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How Do Business Ethics, Environmental Compliance, and Product Innovation Affect The Sustainability Performance of Creative Industry MSMEs in Bandung?

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ABSTRACT

This study aims to examine the influence of business ethics, environmental compliance, and product innovation on the sustainability performance of Micro, Small, and Medium Enterprises (MSMEs) in the creative industry in Bandung, Indonesia. Utilizing a quantitative approach, data were collected from 120 respondents through a structured questionnaire using a 5-point Likert scale. The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS 3.0). The results indicate that all three independent variables—business ethics, environmental compliance, and product innovation—positively and significantly affect sustainability performance. Among these, product innovation has the strongest impact, followed by business ethics and environmental compliance. These findings highlight the importance of integrating ethical behavior, regulatory adherence, and continuous innovation to promote sustainable growth in the creative MSME sector. This study provides theoretical and practical insights for entrepreneurs, policymakers, and researchers seeking to strengthen the role of sustainability in creative economic development.

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1. INTRODUCTION

The rapid growth of the creative industry in Bandung, Indonesia, has positioned it as a key driver of regional economic development, where Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in employment creation, cultural expression, and innovation. However, increasing demands for sustainable practices and responsible business conduct have pressured these enterprises to align their operations with environmental, ethical, and innovation-driven standards to maintain long-term competitiveness and social legitimacy. Innovation and creativity are essential for MSMEs in this sector to remain competitive, develop new products and services, reach broader markets, and enhance operational efficiency through technology adoption [1]. Moreover, creative product design and enriched customer experience are

critical in attracting consumer interest and distinguishing MSMEs from competitors [1].Economically, MSMEs are the backbone of Indonesia's economy, employing over 97% of the workforce and contributing more than 61% to the national GDP [2]. Despite their importance, these enterprises face considerable challenges in integrating into international supply networks, which are vital for boosting productivity and innovation [2]. To achieve a green competitive advantage, sustainable technology adoption and sound financial management are indispensable for MSMEs [3]. The adoption of such sustainable practices is shaped by diverse motivations, challenges, and strategic responses that determine how effectively MSMEs can engage with sustainability agendas [4]. Furthermore, the creative economy's contribution of 7.44% to Indonesia's GDP illustrates its growing significance and the strategic importance of the creative industry in driving national economic progress [5].

Sustainability performance, which encompasses environmental, social, and economic dimensions, has become a central concern for MSMEs as they seek to balance profitability with broader responsibilities. In this regard, business ethics play a pivotal role in shaping organizational behavior, guiding internal decision-making processes, and fostering stakeholder trust through transparency, accountability, and the cultivation of a positive corporate image—all essential for ensuring long-term business continuity. MSMEs, despite their vital contribution to national economies, face unique challenges in adopting sustainable practices due to limited resources and technical expertise [6]. While barriers such as financial constraints and the lack of skilled personnel persist, the personal values and ethical commitment of business owners often serve as key drivers in embracing sustainability [6]. The increasingly complex ethical landscape shaped by globalization, technological disruption, and rising corporate accountability expectations introduces challenges related to data privacy, workforce diversity, and profit pressures, necessitating strong leadership, robust corporate social responsibility (CSR) initiatives, and a commitment to transparency [7]. Strategically, sustainability in MSMEs requires the implementation of resource-efficient processes, waste reduction, renewable energy use, and ethical sourcing practices, which simultaneously enhance profitability and safeguard environmental and social well-being [8]. To effectively manage and improve these efforts, MSMEs must adopt comprehensive sustainability performance frameworks that assess and guide their initiatives across economic, environmental, and social dimensions [9].

Environmental compliance has become a pivotal concern for Micro, Small, and Medium Enterprises (MSMEs) as they face growing expectations to align with regulatory requirements and adopt eco-friendly practices. This compliance not only mitigates legal risks and prevents financial losses but also enhances operational efficiency, strengthens the enterprise's reputation among environmentally conscious consumers, and boosts investment attractiveness [10], [11]. As part of a broader transition toward a green economy, MSMEs are increasingly expected to contribute to sustainability goals to remain competitive and resilient in evolving markets. Adopting green practices enables cost savings through reduced resource consumption and waste generation—an especially significant benefit for small-scale enterprises that play a crucial role in global economic development [11]. Moreover, these initiatives help MSMEs align with international sustainability frameworks and prepare for emerging challenges such as resource scarcity and market shifts [11]. Despite facing barriers like financial constraints and limited technical expertise, stringent environmental regulations can act as a catalyst for change by encouraging the adoption of sustainable business models [12]. In this context, environmental auditing emerges as an effective strategy to assess, monitor, and improve legal compliance and sustainability performance, providing

MSMEs with a structured pathway toward responsible growth [13].

