

Factors Affecting Green Entrepreneurial Intention among Small and Medium Enterprise Owners in Western Province, Sri Lanka

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Abstract - Disturbance to the ecological balance by enterprises in their entrepreneurial activities have led to the increased interest in green behaviours signifying the role of entrepreneurs within them. Green Entrepreneurship, a sustainable and a conservationist business model is a great platform to address this phenomena. Given the enormous contribution made by Small and Medium Enterprises for a country's economy, their role in green entrepreneurial behaviours is noteworthy. As behaviour is substantially predicted by intention and motivational factors influencing a behaviour are assumed to be captured by intention, this study expects to find out the factors influencing Green Entrepreneurial Intention among Small and Medium Enterprise owners in Western Province, Sri Lanka, after identifying green entrepreneurship as a planned behaviour. Accordingly, based on the Theory of Planned Behaviour, it is conceptualized that factors *Attitudes* towards green entrepreneurial behaviour, *Social norms* and *Perceived behavioral control* as factors that could be considered as predictors of *Green Entrepreneurial Intention*. Adopting a quantitative strategy, the data collection was carried out from a sample of 279 Small and Medium Enterprise owners in Western Province, Sri Lanka by means of a self-administered structured questionnaire. Tests on correlation and regression analyses indicated that the Green Entrepreneurial Intention among Small and Medium Enterprise owners in Western Province, Sri Lanka is significantly ($p < .01$) predicted by *Attitudes* towards green entrepreneurial behaviour and *Perceived behavioral control*. This finding is expected to have significant policy implications in promoting green entrepreneurship in Sri Lanka.

Keywords: Green Entrepreneurship, Green Entrepreneurial Intention, Theory of Planned Behaviour

1. Introduction

The present day business world is congested with high profit targets and has apparently resulted in triggering many a number of hostile and adverse effects including environmental pollution, unconscious over consumption of natural resources, global warming and reduction of biodiversity (Uslu et al. 2015). On the other hand, it is well noted that the catalyst of this business world is *Entrepreneurship*, where *Entrepreneurship* could be considered as a concept, a field of study that has been explained in numerous ways (Bruyat & Julien 2001), ranging from narrow meanings such as forming of an individual venture, to broad conceptualizations such as a work attitude that stresses self-reliance, initiative, innovativeness, and risk-taking (Geldern et al. 2008). The entrepreneur, the person who practices the said entrepreneurship, according to Bell (2004, cited in Allen & Malin 2008) is an enthusiastic, industrious individual who is ready to confront challenges and engage in innovations, but may be associated with high-pollution activities when adherence to the bottom line. In such a context, entrepreneurial activities may also be regarded as a cause of environmental degradation, and thus, entrepreneurs have a vital role to play in promoting sustainable development which is centered on practicing the holistic approach of accomplishing the triple bottom-line: people, planet and profits (Koe et al. 2014).

Uslu et al. (2015) claim that in playing that vital role, the concept of *green entrepreneurship*, the building block of the green economy, merely a conservationists and a sustainable business model and a solution provider for environmental destruction, is unavoidable. According to Ndubisi and Nair (2009, pp 22), green entrepreneurship could be defined as the “propensity to innovate or create a green organization” which in today’s business is a matter of survival and growth at its ultimatum. Further to that, green entrepreneurship is a driving force for a new economic start with high growth potential, creation of new jobs and an ideal platform for poverty and natural resource dependency issues to be more systematically and wisely approached (Allen & Malin 2008; Nikolaou et al. 2011).

While there are ample benefits associated with the concept of green entrepreneurship, Koe et al. (2014) pinpoints that such sustainability practices have been common mainly among corporations and large companies. Therefore, the importance of Small and Medium-Scale Entities (SMEs) is usually overlooked in sustainable paradigms even after they constitute larger parts of economies (Schaper 2002, cited in Allen & Malin 2008). On the outset, the importance of promoting green entrepreneurship behaviours in any country is justified especially in the context of SMEs.

Furthermore, given the notions that intentions predict a larger part of a planned behaviours, and entrepreneurship is too a planned behaviour and thus can be amenable to research through models of intention (Bird 1988, Katz & Gartner 1988, cited in Kruger & Brazel 1994), it also could be argued that Green Entrepreneurship is also a planned behaviour and could be amenable to research using the formal intention models.

