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# Impact of Environmental, Social, and Governance (ESG) Practices on Entrepreneurial Performance and Sustainability of Indian MSMES

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**Abstract**

Environmental, Social and Governance (ESG) Practices have become significant contributors to sustainable business growth and organization competitiveness. This study investigates how Entrepreneurial Performance and Entrepreneurial Sustainability of Indian Micro, Small and Medium Enterprises (MSMEs) are affected by ESG practices. A descriptive and analytical research design was used and primary data was gathered from 200 MSME owners, entrepreneurs and managers using a structured questionnaire. The collected data were analyzed descriptively in SPSS, and multiple regression analysis was used. The results indicate that the level of ESG adoption by MSMEs is relatively high, with governance having the highest rate of adoption. According to the regression results, entrepreneurial performance and sustainability are greatly and positively influenced by environmental, social and governance practices, with governance practices on the highest ranking environmental variable. The study demonstrates that embedding ESG principles increases the resilience, efficiency, trust and sustainability of business. The findings highlight the significance of the ESG integration steps taken by MSMEs and the necessity of ESG awareness creation and capacity building among MSMEs for supporting sustainable business practices.

**Keywords:** Environmental, Social, Entrepreneurial Performance, Sustainability, Governance Practices, Business Performance.

## 1. Introduction

ESG (Environment, Social, Governance) is becoming an all-encompassing measurement for the efforts of an organization in sustainable and responsible business operations. The environmental dimension is about conserving resources, controlling pollution and climate-related projects, while the social dimension is about making provisions for employees, involving communities and managing the relationships with stakeholders. Governance includes transparency, accountability, good ethics and good business practice.

These dimensions offer a comprehensive picture of how sustainable an organization is and how valued it is to their long-term. In recent years, the importance of ESG is rising in modern business as the concerns of climate change, social inequality and corporate accountability are increasing. More than just a financial level business is being held to account for its actions and investors, customers, regulators and others are increasingly demanding more responsible business practice. Consequently, ESG has become a central element of strategy and business competitiveness.

Micro, Small and Medium Enterprises (MSMEs) are vital for employment, industrial production, exports and GDP of India. MSMEs contribute to inclusive development, innovation and entrepreneurship for the regions and the country's growth and are important contributors. Their contribution makes them an important sector for the achievement of sustainable economic progress. Indian MSMEs are increasingly embracing ESG practices to align with global sustainability standards and stakeholder expectations. The increasing participation in international value chains, the development of sustainability regulations and the growing awareness of sustainability have led to the adoption of ESG principles in the business of MSMEs.

However, adoption levels vary from one enterprise to another, depending on their resources, capabilities and awareness. In present competitive world, entrepreneurial performance and sustainability are the important factors to determine the success of business. Entrepreneurial performance is concerned with the ability of an enterprise to grow, profit, innovate and expand into the market while sustainability focuses on long term economic, environmental and social sustainability. ESG can strengthen both sides by building organisational resilience and stakeholder trust. ESG is a rising trend for businesses to integrate sustainability and social impact into profitability. ESG is no longer viewed as a compliance obligation but a risk management and/or operational efficiency solution. It is also an innovation and competitive advantage.

Companies that have embraced the ESG principles are more likely to be able to address the new challenges that come up with the markets and the regulations. Sustainability is an important component to the success of the business in the long-term and to the well-being of society. Sustainability practices increase the efficiency of resources, ethical governance, and responsible stakeholder engagement, which lead to an increase in business performance and reduction in business risk. These practices also add to corporate image and sustainable growth opportunities. While there are significant potential benefits to ESG adoption there are several challenges for MSMEs in implementing ESG.

Limited financial resources, lack of technical expertise, lack of awareness, and complex reporting requirements are often barriers to the effective integration of ESG principles. Moreover, many MSMEs are prevented from investing in sustainability because they have to choose between sustainability and other short-term business needs, which impairs diffusion. In the era of sustainability and responsible business practice gaining importance, it is important to investigate the impact of ESG practices on entrepreneurial performance and sustainability of the MSMEs in India. The relationship can help policymakers, industry stakeholders and business owners to develop strategies to encourage adoption of ESG and sustainable economic growth. The present study attempts to review and analyse the status of ESG practices and its impact on the entrepreneurial performance and sustainability of the MSMEs in India.