Product innovation is a critical determinant of sustainability for MSMEs in the creative industry, as the dynamic nature of consumer preferences and global market trends compels these enterprises to continuously innovate to remain competitive, address societal challenges, and create value aligned with sustainable development goals. Innovation in products and services serves as a key differentiator in a globalized market, attracting customer attention, improving product quality, and fostering long-term customer relationships [14]. The ability to adapt and innovate in response to emerging trends directly influences sales performance and market competitiveness, making it essential for MSMEs to thrive in ever-changing environments [15]. Strategies such as agile product development and the integration of circular economy principles offer pathways to align innovation with sustainability, thereby enhancing environmental and social impact while ensuring long-term business viability [16]. Furthermore, incorporating digital marketing and fostering consumer collaboration are vital for maintaining product relevance and strengthening customer loyalty, enabling MSMEs to bridge online and offline experiences in adapting to modern market dynamics [17]. However, resource limitations—particularly in terms of technical expertise and financial capacity—remain significant barriers for many SMEs in adopting sustainable innovation practices, underscoring the need for targeted support and capacity building to embed sustainability into their core operations [6].

Despite the recognized importance of these factors, there remains a gap in empirical research that explores how business ethics, environmental compliance, and product innovation simultaneously influence the sustainability performance of MSMEs in the creative industry, particularly in the context of Bandung. Addressing this gap is vital for understanding the strategic priorities and development pathways that can enhance sustainability among local creative entrepreneurs.

2. LITERATURE REVIEW

2.1 Business Ethics

Business ethics, which encompasses principles such as integrity, fairness, accountability, confidentiality, and respect, plays a vital role in shaping behavior within the business domain, especially for Micro, Small, and Medium Enterprises (MSMEs) in the creative industry. Ethical conduct is essential not only for building a strong and reputable brand identity but also for gaining a sustainable competitive advantage by fostering stakeholder trust and loyalty. These principles guide responsible decision-making and ensure that the interests of all stakeholders—employees, shareholders, and consumers—are considered [18], [19]. The theoretical foundations of business ethics, including Kantian ethics, utilitarianism, and virtue ethics, offer moral frameworks to evaluate and guide business strategies and actions [19], [20]. Ethical MSMEs are more inclined to integrate sustainability into their operations, as they prioritize long-term value creation over short-term gains that may harm society or the environment [18]. This ethical orientation contributes positively to their performance, enhances their market reputation, and supports the development of enduring relationships with stakeholders, ultimately positioning them more competitively in an

increasingly value-driven global economy [21].

2.2 *Environmental Compliance*

Environmental compliance is a critical component for Micro, Small, and Medium Enterprises (MSMEs) in the creative industry, as it ensures adherence to environmental laws and standards, thereby minimizing ecological harm while enhancing operational efficiency through resource optimization and waste reduction. Beyond avoiding legal penalties, compliance builds legitimacy in the market and supports the implementation of structured frameworks such as Environmental Management Systems (EMS), including ISO 14001, which help MSMEs manage environmental impacts more effectively [22], [23]. These systems foster innovation and encourage the integration of sustainable practices in product design and manufacturing, ultimately improving sustainability performance and aligning with rising consumer and regulatory expectations [24]. Moreover, the adoption of environmentally compliant materials and processes not only reduces ecological footprints but also elevates brand reputation, attracting eco-conscious consumers and investors [24], [25]. In a market increasingly driven by sustainability, proactive compliance enables MSMEs to position themselves as responsible and forward-thinking actors, thereby gaining a competitive edge and long-term viability [25].