Accordingly, based on the above observations, to drive the green entrepreneurship behaviours, it is apparent that the related intention should be improved. To improve the intention, particularly the Green Entrepreneurial Intention (GEI), it is essential to improve the intensity of impact of factors influencing intention in interest. Thus, to accomplish this improvements, it is vital to research on the factors impacting an intention and of the factors improving the intensity of the factor impact. Based on the above background, this study is centered on addressing the research problem of:

What are the factors and their impact influencing Green Entrepreneurial Intention (GEI) among SME owners in Western Province, Sri Lanka?

Addressing the aforementioned research problem, the objectives of the study were formulated as: to assess the degree of GEI, to identify the factors influencing GEI, and to examine the impact of such factors on GEI, in terms of SME owners in Western Province, Sri Lanka.

Green entrepreneurship being recognized as a “major force in the overall transition towards a more sustainable business paradigm” (Schaper 2002, cited in O’Neill & Gibbs 2014), in carrying out this research study centered on green entrepreneurship, it is expected to fill the local research gap by assessing the degree of GEI, and by identifying factors impacting GEI among the SME owners in the context of Western Province, Sri Lanka. These could be identified as the empirical significance of carrying out the study. On the other hand, among the practical importance, it is expected to enhance the awareness among the public on green entrepreneurship, its invaluable importance on green economy and the society amidst the environmental imbalances inflating day by day and causing hazardous effects on human lives, using education as a mechanism in formal and informal platforms. Accordingly, the research study is expected to be a pioneering study which highlights the importance of establishing and implementing the green entrepreneurial activities and practices among the Sri Lankan SME sector. Further, it is anticipated that this research will act as an informative tool for authoritative parties to develop frameworks and policy support in the field of green entrepreneurship. In addition, it is expected that the findings of the study could be supportive in policy implications within the country especially when the contemporary national dialogues are centered towards building a ‘Sri Lanka Next, A Blue Green Era’ (Mudugamunuwa 2017).

2. Methodology/Experimental Design

A quantitative approach had been deemed appropriate and used in this study as the main objectives of this study involves assessing the level and examination of the associations between the main variables. A similar approach is being utilized in studies such as Olmos and Castillo (2015), Ozaralli and Rivenburgh (2016), Rezaai, et al. (2016), Westhead and Solesvik (2016), Miranda et al. (2017) etc.

Furthermore, in accomplishing the objectives elaborated in the preceding section, the researchers carried out a comprehensive literature review and identified the Theory of Planned Behaviour (TPB) as the base theoretical model of this study. Thereby, Attitudes towards green entrepreneurial behaviour (ATB), Social Norms (SN) and Perceived Behavioural Control (PBC) were identified as predictors of GEI. In addition, gender, age, religiosity, education and the size denoted by the number of employees were identified as *control variables* of the study via the comprehensive literature survey. Accordingly, the researchers developed the conceptual framework mainly based on Ajzen’s TPB in 1991 as illustrated in the Figure 01 below.

Moreover, in addressing the research problem three hypotheses were proposed as follows.

H₁: There is a significant association between Attitudes towards green entrepreneurial behaviour (ATB) and Green Entrepreneurial Intention (GEI) among SME owners in Western Province, Sri Lanka

H₂: There is a significant association between Social Norms (SN) and Green Entrepreneurial Intention (GEI) among SME owners in Western Province, Sri Lanka

H₃: There is a significant association between Perceived Behavioural Control (PBC) and Green Entrepreneurial Intention (GEI) among SME owners in Western Province, Sri Lanka

