External factors affecting the environmental, social and economic performance of SME entrepreneurs in the retail sector: the case of Spain

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Abstract

The sustainable behavior of companies in the retail sector has become a strategic global priority due to its significant impact on supply chains, consumption patterns, and job creation. In the Spanish context, particular attention is required, as small and medium-sized enterprises (SMEs) in retail represent a fundamental component of the productive and social fabric. Their adaptation to sustainable practices is key to ensuring competitiveness, territorial cohesion, and economic resilience. However, these enterprises face multiple structural and contextual barriers that hinder their transition toward sustainable models.

This study analyzes how external factors—government support, legal regulations, market dynamics, and customer expectations—influence the sustainable behavior of SME retailers in Spain, considering pro-environmental, prosocial, and pro-economic dimensions. Based on

a sample of 100 business owners located in the cities of Cuenca and Valencia and employing partial least squares structural equation modeling (PLS-SEM), results revealed that legal frameworks exert a significant negative effect on sustainable behavior. In contrast, market and customer influences showed ambivalent effects—positive on environmental aspects and negative on social and economic ones.

These findings highlight the need to redesign public policies and programs to better align with SMEs' actual capacities. Moreover, the proposed model makes a valuable contribution to the academic literature on business sustainability by incorporating an external-contextual perspective that reveals the constraints and opportunities faced by small firms. This research lays conceptual and methodological groundwork for future studies that integrate internal and cognitive factors, aiming to achieve a more comprehensive understanding of sustainable behavior in the retail sector.

Keywords: Sustainability, Retail, PLS-SEM, Sustainable Behavior.

1. Introduction

The retail industry currently faces significant sustainability challenges, largely driven by the growth of global consumption and increasing pressure to adopt responsible practices [1–4]. In Spain, these challenges acquire relevance due to the limited information available on how small and medium-sized enterprises (SMEs) in the retail sector are integrating sustainable practices into their operations. This situation is especially concerning when considering that large international retail chains are leading the transformation through sustainable innovation investments, while SMEs remain behind in this structural shift [5,6].

Retail SMEs play a strategic role not only in supply chains but also as agents of territorial cohesion, cultural identity preservation, and local economic dynamism. Their exclusion from sustainability processes may exacerbate competitive inequalities and undermine their future viability. In response, the European Union, through the European Regional Development Fund (ERDF), allocated over €66 million between 2014 and 2021 to promote innovation, competitiveness, and sustainability, with a particular focus on SMEs. Nonetheless, structural barriers persist despite these institutional efforts. The main difficulties identified include

limited access to capital, shortage of qualified personnel, regulatory burdens, and geographic location of businesses [7].

Recent data from the Spanish National Statistics Institute [8] show that while a significant portion of companies in the sector have invested in technological innovation, there is a marked absence of indicators linked to environmental, social, and economic sustainability. This gap reveals that the innovation approach has not yet been fully aligned with sustainability objectives.

To address this issue, the present research is structured as follows: first, a literature review and theoretical framework (Section 2); second, the research model and methodology (Section 3); third, the empirical findings (Section 4); followed by a theoretical and interpretative discussion and finally, conclusions and recommendations (Section 5), offering both practical and theoretical implications for the sustainable development of retail SMEs in Spain. This structure aims to provide readers with a clear, coherent, and sequential understanding of the study's objectives, findings, and contributions.

2. Objective

Corporate sustainability in the retail sector has gained increasing importance in the academic literature over the past two decades due to the sector's strategic role in transitioning toward greener, more resilient, and inclusive economic models. As a direct point of contact with consumers, the retail industry can significantly influence sustainable production and consumption patterns, particularly in densely populated urban contexts. Within this sector, small and medium-sized enterprises (SMEs) face unique challenges in adopting sustainable practices despite their economic and social relevance [9,10].

