger workers who prioritise meaningful employment. This, in turn, boosts employee engagement, productivity, and reduces turnover, contributing to organisational stability and long-term success.

However, George, Schillebeeckx, and Liak (2015) argue that the true competitive advantage lies in differentiating one's business through a unique selling proposition centered on sustainability and social impact. This differentiation is crucial in a market where consumers, investors, and partners increasingly scrutinise corporate responsibility (PwC, 2022). The World Economic Forum (2023) extends this argument by asserting that sustainable practices ensure resource longevity and market stability, positioning businesses to thrive amidst economic fluctuations.

Moreover, KPMG (2022) emphasises that aligning with SDGs fosters collaborative opportunities with governments, NGOs, and other businesses, facilitating resource sharing and joint initiatives that amplify impact. This collaborative approach enhances an entrepreneur’s ability to achieve broader societal goals while advancing business interests. Smith and Smith (2021) add that building a reputation as a socially responsible entity enhances trust with all stakeholders, fostering a supportive environment for business growth.

Despite the broad consensus on the potential advantages of SDG integration, there is a recognition that many entrepreneurs fail to leverage these opportunities, leading to missed benefits in innovation, funding, and market differentiation. This gap between potential and practice underscores the need for greater awareness and strategic alignment with the SDGs to fully realise their competitive advantages.

1.3. Research objective

The objective of this conceptual paper is to develop a theoretical framework that elucidates the strategic role of sustainability, specifically in alignment with the Sustainable Development Goals (SDGs), and social responsibility in driving entrepreneurial success. By synthesising existing literature and identifying key gaps, the study aims to propose hypotheses that can guide future empirical research. This framework will provide valuable insights for entrepreneurs, policymakers, and researchers, demonstrating how sustainability-driven innovation and social responsibility, aligned with the SDGs, can serve as critical drivers of competitive advantage, operational efficiency, and long-term business viability.

2. Literature Review and Hypothesis Development

In the context of entrepreneurship, where adaptability and strategic foresight are paramount, the integration of sustainable social and environmental practices is increasingly recognised as a critical driver of financial success. Scholars have postulated that financial markets are placing a growing premium on ethical and socially responsible corporate behaviours, suggesting that sustainability is becoming a pivotal factor in entrepreneurial success. Warren and Thomsen (2012) and Eccles, Ioannou, and Serafeim (2014) argue that embedding sustainability into business strategies confers strategic benefits, which are essential for maintaining a competitive edge.

Moreover, the research conducted by Fatemi, Glaum, and Kaiser (2018), as well as Flammer (2021), found that sustainable practices not only enhance long-term shareholder value but also contribute significantly to the strengthening of corporate reputation. Oh, Bae, and Kim (2017) support this view, emphasising that a strong corporate reputation, bolstered by sustainable practices, is an asset in the competitive business landscape.

The need for sustainable practices as a source of competitive advantage is further underscored by López, García, and Rodriguez (2007) and Schaltegger, Hansen, and Lüdeke-Freund (2016), who argue that these practices are integral not only to enhancing corporate reputation but also to ensuring the long-term viability of both business and society. Collectively, these perspectives highlight the centrality of sustainable development in entrepreneurship, suggesting that it is not merely a supplementary strategy but a fundamental component of long-term success and resilience in the modern business environment.

The relationship between corporate social responsibility (CSR) and financial performance has been extensively documented, indicating that companies can enhance their financial outcomes through socially responsible behaviours (Margolis, Elfenbein, & Walsh, 2009; Waddock & Graves, 1997). Despite the absence of a universal definition, CSR commonly involves a corporation's extended responsibilities toward society, beyond mere economic and legal obligations (Carroll, 2016). Entrepreneurs are encouraged to improve social and environmental conditions through their operational and strategic decisions, integrating robust systems of social responsibility (Baron, 2016).

The strong correlation between sustainability and CSR is particularly relevant to entrepreneurs (Montiel & Delgado-Ceballos, 2014). CSR promotes sustainable practices across the triple bottom line, economic, social, and environmental dimensions, which directly align with stakeholder interests in entrepreneurship. Sustainable development, defined as the capacity to satisfy current demands without compromising future generations (Brundtland, 1987), remains a concept that is both widely explored and variably interpreted within the academic sphere (Bebbington & Unerman, 2018).

Entrepreneurs are increasingly held accountable for the societal and environmental impact of their actions. This growing demand for transparency and accountability in reporting on social and environmental performance (KPMG, 2022) necessitates that entrepreneurs disclose their impacts through sustainability reports, addressing the triple bottom line components (Elkington, 2018).

Stakeholder Theory, Triple Bottom Line, and Sustainable Entrepreneurship collectively form a robust theoretical foundation for examining the multifaceted impact of business practices on economic performance, societal welfare, and environmental sustainability. Each of these theories will be discussed, and hypotheses will be formulated.

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The strong correlation between sustainability and CSR, as identified by Montiel and Delgado-Ceballos (2014), is particularly relevant to entrepreneurs. They argue that CSR promotes sustainable practices across the triple bottom line—economic, social, and environmental dimensions—which directly align with stakeholder interests in entrepreneurship. This alignment is crucial, given that sustainable development, defined by Brundtland (1987) as the capacity to meet current demands without compromising the ability of future generations to meet their own needs, remains a widely explored yet variably interpreted concept within the academic sphere (Bebbington & Unerman, 2018).