2.3 *Product Innovation*

Product innovation in the creative industry is essential for growth, differentiation, and alignment with sustainability goals, especially as it involves introducing new or improved products to meet evolving consumer needs in a sector driven by originality. Innovative Micro, Small, and Medium Enterprises (MSMEs) are better equipped to address environmental and social challenges by developing sustainable products and adopting green design principles, which enhance resource efficiency and reduce environmental impact while fulfilling consumer expectations. Product innovation also drives firm performance and organic growth, particularly in experience-based economies where customer satisfaction is key [26]. It requires a comprehensive framework—from conceptualization to commercialization—that balances internal capabilities with market demands [27]. By embedding environmental considerations into product development, MSMEs gain competitive advantages and align with the growing demand for sustainable products [28]. This process relies on generating and applying new knowledge through both radical and incremental innovations that transform markets and boost economic activity [29].

2.4 *Sustainability Performance*

Sustainability performance in MSMEs, particularly within the creative industries, entails the integration of economic, social, and environmental responsibilities into daily

operations, aligning with the Triple Bottom Line framework that balances profitability, social equity, and environmental stewardship. This integration is not only a moral obligation but also a strategic move that enhances competitive advantage. Creative industry MSMEs that embrace ethical, innovative, and environmentally compliant practices often achieve superior performance across these dimensions. Economically, MSMEs play a vital role in GDP contribution and employment, though many still prioritize financial outcomes over social and environmental aspects to stay competitive [9]. Innovation emerges as a key driver of economic success, positively influencing MSME performance [30]. Socially, while often underexplored, corporate social responsibility (CSR) is essential for sustainable development, with adaptive and innovative practices enhancing MSMEs' responsiveness to stakeholder expectations [30], [31]. Environmentally, despite challenges such as limited resources and expertise [6], creative MSMEs that adopt innovative and eco-friendly practices can significantly improve their environmental performance [30], demonstrating that sustainability and innovation are mutually reinforcing in driving holistic business success.

2.5 Hypothesis Development

Based on the theoretical background and previous empirical findings, the following hypotheses are proposed:

H1: Business ethics positively affect the sustainability performance of creative industry MSMEs.

H2: Environmental compliance positively affects the sustainability performance of creative industry MSMEs.

H3: Product innovation positively affects the sustainability performance of creative industry MSMEs.

3. METHODS

The research employs an explanatory survey design aimed at identifying and analyzing causal relationships among variables using structured questionnaires, making it suitable for hypothesis testing and quantitative perception measurement through standardized instruments. The population in this study consists of owners and managers of Micro, Small, and Medium Enterprises (MSMEs) operating in the creative industry sector in Bandung, Indonesia, which includes businesses in fashion, crafts, digital media, culinary arts, and other creative fields recognized by the Indonesian Ministry of Tourism and Creative Economy. A purposive sampling technique was applied to select MSMEs that had been operational for at least two years and demonstrated familiarity with concepts such as business ethics, environmental practices, and innovation. The total sample comprised 120 respondents, which meets the minimum sample size requirement for Structural Equation Modeling using Partial Least Squares (PLS), where at least 10 times the maximum number of structural paths is recommended.

Primary data were collected through structured questionnaires distributed to MSME owners and decision-makers both online and offline to maximize reach and response efficiency. The questionnaire was developed using validated constructs from previous studies and utilized a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Each variable in the study was measured through multiple reflective indicators derived from established

literature. Business Ethics was measured using four indicators: honesty, fairness, transparency, and ethical employee treatment (Ferrell et al., 2019). Environmental Compliance included adherence to regulations, waste management, use of eco-friendly materials, and sustainability certification compliance (Zhang et al., 2014). Product Innovation was assessed through indicators such as new product development, improvement of existing products, responsiveness to trends, and design uniqueness (Chen et al., 2006). Sustainability Performance encompassed economic, social, and environmental dimensions, focusing on profitability, community contribution, and eco-efficiency (Elkington, 1997; Dyllick & Hockerts, 2002).

The collected data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with the help of SmartPLS 3.0 software, chosen for its ability to accommodate complex models, small to medium sample sizes, and non-normal data distributions. The analysis procedure included several key steps. First, descriptive statistics were used to summarize respondent profiles and overall response tendencies. Second, outer model evaluation was conducted to assess indicator reliability, convergent validity through Average Variance Extracted (AVE), and discriminant validity. Third, inner model evaluation examined path coefficients, R^2 values, and effect sizes to determine the strength of relationships among constructs. Finally, hypothesis testing was performed using bootstrapping with 5000 resamples, where a t-value greater than 1.96 and a p-value less than 0.05 were used as criteria for statistical significance.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

1. Respondent Profile

Based on the respondent profile, 70% of participants were business owners and 30% were managers. In terms of the type of creative industry, 35% operated in the fashion sector, 30% in culinary, 20% in digital media, and 15% in crafts. Regarding the length of business operation, the majority (60%) had been in operation for 2–5 years, followed by 30% with 6–10 years, and only 10% with over 10 years of experience. As for the number of employees, 45% of businesses had between 1–5 employees, 35% had 6–10 employees, and 20% employed more than 10 people.

