Purpose-Driven Profits: In the Era of Sustainable Entrepreneurship

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The global entrepreneurial ecosystem has been undergoing drastic changes in the last few years, with heavy waves and tides witnessed in the entrepreneurial and investment ecosystem. The ongoing revolutions in the entrepreneurial world, particularly the notable shift towards sustainable and socially responsible entrepreneurship, have become a hot topic of discussion today. Sustainable entrepreneurship is an emerging paradigm that integrates economic performance with environmental stewardship and social responsibility. It is not merely starting a business for profit, but addressing the environmental and societal problems through responsible business models for the long-term survival of the business.

Sustainability and social responsibility are synonymous terms that encompass the ethical, environmental, social, and governance facets of financial investing activities. The increased amount of money being invested using socially conscious standards has made socially responsible investments (SRI) a more significant field. Based on the Social Investment Forum (2020) estimates, nearly one in nine dollars in the USA under professional management is invested in this manner. Also, as per the United Kingdom Social Investment Forum (2019), many institutional investors, including pension funds that manage up to 78% of all pension assets, include social issues in their investment strategies. This trend is supported by predictions that strong socially responsible and sustainable practices may lead to higher returns.

India, too, has witnessed a growing momentum in sustainability-driven entrepreneurial efforts, although figures are still modest. The investment environment in our country has also undergone changes based on prioritizing ethics and principles over mere profits and balance sheet figures. Data shows that the total fleet of the SRI base in India stands at 28 billion, which is 0.1 % of global SRI assets (Angelone.in, 2024). It underscores the increasing demand for firms to redefine their business practices and focus on long-term value creation.

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By incorporating sustainability into the core of their business strategies, corporations like Tesla and Patagonia have completely reshaped the narrative surrounding entrepreneurship on a global scale. In a similar vein, Indian companies such as SELCO and Barefoot College have shown how sustainable business practices can influence society significantly without sacrificing profits. Sustainable investments are considered as the strategy that each business should follow to ensure its long-term survival in this competitive world.

This is where governance and long-term strategic planning of the firms come into play. In the circumference of ethical governance, firms are motivated towards fairness and correctness in their proceedings and transparency in their dealings. Decisions are made in the organisation aligning with the interests of other stakeholders, which also include shareholders, investors, consumers, etc. For the longer existence and survival of the organisation, the firm should align its operational activities with corporate social responsibility.

Hence, firm decisions should be society’s legal, ethical, ecological, and prosperity-driven (Li et al., 2018), and the policy makers should consciously emphasise this. The increased intervention by the government and communal pressure triggers the entrepreneurs and the policymakers of the firm to follow or engage in broader corporate affairs and indulge in sustainable activities and performance for long-term value creation (Eesley et.al., 2016). India should lead its young entrepreneurs to create and support change by prioritising impact as much as income. Sustainable entrepreneurship cannot be considered only as a new business trend, but it is a necessity for creating a resilient, equitable, and healthier planet.

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