Moreover, entrepreneurs are increasingly held accountable for the societal and environmental impact of their actions. This growing demand for transparency and accountability, particularly in the reporting of social and environmental performance, is emphasised by KPMG (2022), who argue that entrepreneurs must disclose their impacts through sustainability reports that address the components of the triple bottom line. Elkington (2018) supports this view, highlighting the necessity for such disclosures in maintaining trust and legitimacy in the eyes of stakeholders.

The theoretical frameworks of Stakeholder Theory, the Triple Bottom Line, and Sustainable Entrepreneurship collectively provide a robust foundation for examining the multifaceted impact of business practices on economic performance, societal welfare, and environmental sustainability.

These theories will be discussed in detail, and hypotheses will be formulated to explore their implications further.

2.1. Stakeholder Theory

Bridoux and Stoelhorst (2022) provide a comprehensive analysis of the evolution of stakeholder theory, offering insights into its past, present, and future trajectories. They draw on Phillips et al. (2019), who emphasise the increasing necessity for organisations to clearly understand their stakeholders in the contemporary business environment. Bridoux and Stoelhorst (2022) identify three critical theoretical components that serve as the foundation for a new strategic management theory emerging in recent literature.

Firstly, the authors postulate that understanding value creation and appropriation through the lens of stakeholder interdependence is crucial. They build on the work of Brandenburger and Stuart (1996), who argue that stakeholders not only collaborate to create value but also compete to capture it. This duality of collaboration and competition among stakeholders forms a core aspect of strategic management, emphasising the complex dynamics at play in value creation processes.

Secondly, Bridoux and Stoelhorst (2016, 2022) highlight that human behaviour is driven by both self-interest and moral sentiments. This understanding is essential for addressing collective action problems among interdependent stakeholders. The authors, along with Klein et al. (2019), argue that balancing individual and collective interests is key to effective value creation, particularly when stakeholder’s social preferences and moral sentiments are successfully engaged. This perspective underscores the importance of aligning stakeholders’ motivations with organisational goals to foster cooperation and resolve conflicts.

Thirdly, the authors propose viewing firms as a nexus of formal and informal contracts, a perspective traditionally associated with agency theory and shareholder primacy (Jensen & Meckling, 1976). However, they assert that this view is equally foundational to stakeholder theory, as articulated by Jones (1995) and Freeman and Phillips (2002). The focus here is on the system of relationships among individuals who collectively create value, with the firm serving as a hub where these relationships are managed and governed.

Together, these elements suggest a strategic management theory that emphasises the design, management, and governance of organisations in ways that activate stakeholders' moral sentiments. Bridoux and Stoelhorst (2022) argue that effective stakeholder governance involves establishing, maintaining, and adapting both formal and informal contracts that are perceived as fair by stakeholders. This approach is crucial for maintaining cooperation and overcoming the collective action challenges inherent in joint value creation. The integration of these theoretical components marks a significant advancement in stakeholder theory, offering a more nuanced understanding of how organisations can strategically manage their relationships with diverse stakeholders to sustain long-term value creation.

Stakeholder theory, a conceptual framework that gained prominence in the 1980s, fundamentally transformed corporate governance and ethical business practices by advocating for the consideration of all parties impacted by business decisions, rather than prioritising shareholders alone (Freeman, 1984). Stakeholders are broadly defined as individuals or groups that can affect or be affected by an organisation's objectives, encompassing not only shareholders but also employees, customers, suppliers, communities, and the environment (Donaldson & Preston, 1995). This theory asserts that organisations should balance the interests of all stakeholders in their decision-making processes, marking a significant departure from the shareholder primacy model, which focuses exclusively on maximising shareholder value (Jensen, 2001).

R. Edward Freeman, often hailed as the father of stakeholder theory, laid the foundation for this approach in his seminal work Strategic Management: A Stakeholder Approach (1984). Freeman's ideas were later expanded by Donaldson and Preston (1995), who identified three key aspects of stakeholder theory: descriptive, instrumental, and normative. They argued that stakeholder theory not only describes actual organisational practices but also serves as a framework for understanding the outcomes of stakeholder management and provides ethical guidelines for how businesses should operate. Freeman, Harrison, Wicks, Parmar, and De Colle (2010) further elaborated on this by integrating ethical and strategic dimensions, advocating for fairness and the rights of all stakeholders, while also suggesting that considering broader impacts can lead to sustainable business success.

Mahajan, Lim, Sareen, Kumar, and Panwar (2023) contribute to this discourse by offering a comprehensive overview of the contributions made by various researchers to the understanding of stakeholder theory across different contexts, including project management, operations management, and logistics. Their review of 76 articles includes Silva et al. (2019), who focused on sustainability performance measurement and assessment. However, Mahajan et al. (2023) observed that none of these studies specifically examined the intersection of entrepreneurial success with sustainability and social responsibility. This gap in the literature underscores the need for further research to explore how stakeholder theory can be applied in entrepreneurial contexts to balance sustainability and social responsibility with business success.