4.2 Validity and Reliability Testing (Outer Model)

This section presents the results of the outer model evaluation, which assesses the reliability and validity of the measurement instruments used in the study. The evaluation covers four key aspects: indicator reliability (loading factor), construct reliability (Cronbach's Alpha and Composite Reliability), convergent validity (Average Variance Extracted or AVE), and discriminant validity (Fornell-Larcker Criterion and HTMT). The analysis was conducted using SmartPLS 3.0, applying a minimum threshold of 0.700 for indicator reliability and 0.500 for AVE to ensure acceptable measurement quality. The results show that all indicators in this study have outer loading values exceeding 0.700, confirming that each item contributes strongly to the measurement of its respective latent construct.

Table 1. Loading Factor

Construct	Indicator	Loading Factor
Business Ethics	BE1	0.823
	BE2	0.814
	BE3	0.801
	BE4	0.825
Environmental Compliance	EC1	0.803
	EC2	0.788
	EC3	0.774

	EC4	0.807
Product Innovation	PI1	0.819
	PI2	0.831
	PI3	0.846
	PI4	0.822
Sustainability Performance	SP1	0.812
	SP2	0.805
	SP3	0.794
	SP4	0.826

All outer loading values exceed 0.700, confirming good indicator reliability for each measurement item. Construct reliability was assessed using Cronbach's Alpha (CA) and Composite Reliability (CR), both of which should exceed the threshold of 0.70. The results show that Business Ethics (CA = 0.823; CR = 0.879), Environmental Compliance (CA = 0.802; CR = 0.865), Product Innovation (CA = 0.838; CR = 0.892), and Sustainability Performance (CA = 0.816; CR = 0.878) all meet and surpass the recommended criteria. These values indicate strong internal consistency and reliability across all constructs used in the study.

Convergent validity in this study was assessed using Average Variance Extracted (AVE), with a minimum threshold of 0.50, indicating that a construct explains more than half of the variance of its indicators. The results show that all constructs meet this criterion: Business Ethics (AVE = 0.645), Environmental Compliance (AVE = 0.617), Product Innovation (AVE = 0.674), and Sustainability Performance (AVE = 0.643). These values confirm that all constructs demonstrate good convergent validity.

1. Discriminant Validity

a. Fornell-Larcker Criterion

Discriminant validity is confirmed when the square root of each construct's AVE (in bold) is greater than its correlations with other constructs.

Table 2. Fornerr Larcker Discriminat

Construct	BE	EC	PI	SP
Environmental Compliance (EC)	0.612	0.785		
Product Innovation (PI)	0.598	0.619	0.821	
Sustainability Performance (SP)	0.634	0.605	0.676	0.801

The diagonal values (√AVE) are higher than the correlations with other constructs, confirming discriminant validity.

b. HTMT (Heterotrait-Monotrait Ratio)

HTMT values should be < 0.90 for discriminant validity to be established.

Table 3. HTMT Ratio

Construct Pair	HTMT Value
BE – EC	0.755
BE – PI	0.736
BE – SP	0.778
EC – PI	0.764
EC – SP	0.752
PI – SP	0.794

All HTMT values are below the threshold, confirming no multicollinearity and supporting discriminant validity.

4.3 Structural Model and Hypothesis Testing (Inner Model)

This section presents the results of the inner model (structural model) evaluation, which analyzes the relationships among latent constructs using SEM-PLS 3.0. The main components assessed include collinearity (inner VIF values), coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and path coefficients for hypothesis testing. Bootstrapping with 5,000 resamples was employed to calculate t-statistics and p-values, with a threshold of $t > 1.96$ and $p < 0.05$ used to determine statistical significance.