## 2. Literature Review

Manasa et.al. (2025) The study examines Micro, Small, and Medium-sized Businesses (MSMBs) in Bangalore City, as their financial performance, investment decisions and sustainability could be impacted by Environmental, Social and Governance (ESG) practices. With stakeholders increasingly concerned about a company's environmental responsibility, ESG analysis is a powerful strategic tool for influencing short- and long-term success. This research adopts a mixed-methods approach, incorporating quantitative evidence from a structured survey of MSME owners and managers as well as qualitative data from semi-structured interviews. The analysis done is called statistical analysis, which encompasses regression and correlation methods. This method is utilised to understand the existence of a connection between the levels of ESG implementation within an organization and its profitability, investment potential and operational resilience. The proactive incorporation of ESG principles into the operations of micro, small and medium-sized enterprises (MSMEs) has a positive effect on their financial performance, investor confidence and their ability to meet market and environmental challenges. Lack of resources, ESG-related knowledge and fuzzy rules are issues hampering broader adoption. To facilitate the adaptation of ESG in MSME via the development of urban economic sustainability, capacity-building interventions, strategically focused policies and stakeholder interaction are needed.

Kumar, et al., 2024 This study explores the interrelationships of technical innovation, entrepreneurial spirit, corporate innovation, ESG (environment, society, governance) and environmental performance (EP) of publicly traded small industrial companies. The study also examines the mediating role of technical innovation in the EP and the moderating role of entrepreneurial orientation. These companies are characterised by their entrepreneurial spirit, financial success and social responsibility in the handicraft sector. Academics and lawmakers are increasingly concerned that climate change poses mounting challenges to the sustainability of small-scale businesses and the environment. Businesses around the world are under a double burden to reduce their impact on global emissions and resource use, but also to find ways of improving their own operations so that they can help the craft industry flourish as part of the small business sector. In this study, the PLSSEM program was used because it allows to examine several relationships simultaneously and is appropriate for exploratory research. These results suggest that both technical innovation and the adoption of principles of ESG lead to better environmental performance. Technical advances enable improvements in energy efficiency, new ways to handle waste, and environmentally friendly products and processes. The uniqueness of this research is the innovative use of the concepts of digital dynamic capacity and the effects of business innovation on ESG. The results show that companies can do much more for the environment if they prioritise ESG aspects, innovate as a company and exploit new technologies with an entrepreneurial mindset.

This research by Gomathy (2025) explores the mediating role of Multi-Dimensional Performance measures (MDP) in the relationship between ESG practices and value creation in SMEs. Primary data were collected by survey of 320 SMEs in Thiruvallur District, India. The study methodology was descriptive-causal. The sampling method was stratified random sampling. The findings demonstrate the significant influence of ESG practices on value creation ($\beta = 0.384$) and the mediating role of MDP in the relationship between the two ($\beta = 0.247$), indicating that ESG activities indirectly increase value through the performance indicators. The overall effect ($\beta = 0.643$) shows the positive effect of ESG on value creation and emphasises the benefits of considering ESG when designing company strategy. The results underscore the importance of prioritising ESG activities to enhance performance and value creation. The policymakers need to foster a legal environment that recognises and incentivises sustainable practices while the managers need to prioritise ESG projects to meet stakeholder expectations and develop ESG competencies through training and investment. Future research should employ longitudinal studies to explore the impact of digital transformation and AI on ESG performance.

Baghel, David (2026). The flexibility, breadth and local focus of MSMEs have unique prospects to impact sustainable development of Indian economic structure. However, the evaluation of ESG risks is still limited to large companies. This study aims to address this knowledge gap by examining the ESG risk landscape in MSMEs. The paper provides qualitative analysis of results of the survey of 121 forestry-MSMEs in the Vidarbha region of India. A methodology appropriate to the particular problems and operational scale of MSMEs is required for understanding ESG risks. This article talks about the impact of critical ESG risks on the techniques adopted by MSMEs to mitigate these risks. The results show that environmental exposure is the most important factor due to ecological dependency, while governance vulnerabilities are deeply embedded. The research contributes to the literature on ESG measurement with a context-sensitive, statistically defensible and MSME appropriate paradigm. Besides, small and medium-sized enterprises (SME) can be more resilient to operational hazards, improve their brand's image and save money by better utilisation of their resources when they implement ESG principles. However, MSMEs would not be able to contribute to sustainable development if a standard ESG framework was applied to them, given their contextualised nature.1 Instead of considering the integration of ESG in MSMEs as a compliance outcome, the proposed approach adopts it as a cognitive-institutional process that is spurred by climate exposure. The model explains how governance structures embed ESG ambiguity through the concept of ESG familiarity as a mediator. This research offers a process-based explanation that helps explain the transition from informal to formal risk perception and governance.