Stakeholder theory has profoundly influenced corporate governance, driving companies toward more inclusive and transparent decision-making processes (Aguilera, Rupp, Williams, & Ganapathi, 2007; Lichtenthaler, 2022). This shift has led to the widespread adoption of Corporate Social Responsibility (CSR) initiatives and sustainability reporting, as companies increasingly recognise the value of incorporating stakeholder perspectives into their operations (Carroll & Shabana, 2010). Scholars such as Harrison and Wicks (2013) argue that engaging with stakeholders not only enhances risk management and innovation but also contributes to long-term value creation. This perspective is supported by Freeman, Harrison, and Zyglidopoulos (2018), who found that building stronger relationships with stakeholders enhances a company's reputation, further underscoring the practical benefits of stakeholder engagement.

Furthermore, stakeholder theory promotes ethical business practices by advocating for fairness and the consideration of all stakeholders. Jones, Felps, and Bigley (2007) emphasise that such practices can lead to improved employee morale, customer loyalty, and stronger community relations, thereby reinforcing the theory's relevance to modern business practices. These authors agree on the essential role of stakeholder theory in fostering a more ethical and sustainable business environment.

However, the practical implementation of stakeholder theory is not without its challenges. Critics such as Jensen (2001) argue that balancing the interests of diverse stakeholders can be difficult, often creating tensions between short-term financial goals and long-term stakeholder needs. This criticism is echoed by Phillips, Freeman, and Wicks (2003), who point out that determining who qualifies as a stakeholder and how to prioritise their interests can be complex and subjective, leading to inconsistent applications of the theory.

Despite these criticisms, stakeholder theory remains a robust framework for understanding the broader impacts of business decisions and promoting ethical and sustainable practices. It challenges the traditional shareholder-centric view by encouraging companies to consider the diverse interests of all parties involved, as highlighted in key academic works by Freeman et al. (2010), Phillips et al. (2003), and Harrison and Wicks (2013). These scholars collectively agree that stakeholder theory offers valuable insights into the implications of business practices for both corporate governance and societal well-being.

In the context of entrepreneurial success, stakeholder theory provides a valuable framework for sustainable growth. By considering the interests of all stakeholders, entrepreneurs can develop resilient business models that adapt to changing market conditions and societal expectations. This perspective aligns with the arguments of Lichtenthaler (2022), who asserts that social responsibility should be integral to business operations, thereby aligning profit motives with societal good. This approach fosters trust and loyalty among customers and communities, which are essential for long-term success. Moreover, by prioritising sustainability, businesses can reduce their environmental impact and contribute positively to societal welfare, ensuring their long-term viability.

While stakeholder theory faces some criticisms related to its practical application, it offers a comprehensive framework for promoting ethical and sustainable business practices. By challenging the traditional shareholder-centric approach, it encourages companies to consider the diverse interests of all stakeholders, thereby fostering more responsible and inclusive corporate governance. As businesses continue to navigate complex global challenges, stakeholder theory remains a critical guide, as documented in foundational texts and subsequent scholarly analyses (Freeman et al., 2010; Phillips et al., 2003; Harrison & Wicks, 2013).

Based on the above, the following hypotheses are formulated:

$Ho:_1$: Stakeholder theory does not significantly enhance the resilience of business models in entrepreneurial firms compared to a shareholder-centric approach

$Ha:_1$: Stakeholder theory significantly enhances the resilience of business models in entrepreneurial firms compared to a shareholder-centric approach.

$Ho:_2$Stakeholder theory does not significantly increase customer trust and loyalty in entrepreneurial firms compared to a shareholder-centric approach.

$Ha:_2$Stakeholder theory significantly increases customer trust and loyalty in entrepreneurial firms compared to a shareholder-centric approach.

$Ho:_3$Stakeholder theory does not significantly increase community trust and loyalty in entrepreneurial firms compared to a shareholder-centric approach.

$Ha:_3$Stakeholder theory significantly increases community trust and loyalty in entrepreneurial firms compared to a shareholder-centric approach.

$Ho:_4$Stakeholder theory does not significantly enhance the long-term success of entrepreneurial firms compared to a shareholder-centric approach.

$Ha:_4$Stakeholder theory significantly enhances the long-term success of entrepreneurial firms compared to a shareholder-centric approach.

2.2. Triple Bottom Line (TBL)

The intersection of resource constraints, severe environmental pollution, and profit-driven entrepreneurship has recently precipitated numerous industrial crises and social issues. Amidst sluggish economic growth, stringent resource limitations, and heightened environmental protection measures, the integration of sustainable development with entrepreneurship has garnered significant academic interest. The scholarly discourse on sustainable entrepreneurship often revolves around the three pillars of economic, environmental, and social value, encapsulated in the concept of the triple bottom line (TBL) Wentao et al. (2021).

The concept of the Triple Bottom Line (TBL), introduced by John Elkington in 1994, has become a foundational framework for evaluating entrepreneurial success beyond traditional financial metrics. The TBL expands the assessment criteria to include social and environmental dimensions, recognising that sustainable business practices contribute to long-term success (Elkington, 1998). The three components of the TBL—people, planet, and profit—are integral to this comprehensive approach.

Social sustainability within the Triple Bottom Line (TBL) framework underscores the significance of the well-being of employees, customers, communities, and other stakeholders. This dimension, as argued by Shore et al. (2018), emphasises that fostering a diverse workforce and an inclusive workplace culture can significantly enhance creativity, innovation, and organisational resilience. Entrepreneurs, therefore, must ensure fair wages, safe working conditions, and respect for workers' rights, as well as invest in local communities through initiatives like education, healthcare, and infrastructure development. Aguinis and Glavas (2019) concur with this view, positing that providing high-quality, safe products and services that meet customer needs and contribute to their well-being remains essential for achieving long-term success and fostering brand loyalty.