The adoption of sustainability strategies in SMEs is influenced by both internal and external factors. Internal factors include the entrepreneur's attitude, level of technical knowledge, organizational culture, and availability of resources [11,12]. In contrast, external factors involve regulatory pressure, market demands, public incentives, and stakeholder expectations [7,13].

Various studies have shown that external factors can act both as drivers and barriers to sustainability, Gadenne et al. [9], found that regulatory pressure and stakeholder demands were key determinants in SMEs' adoption of environmental practices in Australia. Similarly, Salimzadeh [10] emphasized that regulatory environments and institutional support can either facilitate or hinder the implementation of sustainable practices depending on their clarity, stability, and accessibility.

From an organizational behavior perspective, Navarrete Báez [11] notes that many entrepreneurs exhibit a positive disposition toward sustainability but lack the resources, technical expertise, and support to translate this attitude into concrete actions. This gap between intention and behavior has been consistently identified in the literature, particularly in contexts where public action fails to align with the operational realities of the business sector [14].

In the European context, Henriques et al. [7] report that despite the existence of instruments such as the European Regional Development Fund (ERDF), SMEs encounter significant barriers to access, limiting their ability to innovate sustainably. In contrast, studies by Wasiq et al. [15] and Ernst et al. [16] highlight the growing role of consumer preferences and market pressures as drivers of sustainable change, although the effect varies depending on firm size, location, and organizational maturity.

This perspective is reinforced by Ernst et al. [16] and Nsowah and Phiri [17], who advocate for integrating more comprehensive theoretical models that simultaneously account for institutional, market, and internal organizational pressures. Their approach responds to the need for a more accurate understanding of the dynamics SMEs face when incorporating sustainable practices into their operations.

Despite these theoretical advancements, multiple structural barriers persist. According to Santos et al. [14] and Abumalloh et al. [18] common obstacles include lack of financing, informal human capital management, high tax burdens, deficient infrastructure, and unequal competition with large corporations. These conditions contribute to a heightened perception of risk, which discourages sustainable innovation [19–21].

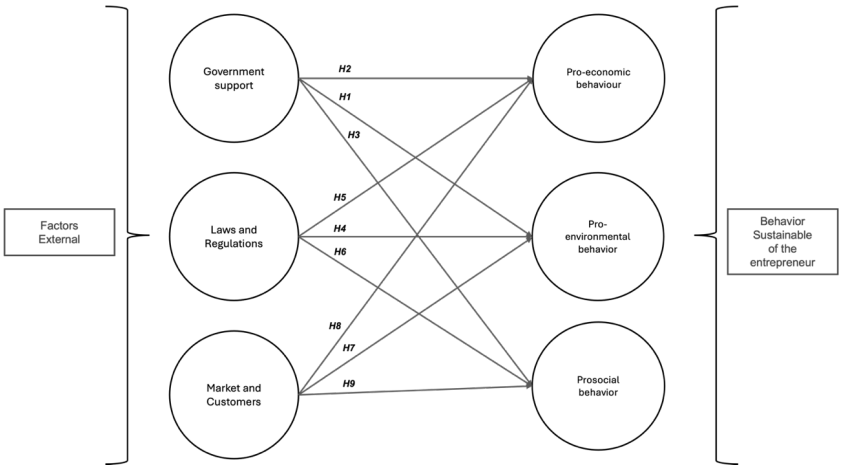
Based on the theoretical review developed in the previous sections, this study proposes a structural model that analyzes the influence of external factors—specifically government support, legal and regulatory frameworks, and market and customer demands—on three dimensions of sustainable behavior among retail entrepreneurs: pro-environmental, prosocial, and pro-economic behavior. This model, grounded in both empirical and conceptual evidence, aims to offer a more comprehensive understanding of the conditions that facilitate or hinder the sustainable transition of retail SMEs. It also seeks to provide relevant insights for public policy design and the development of sustainable business strategies.