Collinearity was examined through Variance Inflation Factor (VIF) values to ensure no multicollinearity issues among the predictor variables. The results show that all VIF values are well below the recommended threshold of 5.0, with Business Ethics (VIF = 1.762), Environmental Compliance (VIF = 1.589), and Product Innovation (VIF = 1.943). These findings indicate that multicollinearity is not a concern in the model, and the predictor constructs are sufficiently independent.

The coefficient of determination (R^2) for the endogenous variable, Sustainability Performance, was found to be 0.642. This means that 64.2% of the variance in sustainability performance can be explained by the combined influence of business ethics, environmental compliance, and product innovation. According to Hair et al. (2019), this value is categorized as substantial, indicating that the model demonstrates a strong explanatory power.

The effect size (f^2) analysis shows the individual contributions of each predictor variable to the R^2 value. Product Innovation had the highest impact on Sustainability Performance with an effect size of 0.201 (medium), followed by Business Ethics at 0.148 (medium), and Environmental Compliance at 0.108 (small). In terms of predictive relevance, the Q^2 value for Sustainability Performance was 0.391, suggesting a large predictive relevance. This confirms that the structural model not only explains but also predicts the dependent variable with high accuracy.

4.3.5 Hypothesis Testing (Path Coefficients)

Bootstrapping results were used to test the hypotheses.

	Path	Original Sample (O)	Sample Mean (M)	Std. Deviation (STDEV)	T-Statistic	P-Value	Result
H1	Business Ethics → Sustainability Performance	0.328	0.327	0.067	4.921	0.000	Supported
H2	Environmental Compliance → Sustainability Performance	0.274	0.276	0.074	3.681	0.001	Supported
H3	Product Innovation → Sustainability Performance	0.389	0.390	0.065	6.013	0.000	Supported

All three hypotheses in the study are statistically significant at $p < 0.05$, indicating that the proposed relationships among variables are supported by the data. Among the three, Product Innovation shows the highest standardized coefficient, reflecting its dominant influence on sustainability performance. In addition, both Business Ethics and Environmental Compliance also demonstrate significant and positive effects, confirming their important roles in enhancing the sustainability outcomes of MSMEs in the creative industry.

Discussion

1) Business Ethics and Sustainability Performance

The positive relationship between business ethics and sustainability performance confirms that ethical values are fundamental to long-term business success. Ethical MSMEs are more likely to build trustworthy relationships with customers, employees, and partners, which is especially vital in the creative industry where originality, authenticity, and public perception play a central role. Ethical conduct strengthens brand identity, fosters stakeholder loyalty, and enhances social legitimacy. This finding aligns with previous research emphasizing that ethical principles such as support, respect, and responsibility positively influence the economic, social, and environmental dimensions of sustainability [32]. Moreover, strategic emphasis on specific ethical values can amplify their impact on sustainability, highlighting the importance of ethical focus in organizational behavior.

Further supporting this view, business ethics, when integrated into corporate strategy, are known to improve overall performance and reinforce sustainable practices [33] Initiatives such as ethical governance and CSR not only promote community development and employee welfare but also strengthen a company's internal culture and external image. In competitive contexts, particularly in international markets, ethical behavior serves as a strategic asset that enhances positioning and equips firms to tackle global issues like climate change and inequality [34]. Additionally, sustainability itself is increasingly regarded as a business ethic, with evidence showing that ethical business conduct correlates with financial success—as demonstrated by the performance of indices such as the Dow Jones Sustainability Index [35]. Collectively, these insights underscore that MSMEs that prioritize fairness, honesty, and integrity are not only more resilient against reputational threats but are also better equipped to achieve sustainable growth.

2) Environmental Compliance and Sustainability Performance

The study also confirms that environmental compliance significantly influences sustainability performance. MSMEs that adhere to environmental regulations and adopt eco-friendly practices tend to enhance operational efficiency, minimize waste, and appeal to environmentally conscious consumers. This finding aligns with prior research indicating that environmental compliance positively correlates with market performance, as it increases competitiveness through alignment with consumer awareness and sustainable practices [36]. Furthermore, government regulations and eco-innovation have been shown to significantly improve environmental outcomes, highlighting regulatory compliance as a critical factor in meeting sustainability targets [37]. Green business practices—such as waste reduction and sustainable supply chain management—are essential strategies that reduce environmental footprints while boosting efficiency [38]. The integration of lean and green approaches, particularly in manufacturing SMEs, further reinforces this link by simultaneously addressing environmental responsibility and operational performance [39].