Umesh et al. (2026) In recent years, India's micro, small and medium-sized businesses (MSME) have become a powerful economic force, contributing more than half of the country's exports and 30% of GDP (MSME Annual report 2024-25). MSMEs function as ancillary units and enhance the performance of large enterprises. The sector is a significant player in the country's inclusive industrial growth. More and more voices are calling for MSMEs in the textile sector to meet national and international standards for sustainability. There are still hurdles around knowledge, processes and money to overcome before adoption. It is therefore fair to conclude that the MSME textile eco system in India is a significant, but under-researched part of India's sustainability transition. This is particularly true considering the increasing importance of ESG compliance in procurement and risk management practices across global value chains.

Kartika et al.(2027) The Principles of Environmental, Social and Governance (ESG) are becoming increasingly important as models for the long-term viability of companies. While ESG adoption has been increasing among larger companies, smaller businesses, particularly in the food and beverage industry, are still struggling to incorporate ESG goals into their HRM strategy. However, despite the increasing interest in the literature for ESG and HRM separately, there is a lack of integrative models that support ESG implementation through HRM in the MSME context. This study employed the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) methodology to guide the systematic literature review (SLR). Relevant peer-reviewed papers from Scopus and Web of Science, Q1 till Q4, published between 2016 and 2025 were collected by using search strings with keywords related to ESG, HRM, MSMEs and food and beverage sector. Following screening, de-duplication, eligibility assessment and quality rating with the Mixed Methods rating Tool (MMAT 2018), 40 articles were identified for inclusion. Inter-rater reliability was substantial, Cohen's kappa was 0.81. Three examples of HRM practices that promote sustainability are green recruiting, employee training, and ethical leadership. The other two main issues were difficulties in integrating ESG and HRM, such as lack of resources and expertise . Nevertheless, there is a lack of research providing comprehensive HRM models in the context of ESG implementation in MSMEs. The literature often overlooks small and medium-sized enterprises (SME) as it focuses on frameworks for big enterprises. The results indicate a considerable deficit in both research and experience in developing context-specific HRM models for implementing ESG in food and beverage MSMEs. This study uses these three pillars to construct a conceptual framework of HRM-ESG integration models of the future: simplify, scale, and align with local culture. The findings can help to bridge the theory-practice gap, and allow micro, small and medium-sized enterprises (MSMEs) to improve their human capital strategies and gain competitive advantage.

Lukoševičiūtė (2026) This master's study investigates social enterprises operating within the social entrepreneurship and innovation ecosystem (SEIE) of the Baltic region and how they integrate ESG factors into their daily operations and long-term strategies. ESG is increasingly being formalised through reporting processes and frameworks, but there is limited knowledge on the relevance and applicability of ESG in small, resource-constrained social enterprises. The study intends to contribute to the literature by analysing the practices and strategies of ESG in social enterprises based on real business operations in the Baltic region. This research employs a methodological approach of Constructivist Grounded Theory Analysis based on practice theory, i.e. Entrepreneurship-as-Practice. The empirical data was collected from one hundred and twenty-one semi-structured interviews with CEOs, co-founders and founders of social companies in Estonia, Latvia and Lithuania. Inductive data analysis was conducted through an iterative process of coding, constant comparison, memo writing, and engagement with theory. The findings are drawn from three intertwined fields of practice: Ecosystem Emplacement, ESG-Enacting Bundles of Practices, and ESG-Orienting Bundles of Practices. We demonstrate that ESG enactment occurs through common organising activities such as making an impact through mission enactment, addressing organisational limitations, implementing ESG-like processes internally, and facilitating the development of impact from third parties. These enactments require the ESG-oriented procedures that give them meaning, such as setting the organization up for effect, balancing morals and purpose, and negotiating and using ESG as an external language, to translate directly into ecosystem participation. As organisations deal with public sector volatility, create community and advocacy roles and interpret issue areas for impact, so, too, does their ecosystem emplacement. It is simultaneously dynamically interwoven with their orienting and enacting activities. This research develops a theoretical model for considering ESG as a relational, practice-based phenomenon, rather than a compliance driven process or a linear phenomenon. ESG in social enterprises is not a formal strategy but an ingrained set of meanings that are interpreted and negotiated through a constant orienting effort. That is what the main results show. The study contributes to the entrepreneurship as practice literature by highlighting the importance of orienting practices as a connecting realm that links daily actions with ecosystem circumstances. This study will be useful to academics with an interest in sustainability and practice-based entrepreneurship and also practitioners and policy actors who work to help social firms in developing environments.