The following research hypotheses were formulated:

H1: Government support positively influences pro-environmental behavior.
H2: Government support positively influences pro-economic behavior.
H3: Government support positively influences prosocial behavior.
H4: Legal and regulatory frameworks positively influence pro-environmental behavior.
H5: Legal and regulatory frameworks positively influence pro-economic behavior.
H6: Legal and regulatory frameworks positively influence prosocial behavior.
H7: Market and customer demand positively influence pro-environmental behavior.
H8: Market and customer demand positively influence pro-economic behavior.
H9: Market and customer demand positively influence prosocial behavior.

The proposed research model can be observed in the Figure 1.

Figure 1: Sustainable behavior model of the retail entrepreneur in the adoption of sustainable practices.



The variables and dimensions of the external factors influencing SME entrepreneurs' sustainable behavior are described in **Table 1**.

Table 1: Variables, dimensions and indicators of the conceptual model.

Variable	Dimension	Meaning	No. of items	Authors
Factors External	Market and Customers	Influence of the market and customer expectations on the adoption of sustainable practices.	4 items	Wasiq et sl., (15) Salimzadeh (10)
	Laws and Regulations	Impact of environmental regulations and laws on business operations.	3 items	
	Government Support	Financial and technical assistance provided by the government for sustainable practices.	2 items	

Variable	Dimension	Meaning	No. of items	Authors
Pro-environmental behavior	Energy efficiency	Practices and technologies implemented to reduce energy consumption in the company's operations	3 items	Navarrete Baez (11) Salimzadeh (10)
	Waste management	Implementation of programs and practices aimed at reducing, reusing and recycling the waste generated by the company		
	Environmental management	Adoption of policies, procedures and certifications that ensure that the company's operations are sustainable and environmentally friendly.		
Prosocial behavior	Community Engagement	Activities and efforts made by the company to get involved and contribute positively to the local community	3 items	Navarrete Baez (11)
	Social and business commitment	It involves the practices and policies that the company implements to fulfill its corporate social responsibility		
	Partnerships and Collaborations	Cooperation and collaboration of the company with other organizations		
Pro-economic behavior	Transparency and Communication	Company practices to maintain open and transparent communication with its stakeholders (employees, customers, suppliers, community, etc.)	3 items	
	Resource Management	Strategies and practices implemented by the company to efficiently and sustainably use available resources		
	Local Economic Development	Actions carried out by the company to contribute to the economic development of the local community		

3. Methodology

To empirically test the proposed hypotheses, a quantitative, explanatory, cross-sectional, and non-experimental research design was employed. The partial least squares structural equation modeling (PLS-SEM) technique was selected due to its suitability for exploratory research, complex models with multiple constructs, nonlinear relationships, and moderate or small sample sizes [22,23].

PLS-SEM is particularly useful in applied studies in the social and business sciences when the goal is to maximize the explained variance of dependent variables while obtaining robust estimations of both the measurement and structural models. Unlike the covariance-based approach (CB-SEM), PLS-SEM accommodates both formative and reflective constructs, non-normally distributed indicators, and causal relationships under more flexible statistical assumptions. It is also recommended when the main objective is prediction and the identification of significant relationships in complex real-world settings, such as the retail SME sector [24].

The study population consisted of retail entrepreneurs in the cities of Cuenca and Valencia, Spain. The sample was selected through non-probability convenience sampling, due to difficulties in accessing a comprehensive sampling frame, and consisted of 100 participants.

Data collection was carried out using a structured questionnaire, previously validated by experts. The instrument included five-point Likert scales to measure entrepreneurs' perceptions of the external factors and their sustainable behavior in three key dimensions: environmental, social, and economic.

Fieldwork was conducted in January 2025. The data were analyzed using SmartPLS 4.0 software [25]. To assess the measurement model, the following indicators were examined, composite Reliability (CR) to assess internal consistency; average variance extracted (AVE) for convergent validity; discriminant validity using the HTMT (Heterotrait-Monotrait Ratio) criterion, as recommended by Hair et al. [23]. All indicators were compared against thresholds established in the academic literature to ensure the model's validity and robustness.