Environmental sustainability, as highlighted by Hart and Dowell (2011), focuses on minimising the ecological footprint of business activities. They argue that reducing waste, optimising the use of natural resources through recycling, energy-efficient processes, and sustainable sourcing are not merely regulatory requirements but also essential strategies for gaining a competitive advantage. This perspective is further supported by Lannelongue, González-Benito, and González-Benito (2015), who contend that implementing practices to reduce pollution, greenhouse gas emissions, and other negative environmental impacts is crucial for both compliance and market differentiation. Daddi et al. (2018) emphasises that creating products that are environmentally friendly throughout their lifecycle, from production to disposal, and adhering to environmental regulations while striving for higher standards through certifications like ISO 14001, are critical components of this dimension.

Economic sustainability within the TBL framework, as discussed by Hahn et al. (2018), extends beyond mere profitability to include how financial success is achieved and distributed. They argue that for entrepreneurs, building business models that ensure sustained profitability and growth over time is imperative. Furthermore, they assert that engaging in transparent, fair, and responsible financial practices, as well as identifying and mitigating economic risks through strategic planning and diversified investments, are crucial for long-term viability. Elkington (2018) supports this view, emphasising that ensuring economic benefits are shared among all stakeholders, including employees, investors, and the community, is vital for maintaining a social license to operate and securing sustainable business success. Entrepreneurs who successfully integrate the TBL framework into their business strategy often experience several advantages. Companies known for their social and environmental responsibility attract loyal customers, talented employees, and supportive investors. Proactively adopting sustainable practices can help businesses stay ahead of regulatory requirements and avoid legal penalties. Sustainable practices often lead to cost savings through improved efficiency and reduced waste. Moreover, a commitment to the TBL can differentiate a business in a crowded market, appealing to increasingly conscious consumers and investors (Crane, Matten, & Spence, 2019).

Wentao et al. (2021) study concluded that entrepreneurship significantly influences the TBL of sustainable development in China. The further validated that the relationship between economic growth, environmental pollution, and social development is interconnected. Economic growth and environmental pollution can reinforce each other. While economic growth promotes social progress, environmental pollution can hinder social development. Entrepreneurship, including both innovative and business forms, positively impacts economic growth. However, entrepreneurship does not significantly affect social development. Business entrepreneurship can reduce environmental pollution, whereas innovative entrepreneurship does not. They further found that the influence of entrepreneurship on the Triple Bottom Line (TBL) of sustainable development varies across different regions in China. In the eastern region, innovative entrepreneurship positively impacts the reduction of environmental pollution, while in the central and western regions, business entrepreneurship promotes economic growth. The business environment and foreign direct investment directly impact the TBL of sustainable development and play a moderating role. Environmental regulations influence environmental pollution only through their moderating effects. These moderating variables have different effects in various regions.

The case of Patagonia exemplifies the integration of TBL principles, as the outdoor clothing company is renowned for its commitment to environmental sustainability, including initiatives like using recycled materials and donating a portion of profits to environmental causes. This emphasis on environmental stewardship has bolstered its brand reputation and customer loyalty. Tesla's focus on sustainable energy solutions, including electric vehicles and renewable energy products, further exemplifies the integration of TBL principles. The company's innovative approach to reducing reliance on fossil fuels has positioned it as a leader in both environmental sustainability and economic performance.

In conclusion, the Triple Bottom Line framework provides a holistic approach to evaluating and achieving entrepreneurial success. By considering the interconnected impacts on people (society), planet (environment), and profit (economy), entrepreneurs can build sustainable businesses that not only achieve financial success but also contribute positively to society and the environment. This comprehensive approach ensures that businesses are resilient, responsible, and poised for long-term success in an increasingly complex and interconnected world.

Based on the above the following hypotheses are formulated:

$Ho:_5$Ethical labour practices do not have a significant impact on the financial performance of Sustainable Entrepreneurial Success.

$Ha:_5$Ethical labour practices have a significant positive impact on the financial performance of Sustainable Entrepreneurial Success.

$Ho:_6$Implementing environmental sustainability practices does not significantly affect the market differentiation and competitive advantage of Sustainable Entrepreneurial Success.

$Ha:_6$Implementing environmental sustainability practices significantly enhances the market differentiation and competitive advantage of Sustainable Entrepreneurial Success.

$Ho:_7$Community engagement initiatives do not significantly influence customer loyalty and retention for Sustainable Entrepreneurial Success.

$Ha:_7$Community engagement initiatives significantly enhance customer loyalty and retention for Sustainable Entrepreneurial Success.

$Ho:_8$The integration of the Triple Bottom Line framework does not significantly contribute to the long-term value creation and sustainability of Sustainable Entrepreneurial Success.

$Ha:_8$The integration of the Triple Bottom Line framework significantly contributes to the long-term value creation and sustainability of Sustainable Entrepreneurial Success.