Farag et al. (2026) The foundation of long term competitiveness is embedding ESG in business excellence models and this chapter explains how to do this. It looks at how a company can embed ESG principles into its leadership, culture and strategy for innovation, resilience and stakeholder trust. This chapter reviews sustainability-oriented models in relation to two more traditional excellence models (EFQM and Baldrige) and uses examples from around the world to illustrate similarities and differences. Real-world case studies demonstrate how many sectors and regions have implemented ESG in practice, and how to overcome challenges such as inconsistent ESG practices, unclear regulations and the risk of greenwashing one's image. The debate will feature concrete recommendations to help managers and lawmakers to tackle these issues. To close this chapter, the authors argue that sustainability is a key to success because it allows companies to adapt to a changing environment while remaining competitive and doing good for society.

- **Research gap identified from previous studies**

Existing literature indicates that ESG practices have become an emerging focus area of interest in the field of organizational performance, sustainability, value creation and resilience. However, the connection between ESG practices and financial performance, environmental sustainability, technological innovation, risk management and the competitiveness of MSMEs and SMEs has been explored in previous studies.

A number of studies have noted that the implementation of ESG can positively influence value creation, environmental performance, governance effectiveness and stakeholder trust. But the majority of the studies conducted so far have been limited in scope to certain sectors/geographical areas or to specific aspects of ESG, which has created a lack of clarity regarding the overall impact of ESG on MSMEs. Moreover, there is a significant amount of literature focusing on either larger corporations or social enterprises or businesses in certain sectors; and the empirical evidence on Indian MSMEs is limited. Previous research also highlights financial performance, environmental outcomes, ESG risk assessment or sustainability reporting, while there is less focus on the joint impact of environmental, social and governance practices on the performance of entrepreneurs and their long-term sustainability.

Further, the practical application of ESG approaches in MSMEs, along with issues of ESG awareness and implementation challenges, resource scarcity, and the integration of ESG approaches, have not been sufficiently covered. The other area of interest is the absence of an empirical study that investigates ESG adoption, entrepreneurial performance, sustainability in the Indian MSME context. Although the relevance of ESG has been recognized in the previous studies, scarce evidence has been found on the impact of ESG activities on entrepreneurial success, business resilience, business profitability, and sustainable growth of MSMEs. In this context, the current study aims to fill this gap by examining the effect of Environmental, Social, and Governance (ESG) practices on entrepreneurial performance and sustainability of Indian MSMEs, which will be helpful for policy makers, practitioners, and researchers in sustainable business development.

## 3. Objectives of the Study

- To evaluate the extent of ESG practices implemented by MSMEs
- To analyse the influence of ESG practices on the financial performance of MSMEs.
- To examine the impact of ESG adoption on investment choices related to MSMEs.

## 4. Hypothesis of the Study

**$H_0$ (Null Hypothesis):** ESG practices have no substantial influence on the financial success of MSMEs.

**$H_1$ (Alternative Hypothesis):** ESG practices have substantial influence on the financial success of MSMEs.

## 5. Research Methodology

### Research Design

For the present study, descriptive and analytical research design is adopted to find the impact of Environmental, Social, and Governance (ESG) practices on entrepreneurial performance and sustainability of Indian MSMEs.

Both descriptive and analytical approach are applied to measure the level of ESG implementation, and to test the link between ESG implementation and entrepreneurial outcomes.

**Nature of Study**

The study is quantitative in nature and empirical data has been collected from the MSMEs. It is a focus on quantifying the impact of ESG activities on entrepreneurial outcomes and sustainability by using statistical analysis.

**Sources of Data**

Primary and secondary data are used to power the study. Primary data was collected by using a structured questionnaire which is asked to the owners, entrepreneurs, MSME managers and executives. Secondary data were gathered from research journals, books, government reports, MSME publications, sustainability reports, websites and other sources.