4. Results

The descriptive analysis of the sample showed that 65% of participants were women and 35% men, indicating a higher female representation among retail entrepreneurs in the cities studied. Regarding age, a diverse distribution was observed: 22% were aged 18–25; 17% between 26–35; 18% between 36–55; 14% between 56–65; and 15% were over 65. As for educational level, most participants held university degrees: 6% had completed only secondary education, 16% had high school education, 61% held a bachelor's degree, and 17% had completed a master's degree.

To validate the structural model, construct reliability was confirmed using composite reliability (CR), with all values exceeding the recommended threshold of 0.700 [22]. Indicator loadings were also above the acceptable cutoff of 0.707, and variance inflation factors (VIF) remained below 3, suggesting the absence of multicollinearity among indicators. The corresponding results are shown in Table 2.

Table 2: Reliability and factor load (n = 100).

Latent variable	Item	Loading	VIF	CR
Government support	APG2	0.868	1.250	0.839
	APG3	0.832	1.250	
Laws and regulations	LYN1	0.820	1.512	0.846
	LYN2	0.864	1.688	
	LYN3	0.723	1.308	
Market and customers	MYC1	0.843	1.722	0.859
	MYC2	0.762	1.500	
	MYC3	0.745	1.652	
	MYC4	0.755	1.436	
Pro-economic behavior	CPE1	0.800	1.656	0.830
	CPE2	0.802	1.653	
	CPE3	0.757	1.168	
Pro-environmental behavior	CPA1	0.854	1.391	0.841
	CPA2	0.791	1.433	
	CPA3	0.750	1.481	
Prosocial behavior	CPS1	0.749	1.608	0.847
	CPS2	0.795	1.660	
	CPS3	0.870	1.352	

Subsequently, convergent validity was assessed by calculating the average variance extracted (AVE), with all latent variables exceeding the 0.500 threshold, supporting the internal consistency of the measurement model. Additionally, to evaluate discriminant validity, the heterotrait-monotrait ratio (HTMT) criterion was applied. All correlations between constructs remained below the critical values of 0.85 and 0.90, in line with methodological recommendations. These results are summarized in Table 3.

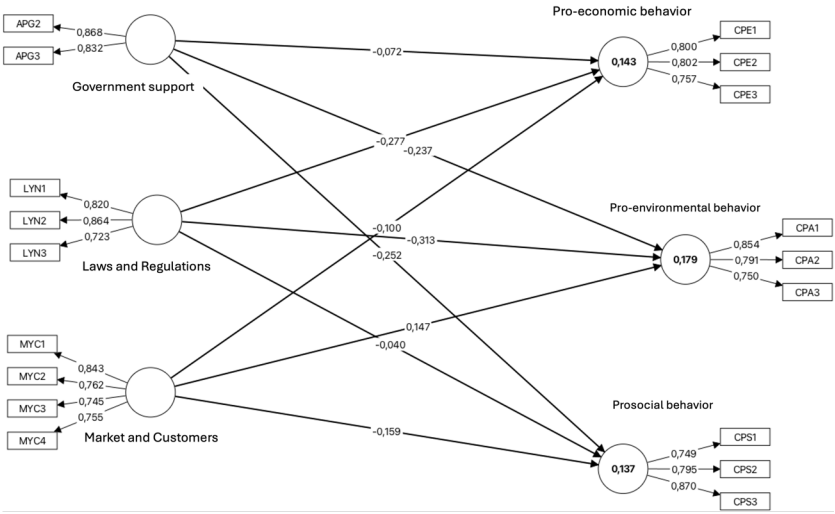
Table 3: Reliability of structural model consistency.

