

# Role of Green Entrepreneurship in Supporting Small and Medium Entrepreneurial Projects/Case Study of Malaysia

Naghm Hussein Neama<sup>1</sup>, Rasha H. Abbood<sup>2</sup>, Ali Ehsan Yahya<sup>1</sup>

<sup>1</sup>College of Business Economics, Al-Nahrain University, Baghdad, Iraq

<sup>2</sup>Ministry of Higher Education & Scientific Research, Baghdad, Iraq

Email: rashahw@yahoo.com

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## Abstract

Green Entrepreneurship as a concept gains great interest in Malaysia when it tries hardly to achieve green economy as well as achieving sustainable development goals. Meanwhile, entrepreneurial projects of both small and medium enterprises contribute a significant role in enhancing the gross domestic product. This study works firstly on clarifying the main role of green entrepreneurship in supporting projects especially (SMEs), and it aims to clarify small and medium enterprises in Malaysia in specific. The problem of current study is to investigate the reasons of non-adopting (small and medium enterprise entrepreneurs) green entrepreneurial practices as what is done in large and/or multinational companies. Current paper is organized as cognitive journey that contributes to understanding it in deep; it starts with related studies and tries to enrich the readers with previous works; then joins Green Entrepreneurship with SMEs depending on previous literature as well; while the methodology depends on the secondary data and it could be not enough yet; but for future works it could be useful and stands as a guide and/or director to follow. Then, discuss in brief what it concludes. The study concludes that there is an obvious interest by entrepreneurs (small and medium enterprises) to adopt green entrepreneurship practices due to the continued support either by government and/or by Central Bank of Malaysia towards encouraging small-scale projects, especially for those projects that specified in renewable energy and energy efficiency in Malaysia. Current paper recommended that increasing incentives and rewards for green entrepreneurs are essential targets to increase the number of small and medium enterprises especially those projects related to environmental protection, environmental sustainability; and social development. **Limitations:** Although many studies refer to the importance of adopting green entrepreneurship, all of these tries are charac-

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terized as theoretical ones not practical and/or couldn't be achieved anywhere and anytime! Of course; there is no fixed model or experience for the whole world; but at least having a latent stock of data and experiences in many diverse places to follow enriched by advantages & disadvantages, weaknesses & opportunities, threats & strengths that are funded by many organizations and countries to support and develop societies accordingly.

### Keywords

Green Entrepreneurship, Green Economy, Small and Medium Enterprises, Environmental Sustainability, Social Development

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## 1. Introduction

Since 1972, environmental issues became very important especially after the first announcement of the United Nations Conference in Stockholm in 1972, when they announced that global environmental issues should be treated with high level of consideration and many projects, interests and efforts have to be sacrificed in future to serve environment around the world. From that time many efforts were made but still they are under expectation! According to UNEP reports of Nairobi (GEO-6) found that many countries around the world still suffer from many serious threats related to environment (Nordin, 2022: p. 99). Meanwhile, those threats and changes happened faster than expected which means that having serious action becomes an urgent need and focusing on creating more goods and services with respect to social responsibility (green ones) is very important to meet the requirements of sustainable development (Neama et al., 2023: pp. 180-182), which means that more SMEs standing as a target in developed countries due to its distribution in total gross profit (Tehseen & Sajilan, 2016: p. 28).

On an interesting note, we find that most developed countries focus their efforts on adopting a green environment to exploit market opportunities with respect to the green economy, while developing countries are only interested in entrepreneurship to meet market needs, where green entrepreneurship projects including those developing processes in a unique way to face environmental, social, and economic threats, in addition to their desire to create new goods and services (Nordin, 2022: p. 99).

## 2. Literature Review

Many concepts and idioms are used to refer to this phenomenon, some writers call it as "Green Entrepreneurship", or "Sustainable Entrepreneurship", while others call it as "Environmental Entrepreneurship"; but in general, the infrastructure of it is to establish and implement solutions for those environmental problems and enhancing the social dimension. Studies refer that green entrepreneurship could stand as modern sample of green projects (Kirkwood & Wal-

ton, 2010: p. 205) due to its ability to satisfy customer needs rather than current businesses which have negative effects on environment, in addition to customer's desires to pay for green opportunities to enhance sustainable development and gaining profits as well (Gast et al., 2017: p. 6).

Studies refer that green entrepreneurship has many benefits i.e., aligning environment with economic development and society prosperity; developing the system of management and economy; and it could be a source of achieving competitive advantage through innovating green technologies (Najeeb & Al Mur, 2021: p. 2), where they refer that green entrepreneurship has its positive effects on many aspects of life i.e., sustainability, social responsibility, innovation, technical development, economic development and quality of environment.