2.3. Sustainable Entrepreneurship

Sustainable entrepreneurship is defined as the pursuit of business opportunities that integrate sustainable development principles into entrepreneurial activities from the outset, creating firms that are inherently designed to achieve economic profit while prioritising environmental stewardship and social responsibility. This approach is characterised by innovation, ethical responsibility, and a focus on balancing people, planet, and profit, aligning with the Triple Bottom Line (Dean & McMullen, 2007; Schaltegger & Wagner, 2011).

Unlike traditional firms that may later adapt to sustainability goals, sustainable entrepreneurship ensures that these principles are embedded in the firm's foundation. Shepherd and Patzelt (2011) argue that this approach is increasingly vital for long-term success, as it directly addresses global concerns about environmental degradation and social inequities.

Schaltegger and Wagner (2011) further emphasise that understanding the theoretical foundations of sustainable entrepreneurship and its connection to entrepreneurial success is crucial for modern businesses, as it reflects a shift towards more responsible and future-oriented business practices. Sustainable entrepreneurship theory is rooted in several interrelated concepts: sustainability, entrepreneurship, and innovation. The integration of these concepts forms a business model that seeks to achieve economic, environmental, and social goals simultaneously.

Elkington's (1997) Triple Bottom Line (TBL) framework is fundamental to this approach, as it emphasises that businesses should focus on three key performance areas: Economy; Environment and Society. Cohen and Winn (2007) argue that sustainable entrepreneurs aim to create economic value while positively impacting society and minimising environmental harm, aligning closely with the TBL framework.

Institutional theory offers insight into how sustainable entrepreneurship is influenced by regulatory, normative, and cultural-cognitive elements within society. Scott (2001) suggests that these institutional pressures can either encourage or constrain entrepreneurial activities aimed at sustainability. Pacheco, Dean, and Payne (2010) expand on this by arguing that entrepreneurs who effectively recognise and navigate these pressures can gain a competitive advantage by aligning their firms with societal expectations and regulatory requirements.

The resource-based view (RBV) of the firm, as posited by Barney (1991), asserts that sustainable competitive advantage is achieved through the acquisition and management of valuable, rare, inimitable, and non-substitutable resources. Hart and Dowell (2011) further argue that sustainable entrepreneurs often leverage unique resources, such as renewable energy technologies, social capital, and eco-friendly processes, to differentiate their firms and achieve long-term success. This perspective is increasingly supported by recent studies that highlight the importance of resource management in achieving sustainable competitive advantage (Kozlenkova, Samaha, & Palmatier, 2014; Peteraf, Di Stefano, & Verona, 2013).

Aligning sustainable entrepreneurship with entrepreneurial success can be examined through various lenses, including financial performance, market positioning, and stakeholder engagement. Research by Porter and Kramer (2011) suggests that sustainable business practices can lead to improved financial performance in the long run, arguing that companies adopting such practices often experience cost savings through efficient resource utilisation, waste reduction, and energy conservation. Moreover, Nidumolu, Prahalad, and Rangaswami (2009) contend that sustainable entrepreneurs can access new markets and customer segments that prioritise eco-friendly and socially responsible products, thereby enhancing revenue streams.

Sustainable entrepreneurship also enhances market positioning by differentiating firms from competitors. Bos-Brouwers (2010) argues that companies incorporating sustainability into their core business strategies are perceived as innovative and forward-thinking, which attracts customers, investors, and partners who value sustainability. This differentiation, as further supported by recent literature, can lead to increased brand loyalty and a stronger market presence (Galpin, Whittington, & Bell, 2015).

Effective stakeholder engagement is crucial for the success of sustainable entrepreneurial firms. Freeman (1984) posits that by actively involving stakeholders such as customers, employees, suppliers, and communities, sustainable entrepreneurs can build trust and foster collaborative relationships. Spence (2016) agrees, arguing that such engagement not only enhances the firm's reputation but also provides valuable feedback and support, contributing significantly to the firm's overall success.

Sustainable entrepreneurship represents a paradigm shift in defining and achieving entrepreneurial success. By integrating economic, environmental, and social objectives, sustainable entrepreneurs can create value that extends beyond financial profit. The theoretical foundations of sustainable entrepreneurship, including the TBL approach, institutional theory, and the RBV, provide a comprehensive framework for understanding how sustainability can be a source of competitive advantage. As global challenges related to sustainability continue to intensify, aligning sustainable entrepreneurship with long-term success becomes increasingly relevant and necessary (Bocken, Short, Rana, & Evans, 2014; George, Schillebeeckx, & Liak, 2015). Based on the above the following hypotheses are formulated:

$Ho:_{9}$: Adopting sustainable business practices as a core principle from the inception of entrepreneurial firms does not positively impact their financial performance

$Ha:_{9}$: Adopting sustainable business practices positively impacts the financial performance of entrepreneurial firms.

$Ho:_{10}$: Entrepreneurial firms founded on sustainable entrepreneurship principles do not significantly enhance market differentiation or provide a competitive advantage over firms that do not prioritise sustainability.

$Ha:_{10}$: Entrepreneurial firms founded on sustainable entrepreneurship principles significantly enhance market differentiation and provide a competitive advantage over firms that do not prioritise sustainability

$Ho:_{11}$: Effective stakeholder engagement within entrepreneurial firms that are inherently designed around sustainable principles does not lead to higher overall firm success.

$Ha:_{11}$: Effective stakeholder engagement within entrepreneurial firms that are inherently designed around sustainable principles leads to higher overall firm success.