Latent variable	**AVE**	**APG**	**CPA**	**CPE**	**CPS**	**LYN**
Government support	*0.723					
Pro-environmental behavior	*0.639	0.492				
Pro-economic behavior	*0.619	0.371	0.734			
Prosocial behavior	*0.650	0.460	0.432	0.737		
Laws and regulations	*0.647	0.732	0.477	0.488	0.299	
Market and customers	*0.604	0.537	0.144	0.348	0.294	0.626

**Note: value of the square root of the AVE.*

Before estimating the structural model, collinearity among constructs was assessed using VIF values, which ranged from 1.382 to 1.525, remaining within acceptable thresholds. The explanatory power of the model was examined through the coefficient of determination (R^2), which represents the percentage of variance explained by the exogenous constructs. The values obtained were 0.179 for pro-environmental behavior, 0.125 for pro-economic behavior, and 0.137 for prosocial behavior. Although these values are considered modest, they are acceptable in exploratory studies with small sample sizes, as supported by Hair et al. [23]. The graphical representation of the adjusted model is shown in Figure 2.

Figure 2: Structural model (expost facto).



To evaluate the statistical significance and relevance of the path coefficients between constructs, the bootstrapping technique was applied using 5,000 subsamples and a two-tailed test with a 95% confidence level [26]. Path coefficients indicate the direction and strength of the relationships between variables: positive values suggest a direct relationship, whereas negative values indicate an inverse relationship.

The results show that government support exerts a negative and statistically significant effect on both pro-environmental behavior (β = -0.237; p = 0.019) and prosocial behavior (β = -0.252; p = 0.005). However, its influence on pro-economic behavior was not significant (β = -0.072; p = 0.441). In the case of laws and regulations, significant negative effects were observed on the pro-environmental (β = -0.313; p = 0.002) and pro-economic (β = -0.277; p = 0.003) dimensions, while the effect on the prosocial dimension was not significant (β=-0.040; p=0.686).

On the other hand, factors related to the market and customers showed a positive influence on pro-environmental behavior (β = 0.147), although it was not statistically significant (p = 0.111). In contrast, their impact on the pro-economic (β = -0.100; p = 0.322)

and prosocial (β = -0.159; p = 0.096) dimensions was negative and not significant. These results are presented in Table 4.

Table 4: Hypothesis Test Results.

Hypothesis	Statistics t	P values	Result
H1. Government Support -> Pro-Environmental Behavior	2.348	0.019**	Validated
H2. Government Support -> Pro-Economic Behavior	0.771	0.441	Not validated
H3. Government Support -> Prosocial Behavior	2.808	0.005**	Validated
H4. Laws and regulations -> Pro-environmental behavior	3.175	0.002**	Validated
H5. Laws and regulations -> Pro-economic behavior	2.939	0.003**	Validated
H6. Laws and regulations -> Prosocial behavior	0.405	0.686	Not validated
H7. Market and customers -> Pro-environmental behavior	1.593	0.111	Not validated
H8. Market and customers -> Pro-economic behavior	0.991	0.322	Not validated
H9. Market and customers -> Prosocial behavior	1.667	0.096	Not validated

*Note: ** $p<0.05$, is significant.*

Collectively, these findings reveal that external factors exert an ambivalent influence on business sustainability in retail sector SMEs. While regulatory demands and institutional support are often conceived as driving mechanisms, in practice they may produce adverse effects if not aligned with the firms' actual capacities. Similarly, market pressure—although potentially positive in environmental terms—does not appear to translate into perceived economic or social benefits. These observations reinforce the need to redesign public policy instruments and market strategies to more accurately respond to the heterogeneity and structural limitations of the retail business sector.

5. Conclusions

The findings of the PLS-SEM model reveal some counterintuitive trends. First, formal institutional pressures—such as laws, regulations, and government support—exert negative effects on the adoption of sustainable practices in the analyzed retail SMEs. In contrast, market and customer pressures display an ambivalent influence, that is, not exclusively positive or negative. The following section delves deeper into the interpretation of these results, integrating recent academic literature to explain their possible causes and consequences.