Others, go beyond when they illustrate the reasons of adopting green entrepreneurship as (Gupta, 2015: p. 350) referred whereas, United Nations announced its program towards environment and the reasons behind the importance of adopting green entrepreneurship i.e., 1) risky dimensions such as (lack of raw materials, upside down prices, natural disasters, lack of biological diversity and other risky reasons); 2) organizational pressure dimensions such as (new generation of rules and instructions, aligning life cycle requirements with organizational rules; and obligated transparency system especially to measure companies' performance) while 3) dimension related to changeable markets such as (increasing demand for sustainable goods and services, novel markets for innovated solutions, high pressure to follow standard sustainable regulations, investor's interest in adopting sustainability in decision making; and companies are increased in achieving sustainability as well as achieving profits) (Gupta, 2015: p. 350).

### **3. The Relationship between Green Entrepreneurship & SME**

Entrepreneurs are considered as the most active element of having a green economy due to their ability to re-develop business models and select suitable environmental market opportunities (Gibbs & O'Neill, 2014: p. 1089). In this context, economic systems have to find suitable methods to align their aims with environmental threats and focus their efforts on developing markets through establishing long-term common policies to enhance sustainable green projects (Dean & McMullen, 2007: p. 52).

Although big-sized companies or multinational ones are more interested in green sustainable projects due to their capabilities and responsibilities lately SMEs which were first founded in 1996 are interested as well, and SMEs concept is the transferring from those big-sized companies into many chains and investors could invest with his/her personal capital without depending on loan policies. SMEs as European Commission introduces is those companies with maximum (250/employee) (Cacciolatti & Hee Lee, 2015: p. 8).

## 4. Method

### Malaysia Model

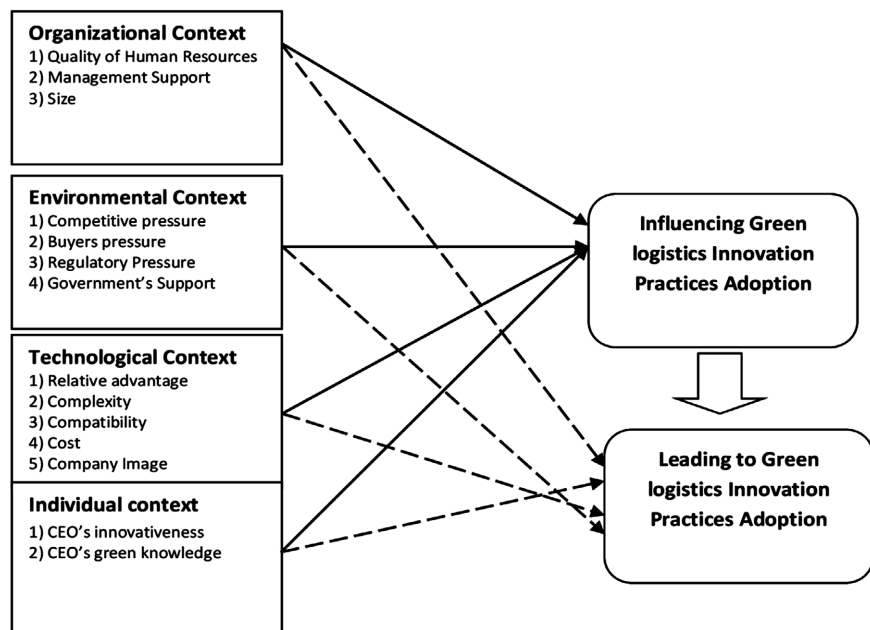
Malaysia is considered as a good example of those developing countries who are interested in green entrepreneurship to develop their economy; especially for those big-sized companies i.e., Panasonic, General Electric, and Toyota (Nordin, 2022: p. 103) while unfortunately rare information of SMEs green entrepreneurship practices are known which considered as secondary source of information here, that the current paper concludes through many global trusted websites, and articles and other periodic. Moreover; the participation of SMEs in enhancing GDP is less than expectations which is around (35.9%) in 2014.