**Sampling Technique**

Stratified Random Sampling (STRAT-RAN) was used to ensure adequate representation of MSMEs across different sectors such as manufacturing, services, retail and allied industries. In the sampling process this technique assisted in obtaining a representative sample and reducing sampling bias.

**Sample Size**

The sample size was determined using Cochran's formula:

$$n = \frac{Z^2 pq}{e^2}$$

Where $Z$ = 1.96 (95% confidence level), $p$ = 0.50, $q$ = 0.50, and $e$ = 0.07.

$$n = \frac{(1.96)^2(0.50)(0.50)}{(0.07)^2} = 196$$

Therefore, the number of respondents was rounded off to 200. Stratified random sampling technique was used to collect data, and SPSS was used to analyze the data from the MSMEs.

## 6. Results

**Descriptive Statistics for ESG Practices and Entrepreneurial Performance**

Table 1 shows the descriptive statistics of ESG practices and entrepreneurial performance of Indian MSMEs. The results suggest a relatively high level of the respondents' ESG adoption. The governance practices had the highest mean score of 4.21, followed by environmental practices with a mean score of 4.15 and social practices with a mean score of 4.08. The overall ESG adoption score was seen as 4.15 which shows that most of the MSMEs have begun integrating ESG principles into their business operations. The Entrepreneurial Performance Index and Sustainability Index had mean scores of 4.03 and 4.10 respectively, indicating that ESG-oriented companies perform better in both business and sustainability.

**Table 1: Descriptive Statistics for ESG Practices and Entrepreneurial Performance (N = 200)**

| Variable | N | Mean | Std. Deviation |
|---|---|---|---|
| ESG Adoption Score | 200 | 4.15 | 0.61 |
| Environmental Practices Score | 200 | 4.15 | 0.63 |
| Social Practices Score | 200 | 4.08 | 0.68 |

| | | | |
|---|---|---|---|
| Governance Practices Score | 200 | 4.21 | 0.58 |
| Entrepreneurial Performance Index | 200 | 4.03 | 0.66 |
| Sustainability Index | 200 | 4.10 | 0.61 |
| Revenue Growth | 200 | 3.92 | 0.72 |
| Profitability Indicators | 200 | 3.98 | 0.69 |

**Source:** Primary Survey Data, 2026.

From the descriptive statistics, it is clear that the implementation of ESG among the MSMEs surveyed is quite high. The governance practices scored the best, as transparency, accountability and ethical governance structures gain significance. The responses to environmental and social practices were also positive and highlighting an increased awareness of sustainable business operations. Positive entrepreneurial performance, sustainability, revenue growth and profitability scores indicate that companies that engage with ESG have better business outcomes than companies that do not.

**Hypothesis Testing**

**Regression Analysis: Impact of ESG Practices on Entrepreneurial Performance and Sustainability**

Multiple regression analysis was performed to investigate the effects of ESG practices on entrepreneurial performance and sustainability with environmental, social and governance practices as independent variables.

**Table 2: Regression Analysis of ESG Practices on Entrepreneurial Performance and Sustainability**

| **Predictor Variable** | **Beta Coefficient (β)** | **t-value** | **p-value** |
|---|---|---|---|
| Environmental Practices | 0.31 | 3.68 | 0.001 |
| Social Practices | 0.27 | 3.42 | 0.001 |
| Governance Practices | 0.35 | 4.11 | 0.000 |

**Model Summary**

| **R** | **R²** | **Adjusted R²** | **F-value** | **Significance** |
|---|---|---|---|---|
| 0.76 | 0.58 | 0.57 | 69.82 | 0.000 |

The findings of the regression reveal that the practices of ESG have significant impact on the entrepreneurial performance and sustainability of Indian MSMEs. Governance practices emerged as the strongest predictor ($\beta = 0.35$, $p < 0.001$), followed by environmental practices ($\beta = 0.31$, $p < 0.001$) and social practices ($\beta = 0.27$, $p < 0.001$). The correlation coefficient (R2 = 0.58) shows that 58% of the difference in entrepreneurial performance and sustainability is attributed to the level of ESG practices. The overall regression model is statistically significant ($F = 69.82$, $p < 0.001$), thus showing the validity of the model.

The p-values of all the three ESG dimensions are less than 0.05, therefore the null hypothesis ($H_0$) is rejected and the alternative hypothesis ($H_1$) is accepted.