Regarding the role of legislation and regulations, the results suggest that rather than encouraging sustainability, they may be generating burdens or unintended effects on SMEs. Various studies indicate that many small firms perceive environmental regulations more as administrative and financial burdens than as catalysts for sustainable improvements [27,28]. For instance, an OECD report highlights that microenterprises often must devote more time and resources to demonstrating regulatory compliance (form-filling, audits, procedures) than to implementing actual environmental improvements. This imbalance can lead to negative effects: SMEs tend to adopt a defensive or "minimum compliance" approach to regulations, prioritizing the avoidance of sanctions over the pursuit of sustainable innovation opportunities [29]. In fact, these authors document an emblematic case in Chile, where strict environmental legislation on waste management exposed "practical limitations" for SMEs, which struggled to comply with the law due to a lack of resources and technical support. This reinforces the idea of a gap between the intention of public policy and the operational reality of businesses: regulations, often designed from a "one-size-fits-all" perspective, may be misaligned with the actual capacities of SMEs, even producing counterproductive outcomes in terms of effective sustainability [30].

A similar phenomenon is observed with government support. Although in theory public aid, subsidies, and sustainability promotion programs should facilitate the sustainable transition of small enterprises, our results indicate an overall negative effect associated with this construct. One possible explanation, supported by recent literature, is that the available government support is not

effectively reaching SMEs nor is it adapted to their needs, resulting in a perception of ineffectiveness or even dependency. Bakos et al. [31] for instance, found in a qualitative study that most SME managers reported that neither regulations nor government incentives significantly influenced their sustainability decisions. In other words, many small business owners feel that public sustainability programs "have little or no effect" on their operations. Several structural reasons may contribute to this outcome: (i) bureaucratic barriers and complex procedures to access aid; (ii) lack of dissemination or clarity regarding existing programs (many SMEs are not even aware of the available initiatives); and (iii) policy designs that fail to consider the specific characteristics of the retail sector. It is worth noting that some studies have even detected attitudes of distrust or apathy toward government assistance when it is perceived as insufficient or poorly designed [32,33]. Taken together, this may explain why in the model, SMEs with greater exposure to "government support" do not necessarily exhibit better sustainable practices—and in some cases even worse ones—possibly reflecting poor policy implementation or a lack of genuine commitment generated by such programs. These findings align with the notion that poorly targeted incentives may fail to motivate substantial changes and can even produce rebound effects (e.g., companies that comply solely to receive subsidies, abandoning efforts once the support ends).

On the other hand, the influence of the market and customers appears ambivalent in our estimations. This implies that commercial pressure does not act uniformly or consistently positively to drive sustainability in retail SMEs. The literature offers a nuanced view on this matter: on one hand, a growing segment of conscious consumers is acknowledged—those who value companies' environmental and social responsibility—which could encourage SMEs to adopt more sustainable practices to meet this demand [32,34]. In fact, some small businesses find opportunities in green niches to differentiate themselves and add brand value. However, on the other hand, numerous studies show that most SMEs still perceive that the general market does not sufficiently reward sustainability to justify the required investments [18,35]. A meta-analysis of more than 30 studies concludes that neither customer nor supplier pressure has, on average, succeeded in driving significant green changes in SMEs.

This is partly due to the classic ambivalence of consumers: while in surveys many clients claim to prefer sustainable products, in practice their purchasing decisions are still primarily driven by price, convenience, and perceived quality, relegating sustainability to a secondary consideration [36,37]. In the Spanish retail sector—dominated by price competition and narrow profit margins—SMEs face the dilemma of balancing these opposing demands. Thus, it is not surprising that "market pressure" yields a mixed effect: in certain specific cases, customers or competitors may push toward responsible practices (e.g., demands from corporate buyers or eco-friendly trends in a niche market), but in most everyday situations, such external pressures are not strong or consistent enough to trigger general improvements in sustainability. This ambivalent result aligns with previous studies that report mixed findings regarding the impact of customer pressure on SMEs' environmental management, often mediated by factors such as company size or industry sector [38]. In summary, the market sends contradictory signals: while some pioneering SMEs take advantage of an emerging green demand, many others perceive that the average consumer and the value chain still prioritize traditional criteria (price, speed) over sustainability, thereby generating a weak or erratic stimulus [17,39].