## 5. Results

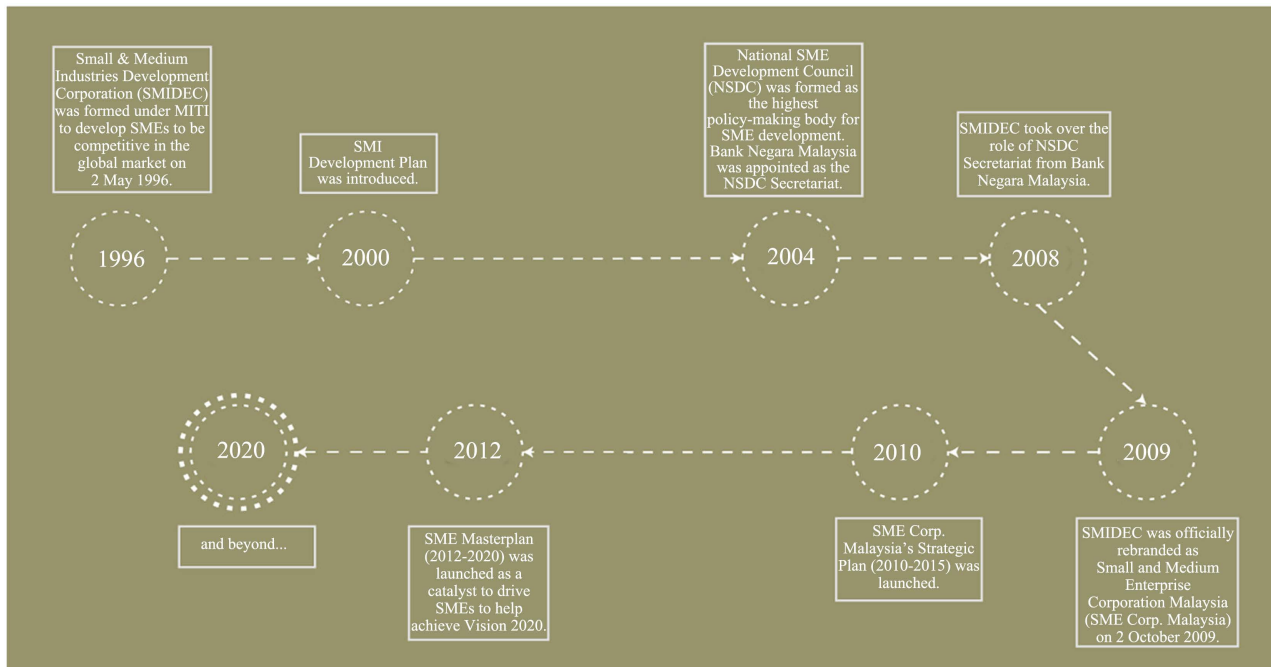
Historically, SMEs started in 1996 in Malaysia when Ministry of International Trade & Industry established a special agency specified in developing and encouraging SMEs and their green entrepreneurship practices through supporting their infrastructure, submitting financial aids and consulting services to handle them to global markets. Then, in 2004, national council of SMEs was established to develop projects that focus on sustainability and working on policies related to total sustainability in Malaysia (SME Corporation Malaysia, 2023: p. 1).

Which important here, SMEs logistics firms are interested in green adoption and they dealt with four main dimensions to develop their work as **Figure 1**.

From 2008 to 2019 many great efforts were taken there with regard to developing SMEs and green entrepreneurship as a source of enhancing economic and green sustainability as well (Nordin, 2022: p. 104), as **Figure 2**.



**Figure 1.** Green practices adoption framework for SMEs logistics firms in Malaysia. Source: Nazry et al., 2014.



**Figure 2.** Green entrepreneurship development stages to support SMEs. Source: <https://www.smecorp.gov.my/index.php/en/about/2015-12-21-08-49-11/about-sme-corp-malaysia>.

## 6. Discussion

Although many opponents of change are worried about the future of jobs' opportunities, by time the supporters of new generation of businesses ensure that this region will guide to another window of having novel job opportunities due to:

- Developing goods & services; which need novel qualified skills.
- Enhancing the current Firms, which means creating new job's opportunities.
- New methods of marketing; which means innovated new channels of marketing that lead to more expertise. Thus, Malaysia is moving like other countries towards achieving green environment; not only for saving our environment but for achieving benefits as well to reach the level of social prosperity.

## 7. Conclusion

Last but not least, the current study concludes that there are serious and successful efforts towards green entrepreneurship in Malaysia. This progress is particularly notable under the guidance of the Central Bank of Malaysia and through the strong support provided by the Malaysian Government, as is evidenced by renewable energy projects and enhanced environmental initiatives. However, it should be noted that large corporations tend to have higher efficiency compared to SMEs in Malaysia.

This fact underscores the need to unify both governmental and private sector efforts to broaden the practice of green entrepreneurship and achieve environmental sustainability. This is especially important for projects that are focused

on the social-environmental dimension. It's advisable to follow global experiences, strive to overcome any shortcomings or weakness and try to turn them into opportunities.

## Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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