$Ho:_{12}$: For entrepreneurial firms who are not founded on sustainability, navigating institutional pressures related to sustainability negatively influences their strategic adaptation and long-term success.

$Ha:_{12}$: For entrepreneurial firms founded on sustainability, navigating institutional pressures related to sustainability positively influences their strategic adaptation and long-term success.

3. Research Methodology

This paper presents a theoretical exploration aimed at developing hypotheses on how innovation in sustainability and social responsibility can drive entrepreneurial success and create a competitive advantage in alignment with sustainability goals. Recent studies have increasingly highlighted the importance of integrating sustainability into business models as a key driver of competitive advantage and long-term success (Dangelico & Pujari, 2010; Eccles, Ioannou, & Serafeim, 2014; Schaltegger, Lüdeke-Freund, & Hansen, 2016). Given its conceptual focus, empirical data collection is beyond the scope of this study, with future research recommended for empirical validation. The study adopts a constructivist ontological stance, recognising that entrepreneurial success, sustainability, and social responsibility are socially constructed and context-dependent phenomena (York & Venkataraman, 2010). From an epistemological perspective, the study employs a critical realist approach, acknowledging that while interpretations of these constructs may vary across different contexts, underlying mechanisms can be systematically explored through hypothesis generation (Easton, 2010; Mingers, 2014).

The research methodology is thus anchored in this constructivist and critical realist paradigm, which shapes the study's focus on hypothesis generation and theory-building. This approach is increasingly recognised in the literature for its effectiveness in addressing complex, socially constructed phenomena such as sustainability and entrepreneurship (Fletcher, 2017; Reed, 2020). By employing a comprehensive review and synthesis of existing literature, the methodology aims to identify key gaps and inconsistencies in the current understanding of the relationships between sustainability, social responsibility, and entrepreneurial success. Recent studies have demonstrated that such an approach can reveal nuanced insights and facilitate the development of robust theoretical frameworks (Gabriel, Whiting, & Dwyer, 2021; Delbridge & Edwards, 2013). Hypotheses are then formulated through deductive reasoning to address these gaps, proposing new directions for future empirical investigation. This method aligns with the current trend in research methodology, which emphasises the importance of theory-building in advancing scholarly understanding of complex, interdisciplinary fields (Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011).

This approach is consistent with the objectives of theory-building research, where the emphasis is on advancing conceptual understanding and shaping future research directions rather than presenting empirical results (Shepherd & Suddaby, 2017; Suddaby, 2014). The methodology draws on a wide array of scholarly sources, including the Clarivate Analytics database and Google Scholar, to ensure a comprehensive retrieval of relevant literature. Key terms such as ‘stakeholder theory,’ ‘triple bottom line,’ ‘sustainability,’ ‘social responsibility,’ ‘entrepreneurial success,’ ‘innovation,’ and ‘competitive advantage’ were strategically selected to capture the breadth of current research in these areas (Freeman, 2010; Elkington, 1997). In addition to drawing from established academic databases, this study also utilised a personal library of references accumulated over the years, a practice that has been recognised for its value in enriching research with diverse perspectives and deepening the analysis (Garrard, 2020; Ridley, 2012).

The rigorous theoretical analysis facilitated by these resources allows for an in-depth review of both established theories and emerging trends. In line with the critical realist perspective, this review not only seeks to understand the variability in interpretations of entrepreneurial success and sustainability but also aims to uncover the underlying mechanisms that could be hypothesised and empirically tested in future studies (Porter & Kramer, 2011; Schaltegger, Hansen, & Lüdeke-Freund, 2016). By situating this paper within the broader framework of post-positivism, the research methodology maintains a systematic, logical, and objective approach, ensuring that the theoretical contributions made here can provide a solid foundation for subsequent empirical validation (Creswell & Creswell, 2017; Phillips & Burbules, 2000).

4. Conceptual Framework

A conceptual high-level Framework (Figure 1) is presented to illustrate the proposed relationship, and hypotheses set.

Figure 1 The relationship between Driving Entrepreneurial Success: Innovating in Sustainability and Social Responsibility for Competitive Advantage