In an integrative manner, these findings reflect a concerning disconnect between the design of public policies and the operational reality of SMEs. The evidence suggests that current institutional initiatives—both coercive (laws, regulations) and supportive (incentives, aid)—are not achieving the intended effect in the context of small and medium-sized retail enterprises and may even generate outcomes contrary to those expected. Several authors have noted that "one-size-fits-all" policies often overlook the resource, knowledge, and organizational structure limitations inherent to SMEs, leading to a gap between regulatory intent and practical implementation [37,40,41]. For example, Revell and Blackburn [28] had already warned that many small firms perceive environmental regulations as unfair or disproportionate when compared to the demands placed on large corporations, generating resistance and distrust toward the public sustainability agenda.

Our empirical study confirms that this gap persists: regulatory pressure alone does not guarantee positive changes in retail SMEs and, when not accompanied by appropriate conditions, may result in

superficial compliance or ineffective administrative overload. Similarly, generic government support, if not attuned to the reality of small businesses (e.g., their limited capacity to absorb complex procedures, or the need for short-term results to ensure survival), is unlikely to lead to substantial improvements and may be disconnected from the internal motivations of these firms. This structural disconnect between policy and business reality explains why corporate sustainability cannot be driven solely by "regulatory pressure" or "market pressure." Both, in their current forms, are insufficient: the former because it imposes formal requirements that SMEs comply with reactively and with difficulty, and the latter because it provides diffuse or inconsistent incentives that fail to permeate long-term strategic decisions.

Considering this situation, the need arises for more realistic and adaptive systemic approaches that combine intelligent institutional measures with the strengthening of internal capabilities and multi-actor collaboration. Specifically, the literature suggests several complementary courses of action. First, institutional incentives should be made more effective, which involves not only improving subsidies or tax benefits but also simplifying regulations ("smart regulation") to reduce unnecessary burdens. For instance, the OECD advocates adjusting requirements based on company size and environmental risk, applying the "SME Test" when legislating—consulting SMEs and assessing impacts—and even adopting simplified regulatory regimes that prevent redundancies and overlapping procedures [42–44]. These reforms aim to ensure that regulations "resonate" with the realities of SMEs, offering clarity and facilitation rather than bureaucratic obstacles. Second, investing in training and technical assistance is essential. Numerous studies identify the lack of knowledge and skills as a key barrier preventing SMEs from advancing in sustainability [18,45,46]. Therefore, targeted training programs, sector-specific practical guides, and tailored advisory services can empower small entrepreneurs to understand how to incorporate ESG criteria into their daily operations.

The previously mentioned Chilean case illustrated the "need for technical support" for SMEs to comply with waste management regulations—something applicable to many other areas of corporate sustainability. Third, fostering collaboration and networks is strongly encouraged. SMEs do not operate in isolation; their sustainable

transition can be strengthened through cooperation with other actors: partnerships among companies (e.g., sustainable retail trade associations), participation in green supply chains led by large anchor firms, collaboration with academic institutions or technology centers for innovation, and public-private platforms that channel resources and knowledge toward small businesses [3,5,34,39,40,47–51].

These networks facilitate the sharing of best practices, the distribution of costs, and the achievement of economies of scale in sustainability projects that would be unfeasible individually. In summary, a systemic approach involves combining "sticks and carrots" in a balanced manner—smart regulation and well-designed incentives—with direct support actions—training, accessible financing, technical assistance—and co-creation spaces—sectoral working groups, sustainability clusters, etc.—so that sustainability ceases to be perceived as an external imposition and becomes integrated into SMEs' business strategy.