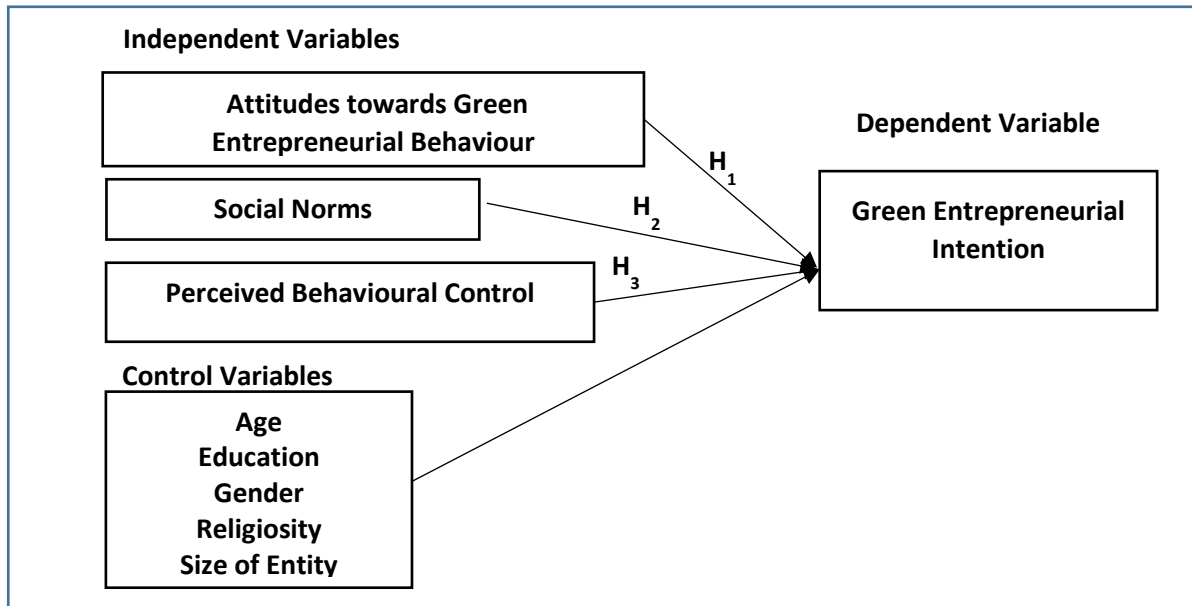


Figure 2. Conceptual Framework

Source: Author constructed

In terms of operationalization of the main variables of this study, Green Entrepreneurial Intention (GEI) is defined as the state of mind that influences the cognitive thinking of the entrepreneur towards forming of a green entrepreneurial firm or an activity; Attitudes towards green entrepreneurial behaviour (ATB) as the favourable or unfavourable evaluation towards green entrepreneurial behaviour; Social Norms (SN) as the extent of the influence of the opinion of important people that matters, Perceived Behavioural Control (PBC) as the perceptions of the behaviour's feasibility and religiosity (Reg.) as the numerous aspects of the effect of religion on the behaviour and mindset of its observers.

The researcher defined the study population as SME owners of Western Province Sri Lanka and collected data by means of a self-administered structured questionnaire from a convenience sample of 279 SME owners. The self-administered questionnaire was developed based on an extensive literature survey and was subjected to expert opinions. Then the refined questionnaire was pilot-tested and further adjustments were done. The final version was administered among the participants.

In examining the relationships and testing hypotheses, researchers was aligned to a quantitative analytical strategy where several tests were undertaken in achieving study objectives. In accomplishing study objective to assess the degree of GEI the tests on measures of central tendency and dispersion and independent sample t-tests were used. In examining the impact of influencing factors on GEI Pearson product moment correlation analysis and regression analysis were carried out after ensuring the reliability and validity of the data.

3. Results and Discussion

This section elaborates the key findings of the study with a discussion on them. In terms of the first objective the study, where the level of green entrepreneurial intention (GEI) was assessed, the measures of central tendency indicated that among the SME owners in Western Province, Sri Lanka, there is a level of GEI of 4.88 (out of a Likert Scale 1 – very low to 7 – very high), which is slightly

higher to the neutral value (4). Similar findings are indicated in the studies of Ozaralli and Rivenburgh (2016); Koe et al. (2014), Pretheeba (2014) and Nishantha (2008).

The second objective of the study (i.e.: to identify the factors influencing GEI) was accomplished by carrying out a comprehensive literature review and identified eight factors predicting GEI, which could be considered as main independent variables; Attitudes towards green entrepreneurial behaviour (ATB), Social Norms (SN), Perceived Behavioural Control (PBC) and control variables; age, gender, education, size of the entity, and religiosity. Among the supporting findings, studies of Gelderen et al. (2008, p. 541), Linan and Chen (2009, p. 594), Kautonena et al. (2013, p. 698), Koe et al. (2014, p. 67), Ozaralli and Rivenburgh (2016, p. 6), Ambat and Damit (2016, p. 112), Buana (2016, p. 118), Patricia and Silangen (2016, p. 67) and Miranda et al. (2017, p. 114) were prominent.