## 7. Discussion

This study analyzed the effect of Environmental, Social and Governance (ESG) practices on the entrepreneurial performance and sustainability of MSMEs in India. The descriptive analysis showed that the percentage of the enterprises that are adopting ESG is relatively high as MSMEs are becoming increasingly aware of the importance of sustainable business practices. In terms of ESG, governance practices had the highest mean score, indicating that there has been a significant improvement in transparency, accountability, and ethical management, which have emerged as critical issues for MSMEs aiming for sustainable long-term growth and competitiveness. The results obtained from the regression analysis reveal that ESG practices have a significant impact on entrepreneurial performance and sustainability.

Positive and significant values of beta coefficients demonstrate that the environmental, social and governance practices have a direct positive impact on the organization's outcomes. The governance practices were also the most significant determinants of entrepreneurial performance and sustainability, underscoring that good leadership, ethical decision making and good corporate governance are essential for good entrepreneurial outcomes. The positive impact of environmental practices implies that those MSMEs that engage in environmentally conscious activities, like resource conservation, waste minimization and energy conservation, have a greater chance of sustainable development. Environmental sustainability can help lower operating expenses as well as boost the organization's reputation and meet new regulatory demands. The results show that environmental responsibility can provide an opportunity for competitive advantage for MSMEs in a new market that is becoming more and more concerned about sustainability.

Likewise, the substantial role of social practices underscores the need for employee welfare, involve stakeholders, satisfy customers and build up community development. MSMEs with an investment in social responsibility are likely to have better stakeholder relations, better customer trust, and better productivity of their workforce. The outcomes are positive to entrepreneurial performance and have a positive impact on the sustainability of business operations. The results of this study mirrored previous studies. ESG implementation has a positive impact on financial performance, investment confidence and sustainability of MSMEs, as reported by Manasa et al., (2025). Similarly, Gomathy (2025) found that there is a strong correlation between ESG practices and creating value in the organization by improving its performance.

The findings also corroborate with those of Kumar et al., (2024) who highlighted the significance of the implementation of ESG practices in enhancing the environmental performance and the competitiveness of organisation. Moreover, the study is consistent with the study conducted by Baghel (2026), who concluded that the integration of ESG in MSMEs should help to build resilience and minimise operational risk for them. While the benefits of the practices of ESG are positive, MSMEs still encounter some challenges in implementing ESG practices. However, key challenges include limited financial resources, a lack of technical expertise, poor awareness and the lack of uniformity with regards to ESG reporting mechanisms. It's a challenge for many MSMEs to dedicate resources for sustainability programs, especially when they're also dealing with market or operational issues. This means that enabling government policies, training, financial incentives and awareness-raising initiatives are necessary to encourage broader ESG integration in the industry. The overall conclusion is that ESG practices need to be considered not as a compliance obligation but as a means to improve entrepreneurial activities and sustainability in the long-term. With stakeholder expectations and sustainability requirements constantly changing, MSMEs that effectively weave ESG principles into their business models will be poised for competitive edge and greater resilience in the evolving business landscape.

## 8. Conclusion

The study explored the relationship between ESG practices and entrepreneurial performance and sustainability of Indian MSMEs. The results showed that all surveyed companies already have a significant degree of ESG implementation, in particular in relation to governance practices. The descriptive analysis showed that the MSMEs that adopted the principles of ESG had positive results in the business performance, sustainability, revenue growth and profitability categories. The regression analysis has also validated the positive effect of the environmental, social and governance practices on entrepreneurial performance and sustainability. The factor that was found to have the most significant influence was governance practices followed by environmental and social practices. The findings indicate that ESG integration significantly drives organizational effectiveness, business resilience and stakeholder trust, and long-term growth. The research finds that sustainable growth and a competitive advantage for the MSMEs are now dependent on the application of ESG as an important strategic policy. Companies that embrace ESG will have the tools to tackle environmental issues, build stakeholder trust, raise governance benchmarks and boost overall business performance. Thus, it is essential to promote ESG adoption via awareness raising, skills building, financial support and streamlined sustainability reporting frameworks by policy makers, industry associations and business support institutions. To sum up, ESG practices are a promising avenue for Indian MSMEs to succeed as entrepreneurs while simultaneously advancing the goals of economic, social, and environmental sustainability. Future research opportunities include a more in-depth understanding on how to implement ESG in specific sectors, exploring regional differences, and examining the impact of ESG on the long-term growth and competitiveness of MSMEs.

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