This study emphasizes, therefore, that sustainability cannot be driven solely by regulatory pressure or market forces in isolation. A holistic approach is required, in which institutional frameworks stimulate and facilitate (rather than blindly impose), while enterprises develop internal capabilities and operate within a business environment that genuinely rewards responsible practices. Our findings offer useful implications for the redesign of public policy: policymakers should reconsider how regulatory and support instruments are structured in order to bridge the identified gap. For instance, more direct incentives could be implemented for sustainable SMEs (such as certification labels, preferential treatment in public procurement, or green soft loans), regulatory compliance could be simplified through digital tools tailored to small businesses, and efforts toward corporate sustainability should be made economically viable within the competitive retail sector.

Furthermore, these conclusions open future lines of research in the field of sustainability in the retail business sector. It will be valuable to deepen qualitative studies that explore SME owners' perceptions of current policies, to evaluate pilot projects of integrated systemic approaches in controlled environments, and to conduct comparative analyses across different retail subsectors to identify successful practices. Ultimately, by shedding light on the disconnect

between institutional design and business reality, this research lays the groundwork for reorienting public and private strategies that catalyze authentic sustainability in retail SMEs, combining environmental responsibility with economic viability in a realistic and collaborative operational context.

The results of this research have confirmed that the sustainable behavior of retail sector entrepreneurs in Spanish SMEs is strongly influenced by external factors, whose nature and dynamics do not always act as drivers of change. Notably, both the regulatory framework and governmental support instruments show a negative influence on the environmental and social dimensions of business behavior, suggesting a disconnect between the design of public policies and the actual capacities of small firms to integrate such policies into their daily processes.

Likewise, it has been found that pressures arising from the market and customers exert an ambivalent influence: while they may serve as catalysts for environmentally sustainable practices, they do not produce clearly positive impacts in the social and economic dimensions. This imbalance reveals the urgent need to adopt a comprehensive sustainability approach that does not prioritize only the environmental dimension but instead structurally incorporates social objectives such as decent employment and community engagement, as well as economic goals aimed at efficiency, resilience, and the creation of local value.

From a strategic and public policy standpoint, the findings of this study highlight the urgency of designing differentiated and contextually adapted instruments that realistically respond to the heterogeneity of the retail business fabric. Public policies aimed at promoting sustainability in SMEs should consider not only regulatory aspects and financial incentives, but also technical training mechanisms, personalized assistance, and the creation of collaborative networks that enable companies to share resources, knowledge, and best practices. Moreover, it is essential to incorporate monitoring and evaluation mechanisms that allow for the continuous adjustment of these programs based on their effectiveness and the evolving context in which companies operate.

At the theoretical level, the structural model proposed in this work contributes to addressing a relevant gap in the literature on corporate sustainability, by focusing on a sector—the retail trade—and a type of enterprise—the SME—that has historically received less empirical attention in this area. The incorporation of an external-contextual perspective provides a better understanding of the tensions, constraints, and opportunities these organizations face in response to institutional, regulatory, and commercial pressures. This model can be replicated or expanded in future research that considers other mediating variables, such as dynamic capabilities, entrepreneurial values, or organizational culture.

From a research standpoint, it is considered pertinent to advance toward mixed and longitudinal methodological approaches that allow for the analysis of the evolution of sustainable behavior in SMEs in relation to transformations in their institutional and market environment. Qualitative studies that delve into the motivations, resistances, and perceptions of entrepreneurs will also be valuable for building a more comprehensive interpretive framework. Likewise, it will be crucial to examine the role of collaborative networks, frugal innovation, and public-private partnerships as strategies to strengthen sustainability in this type of enterprise.

In short, corporate sustainability in the retail SME sector cannot be understood as a linear response to regulation or market demand, but rather as the result of a complex interaction between structural, institutional, organizational, and human factors. Only through an integrated, interdisciplinary, and action-oriented approach will it be possible to turn small retail businesses into true agents of transformation toward a more just, resilient, and sustainable development.

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