In achieving the third objective of the study (i.e.: examining the impact of influencing factors on GEI), a correlation analysis was performed and the results indicated statistically significant associations between the ATB (coefficient: 0.804; $p < .01$), PBC (coefficient: 0.633; $p < .01$), religiosity (coefficient: 0.219; $p < .01$) and educational level (coefficient: 0.182; $p < .01$) and the dependent variable GEI among SME owners in Western Province, Sri Lanka. Further, as indicated by Table 2 below, the results of regression analysis performed indicated that ATB and PBC predict the GEI ($ATB = 0.640$ and $PBC = 0.297$; $p < .01$) among the SME owners in Western Province, Sri Lanka with an Adjusted R^2 of 0.685.¹ In grasping through supportive literature Linan and Chen (2009, p. 607) model explains 55.5 %, Miranda et al. (2017, p. 118) explains 56.8%, Kautonen et al. (2013, p. 703) model explains 41%, Mbebeb (2012, p. 5) predicts 62.2 % variance in entrepreneurial intention context.

Table 2. Regression Analysis

Variable	Coefficient	T	VIF
<i>ATB^b</i>	.640**	14.759	1.496
<i>SN</i>	-.020	-.572	1.092
<i>PBC</i>	.297**	6.159	1.485
<i>Reg</i>	.039	.706	1.148
<i>Edu</i>	.126	1.173	1.125
<i>Gen</i>	-.003	-.022	1.073
<i>Size</i>	.002	1.151	1.062
<i>Age</i>	.005	.882	1.044
(Constant)	-.068	-.206	
Adjusted R ²	0.685		
<i>F</i>	68.160**		
<i>Sig</i>	0.000		
<i>N</i>	279		

** $p < .01$

Source: Based on Survey Data 2017

4. Conclusion

This study is conducted to address the research problem of identifying the factors and their impact that influence GEI of SME owners in Western Province, Sri Lanka and centered on addressing the objectives namely assessing the degree of Green Entrepreneurial Intention (GEI), identifying the factors influencing GEI and examining the impact of factors on GEI. In addressing the objectives a

¹ The regression diagnostics on normality, linearity, multicollinearity, heteroscedasticity, etc. did not indicate significant anomalies.

quantitative strategy is adopted based on the positivist paradigm. Study identifies its population as the SME owners of Western Province, Sri Lanka as the commercial hub of Sri Lanka is situated in Western province. Due to the absence of a reliable sample framework, it selected the convenience sampling method and used a structured questionnaire developed based on a comprehensive literature survey subjected to expert opinions.

On the whole, in terms of the first objective, which refers to the degree of GEI, it was observed a slightly higher degree of GEI to the neutral position within SMEs in Western Province, Sri Lanka. This finding could be considered as an alarming situation when considered about the growing demand for green entrepreneurial behaviours today amidst the inflating environment degradation, and this finding is also consistent with the scare extant literature (Ozaralli & Rivenburgh, 2016; Koe et al., 2014, Pretheeba, 2014).

In terms of accomplishing the second objective a through literature review was carried out identifying eight factors predicting GEI as Attitudes towards green entrepreneurial behaviour (ATB), Social Norms (SN), Perceived Behavioural Control (PBC) and control variables namely; age, gender, education, size of the entity, and religiosity. Third objective which was focused on examining the associations between GEI and the factors influencing GEI was addressed finding that ATB and the PBC significantly predicts the GEI among the SME owners in Western Province, Sri Lanka.

Thus, in terms of policy implications, in order to improve the low degree of GEI, researchers propose to engage in certain modifications on the education system to enhance awareness particularly incorporating study fields of green entrepreneurship in to the school and university curricular. Further to that, carrying out adequate awareness programs on green entrepreneurship addressing initially the SME owners in Western Province, then to Sri Lanka and extending it to general public could also be carried out.

Amidst the important findings generated on GEI through this study, it is important to note that researcher confronted with some key limitation such as dearth of literature in both local and international context on GEI. Particularly, in the local context this limitation was quite significant even in the literature on green entrepreneurship. The study focused its attention on the Western Province, where the Sri Lankan commercial capital is situated. This is also could be considered as a limitation in carrying out the study. Accordingly, it would be interesting if the future work could be carried out in the GEI in the proposed model, in other provinces of the country so that the national level degree of GEI could be assessed which could be of a greater value addition to the extant literature and related policy implications. Further, a longitudinal study could provide more validity to the research findings. Finally, it is further suggested that without limiting the study to examining the green entrepreneurial *intention*, studies could also be extended to examine the aspects of green entrepreneurial *behaviour* in the future research once the green entrepreneurship become conversant and popular in the country.

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