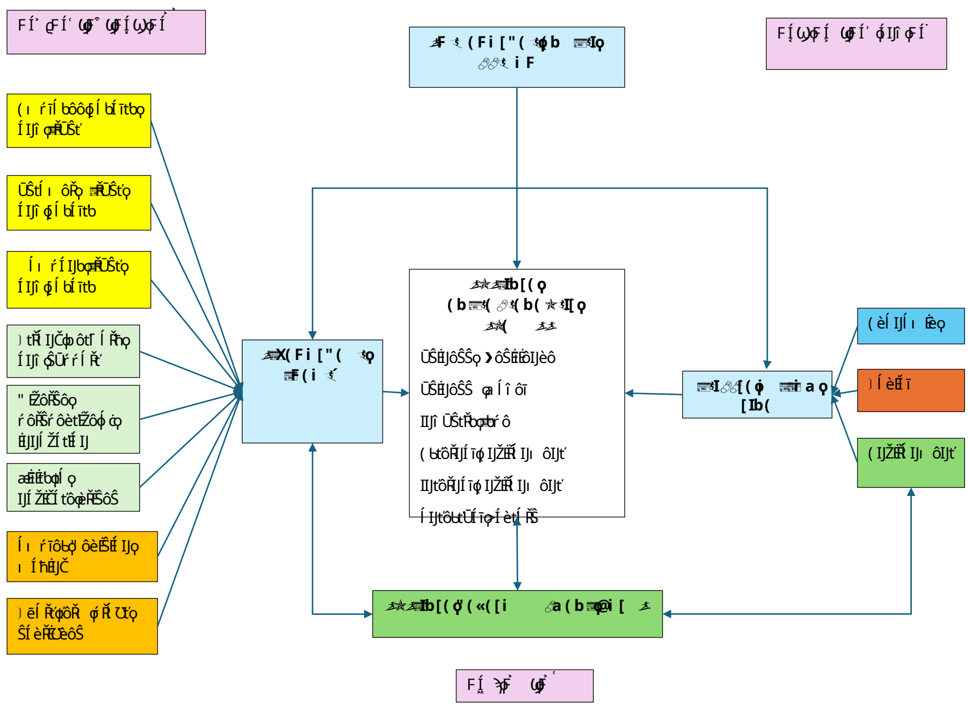

Figure1, can be further explained as follows: Sustainable Entrepreneurial Success is the goal encapsulating the desired outcome of integrating Stakeholder Theory, Triple Bottom Line (TBL) Theory, and Sustainable Development Goals (SDGs) in entrepreneurial firms.

Stakeholder Theory connects to all the other constructs (TBL and SDGs), showing how engaging stakeholders (customers, employees, community) contributes to various dimensions of sustainability.

TBL is divided into three dimensions (economic, social, environment) and is shown as directly contributing to sustainability and long-term success. Each TBL dimension is linked back to Stakeholder Theory and SDGs, showing mutual influence.

Lastly, SDGs is integrated into the model to illustrate how innovation in sustainability, guided by global goals, supports stakeholder engagement and achieves TBL outcomes.

As an add on, incorporating a shareholder-centric perspective allows for a comparison between traditional business models focused primarily on maximising shareholder value and those built on sustainable entrepreneurship principles. This contrast helps to highlight the differences in financial performance, market differentiation, and overall success when sustainability is embedded as a core principle from the outset versus when the primary focus remains on shareholder returns.

5. Conclusions

Stakeholder Theory posits that the interests of all stakeholders, not just shareholders, must be considered to achieve sustainable business success (Freeman, 1984). This theory emphasises a broader perspective on accountability, advocating that businesses should serve a wider array of interests beyond mere financial gains. Stakeholder engagement is crucial for sustaining long-term relationships that are essential for the survival and thriving of any business in a dynamic market environment. It supports the idea that attending to the legitimate interests of all stakeholders, rather than focusing solely on shareholders, leads to better overall performance and ethical business practices (Harrison, Bosse, & Phillips, 2010).

Triple Bottom Line (TBL) extends the traditional framework of corporate success by incorporating social and environmental dimensions into the financial metrics of corporate performance (Elkington, 1997). This theory advocates that businesses should commit to measuring and reporting their economic, social, and environmental outcomes to reveal the full cost of doing business. TBL highlights the interconnectedness of economic performance with societal health and environmental stewardship, suggesting that long-term business profitability is inherently linked to sustainable practices. It provides a comprehensive model that allows businesses to evaluate their performance in a holistic manner, encouraging sustainability across all business operations (Slaper & Hall, 2011).

Sustainable Entrepreneurship theory combines the principles of entrepreneurship with sustainability, emphasising the creation of businesses that not only aim for profitability but also address environmental and social issues (Dean & McMullen, 2007). This theory aligns with both stakeholder theory and TBL by stressing the importance of developing innovative solutions that contribute to the welfare of all stakeholders and the environment. Sustainable entrepreneurship focuses on the role of entrepreneurs in leading change and innovation to achieve sustainability goals, thus promoting a balanced approach to economic growth, social development, and environmental preservation (Shepherd & Patzelt, 2011).

Collectively, these theories provide a solid theoretical framework for understanding the complex interactions between a business and its broader context. By applying Stakeholder Theory, Triple Bottom Line, and Sustainable Entrepreneurship together, scholars and practitioners can examine how businesses can create new and better ways to operate sustainably, focusing on improving environmental and social practices while still achieving economic success and contributing positively to society and the environment. This approach encourages a shift from the traditional profit-centric business model to one that values resilience, ethical practices, and sustainable growth.

6. Managerial Implications for Entrepreneurs

If rigorous research can demonstrate the benefits of innovation in sustainability, particularly in alignment with sustainable development goals, entrepreneurs may explore the following managerial implications, pending further evidence.

Entrepreneurs might prioritise stakeholder engagement by actively involving customers, employees, suppliers, community members, and other relevant parties in decision-making processes. Recent studies emphasise that engaging stakeholders not only enhances trust and cooperation but also drives innovation and long-term success by aligning business practices with broader societal expectations (Harrison, Bosse, & Phillips, 2019; Henisz, Dorobantu, & Nartey, 2014). Developing mechanisms for regular stakeholder communication and feedback could ensure that their concerns and suggestions are integrated into business strategies, fostering more sustainable and resilient business practices.