Moreover, the increasing demand from consumers for sustainable products and responsible production practices requires MSMEs to adopt environmentally friendly methods to maintain market relevance and differentiation [38]. Environmental accounting strategies and effective waste management have also been identified as essential tools for supporting sustainable development goals, particularly in relation to responsible consumption and production [40]. These insights underscore that environmental compliance not only mitigates legal and reputational risks but also enhances the strategic positioning of MSMEs in competitive markets. For creative industry

MSMEs—especially those involved in fashion, crafts, or other material-intensive sectors—environmental responsibility has become a key differentiator. By pursuing green certifications, managing production waste, and using sustainable materials, these enterprises are better equipped to meet consumer expectations, strengthen their brand image, and achieve long-term sustainability performance.

3) Product Innovation and Sustainability Performance

Product innovation was found to have the strongest influence on sustainability performance. In the creative industry, innovation extends beyond merely introducing new products—it encompasses the continuous adaptation to consumer preferences, market dynamics, and sustainability imperatives. MSMEs that innovate are better positioned to design products that are not only attractive and functional but also environmentally and socially responsible. This finding supports the conclusions of several scholars who argue that innovation enhances sustainability by improving product lifecycles, reducing resource consumption, and addressing evolving societal demands. For instance, innovation in product design and development helps extend product lifespans and reduce waste [41], while sustainable design practices using eco-friendly materials contribute to longer-lasting, low-impact goods [42].

Furthermore, green innovation supports resource efficiency and reduces pollution, advancing the circular economy [42]. SMEs embracing green supply chain management can optimize operations while minimizing environmental footprints [16]. Innovation also allows MSMEs to stay attuned to consumer demands for sustainable products, enhancing market competitiveness and regulatory compliance [1], [16]. In Bandung's creative ecosystem, where competition and creativity intertwine, such innovative capabilities help MSMEs stay relevant, agile, and forward-looking. Additionally, innovation drives the exploration of new materials, sustainable packaging, and digital solutions—key pillars of a circular economy. Therefore, product innovation is not only beneficial but essential as a strategic response to the shifting expectations of ethically and environmentally conscious consumers.

4) Theoretical and Practical Implications

From a theoretical perspective, this study advances the understanding of sustainability performance by integrating ethical, regulatory, and innovation dimensions into a unified model. It highlights the synergistic effects of these three components, which together account for a significant 64.2% of the variance in sustainability performance among creative MSMEs. This integration underscores the importance of viewing sustainability not as a fragmented concept but as a multidimensional construct influenced by values, compliance, and adaptability.

From a practical standpoint, the findings offer several key implications for stakeholders in the creative industry. First, entrepreneurs are encouraged to embed ethical values into the core of their business operations, as this fosters trust and supports long-term viability. Second, adherence to environmental regulations should be embraced not merely as a compliance requirement, but as a strategic move that reduces risk and enhances brand reputation. Lastly, innovation must be a continuous effort, guided by the principles of sustainable development, to maintain competitiveness and build resilience in an increasingly dynamic market.

5. CONCLUSION

The results of this study empirically demonstrate that business ethics, environmental compliance, and product innovation significantly and positively contribute to the sustainability performance of creative industry MSMEs in Bandung. Specifically, business ethics cultivate trust and

accountability, thereby enhancing long-term credibility and stakeholder engagement. Environmental compliance not only ensures adherence to legal standards but also strengthens reputational standing and promotes operational efficiency through eco-conscious practices. Meanwhile, product innovation emerges as a pivotal driver of sustainability, enabling MSMEs to respond to changing market needs with creative and responsible solutions. With an R^2 value of 0.642, the findings validate that these three variables collectively provide a strong predictive model for sustainability performance and enrich the literature on sustainable entrepreneurship in developing economies.

From a practical perspective, the study offers actionable insights for MSME owners, who are encouraged to institutionalize ethical principles within their business culture, adopt environmentally sustainable practices, and invest in ongoing product innovation aligned with sustainability objectives. These strategic actions are not only beneficial for long-term competitiveness but also essential for achieving social and environmental impact. In parallel, policymakers and industry stakeholders should facilitate these initiatives by providing targeted training, financial incentives, and robust regulatory frameworks that support responsible and innovative business conduct.

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