

# SUSTAINABLE ENTREPRENEURSHIP AND GREEN GROWTH: PATHWAYS, PERFORMANCE AND POLICY

Tulika Khare

*Assistant Professor*

*Post Graduate Teaching Department of Home Science*

*Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur, Maharashtra*

[tulikagbpuat@gmail.com](mailto:tulikagbpuat@gmail.com)

**Abstract-** Governments, investors, and firms increasingly look to entrepreneurship as a lever for achieving green growth—economic development that safeguards natural capital and reduces environmental risks. This article synthesizes theory and evidence on sustainable entrepreneurship and its contributions to green growth. We integrate the resource-based and institutional perspectives with ecological economics to propose a multilevel framework spanning opportunity formation, venture strategy, financing, and policy regimes. Drawing on comparative case vignettes, we outline how sustainable ventures diffuse clean technologies, enable circular business models, and reconfigure value chains. We then assess performance trade-offs and conditions under which environmental and financial returns align, highlighting the roles of complementary assets, mission–market fit, and policy stability. Finally, we identify research frontiers on measurement, just transitions, and AI-enabled resource efficiency. The paper provides an agenda for scholars and a practical roadmap for founders, investors, and policymakers.

**Keywords:** sustainable entrepreneurship, green growth, circular economy, impact investing, ESG, clean technology, policy mix, just transition

## 1. INTRODUCTION

Climate change, biodiversity loss, and resource depletion threaten long-run productivity and human well-being. “Green growth” refocuses economic expansion on decoupling value creation from environmental harm by increasing resource productivity and preserving natural assets. Entrepreneurship is pivotal in this transition because new ventures are structurally more flexible to experiment with clean technologies, novel business models, and stakeholder governance. Yet empirical results on performance are mixed, and policy instruments vary in effectiveness. This paper clarifies mechanisms linking sustainable entrepreneurship to green growth, evaluates enabling conditions, and proposes a research and practice agenda.

## 2. CONCEPTUAL BACKGROUND

Sustainable entrepreneurship refers to the discovery, creation, and exploitation of opportunities that generate economic value while delivering measurable environmental and social benefits. Green growth emphasizes absolute reductions in environmental pressures relative to output, facilitated by innovation, substitution, and structural change. Theoretical lenses such as the resource-based view, institutional theory, and ecological economics provide insights into how ventures generate value while addressing ecological limits.

## 3. A MULTILEVEL FRAMEWORK

Entrepreneurial contributions to green growth can be understood through opportunity formation, venture strategy archetypes, financing mechanisms, and enabling policy mixes. This framework illustrates how systemic transformation emerges from both bottom-up innovation and top-down regulatory signals.

## 4. VALUE CREATION AND DIFFUSION MECHANISMS

Sustainable ventures reduce costs, expand revenues, create ecosystem spillovers, and reconfigure linear economies into circular flows. Verified impact measurement and reporting build trust and facilitate scaling.

## 5. PERFORMANCE: ALIGNMENTS AND TRADE-OFFS

Alignment between green and growth emerges under conditions of strong mission–market fit, stable policy, and complementary assets. However, persistent tensions remain, such as long development cycles, rebound effects, and justice challenges.

## 6. METHODS FOR STUDYING SUSTAINABLE ENTREPRENEURSHIP

Empirical research requires quasi-experimental designs, matched venture comparisons, ecosystem network analysis, lifecycle assessment integration, and mixed-methods casework.

## 7. CASE VIGNETTES

Examples include battery recycling ventures, pay-as-you-save efficiency platforms, and regenerative agriculture marketplaces. These cases highlight the importance of ecosystem orchestration and verification credibility.

## 8. POLICY AND ECOSYSTEM IMPLICATIONS

Policy should provide stable signals, demand-side instruments, infrastructure, and blended finance to support green entrepreneurship. Anti-greenwashing enforcement and just transition tools ensure equity and integrity.

## 9. MANAGERIAL PLAYBOOK FOR FOUNDERS

Founders should prioritize problem–solution fit, align unit economics with verified impact, leverage ecosystems for go-to-market, and match financing strategies with business models.

## 10. RESEARCH AGENDA

Future research should address causality between policy and outcomes, absolute impact metrics, distributional effects, AI-enabled resource efficiency, rebound effects, exit pathways, and Global South contexts.

## 11. CONCLUSION

Sustainable entrepreneurship is not merely a subset of 'good business' but a transformative force for rewiring production–consumption systems. Its success depends on credible measurement, financing, and stable policy alignment.

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