Adopting the Triple Bottom Line approach may require entrepreneurs to commit to transparency in their operations, specifically regarding their social, environmental, and economic impacts. Research shows that transparent sustainability reporting is increasingly valued by stakeholders, including investors, who see it as indicative of long-term financial performance and risk management (Kiron, Unruh, Kruschwitz, Reeves, Rubel, & Meyer zum Felde, 2017; Eccles, Ioannou, & Serafeim, 2014). This could involve establishing robust sustainability reporting practices that not only meet regulatory standards but also effectively communicate the company's dedication to sustainability. Such transparency might differentiate the company in the marketplace, enhancing its reputation and attracting customers and investors who prioritise corporate responsibility (Elkington, 1997).

Sustainable Entrepreneurship could emphasise the need for innovation in product design, service delivery, and business processes to reduce environmental impacts and address social challenges. Entrepreneurs may consider cultivating a culture of innovation within their organisations, encouraging creative thinking and problem-solving that lead to sustainable solutions. Recent research suggests that organisations that integrate sustainability into their innovation processes are better positioned to achieve competitive advantage and long-term viability (Adams, Jeanrenaud, Bessant, Denyer, & Overy, 2016; Schaltegger, Lüdeke-Freund, & Hansen, 2016). This may involve investing in research and development, forming partnerships with academic institutions or other organisations, and adopting new technologies that facilitate sustainable practices (Dean & McMullen, 2007).

Entrepreneurs might consider integrating sustainability into the core of their business strategies, rather than treating it as an add-on. Aligning business goals with sustainable development goals could enhance long-term competitiveness and viability. Studies show that businesses that embed sustainability into their core strategies tend to be more resilient and perform better in the long run (Gallo & Christensen, 2011; Bocken, Short, Rana, & Evans, 2014). By embedding sustainability into the strategic planning process, entrepreneurs can aim to ensure that their business model not only meets financial objectives but also contributes positively to society and the environment (Shepherd & Patzelt, 2011).

Finally, adopting ethical leadership and strengthening corporate governance structures might be crucial for embedding values of transparency, accountability, and fairness within the organisation. Entrepreneurs could lead by example, demonstrating a commitment to ethical practices and sustainable development. This leadership may help build a strong ethical culture that supports sustainable innovation and long-term success (Pless, Maak, & Stahl, 2012; Avery & Bergsteiner, 2011).

7. Limitations of the study

The study attempts to cover a broad range of concepts, sustainability, social responsibility, and entrepreneurial success, within a single theoretical framework. While this breadth provides a comprehensive overview, it limits the depth of exploration for each individual concept. As each hypothesis could warrant its own full study, the current paper may only scratch the surface of the intricate relationships between these concepts.

The study integrates multiple theoretical frameworks, Triple Bottom Line (TBL), Stakeholder Theory, and Sustainable Entrepreneurship, to propose hypotheses. While this multidisciplinary approach is valuable, it may also introduce complexity that could obscure the individual contributions of each framework. The synthesis of these frameworks might dilute the clarity and precision with which each could be applied in isolation.

8. Future research that can be conducted

Future research could empirically test the hypotheses developed in this study by collecting data from entrepreneurs and businesses to evaluate the relationship between sustainability, social responsibility, and entrepreneurial success. Quantitative methods, such as surveys and statistical analysis, could measure the impact of these variables across different contexts and industries (Eccles, Ioannou, &

Serafeim, 2014). Longitudinal studies could further examine the long-term effects of sustainability and social responsibility on entrepreneurial success, tracking businesses over time to determine whether early adoption of sustainable practices leads to sustained competitive advantage and improved performance (Bocken, Short, Rana, & Evans, 2014).

The impact of sustainability and social responsibility is likely to vary across different industries, with some sectors benefiting more from integrating these principles, while others may face unique challenges (Gallo & Christensen, 2011). Comparative studies could provide valuable insights into industry-specific strategies for leveraging sustainability. Given that concepts like sustainability and social responsibility are socially constructed and context-dependent, cross-cultural research could investigate how these constructs are perceived and implemented in various cultural settings, revealing differences in how entrepreneurial success is achieved through sustainable practices (York, Vedula, & Lenox, 2018).

Research could also explore the role of government policies and regulations in either encouraging or hindering the adoption of sustainable and socially responsible practices by entrepreneurs. This would involve analysing the effectiveness of existing policies and proposing new frameworks that better support sustainable entrepreneurship (Delmas & Toffel, 2008). In-depth case studies of businesses that have successfully integrated sustainability and social responsibility into their models could provide rich qualitative insights, exploring the specific strategies and challenges these businesses faced and offering practical guidance for other entrepreneurs (Porter & Kramer, 2011).

Additionally, future research could investigate the barriers preventing entrepreneurs from fully embracing sustainability and social responsibility. Identifying and addressing these barriers could help more businesses leverage the potential competitive advantages associated with these practices (Kiron, Unruh, Kruschwitz, Reeves, Rubel, & Meyer zum Felde, 2017). The role of technological innovation in facilitating sustainable and socially responsible practices could also be a key focus, with studies exploring how emerging technologies, such as artificial intelligence or blockchain, can enhance sustainability efforts and create new opportunities for entrepreneurs (Belhadi, Kamble, Jabbour, Gunasekaran, & Ndubisi, 2021).

This study aims to challenge existing assumptions and provide practical frameworks that empower entrepreneurs and policymakers to integrate sustainability into core business strategies, ultimately driving long-term success and contributing to the achievement of global sustainability goals.

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