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Economic Incentives and Managerial Decision-Making in Sustainable Business Models-Through Rural Development Related Projects

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***Abstract* – The proliferation of global environmental and social challenges has driven organizations to transition toward Sustainable Business Models (SBMs), which demand the simultaneous creation of economic, social, and environmental value—often referred to as the Triple Bottom Line (TBL). This transition presents a critical managerial challenge: reconciling short-term financial performance targets with long-term sustainability imperatives. This abstract explores the pivotal role of economic incentives, both external (market-based mechanisms) and internal (organizational compensation), in shaping managerial decision-making within SBMs. External incentives, such as carbon taxes, cap-and-trade systems, and government subsidies, function by correcting market failures and internalizing environmental externalities, thereby making sustainable practices financially advantageous and unsustainable practices costly. This external pressure directly alters the cost-benefit analysis employed by managers, encouraging investment in clean technologies and resource efficiency. Internally, the research highlights how performance-based pay and non-monetary rewards must be carefully redesigned to align executive and employee behavior with TBL metrics. By linking compensation to measurable sustainability outcomes (e.g., waste reduction, social impact, energy efficiency), organizations mitigate agency conflicts and foster a strategic culture of behavioral consistency. Ultimately, this analysis concludes that economic incentives are essential catalysts, serving as the link between abstract sustainability goals and concrete operational choices. Effective incentive design is critical for managers to successfully navigate competing institutional logics and leverage sustainability not as a cost burden, but as a source of long-term competitive advantage and innovation.**

***Keywords* – Women empowerment, women entrepreneur, rural livelihood, enterprise promotion, DAY NRLM etc.**

I. INTRODUCTION

Background and Context

- Global/National Challenge: Briefly introduce the need for Sustainable Business Models (SBMs), especially in developing economies like India, which face the dual challenge of poverty eradication and environmental protection.
- The Indian Context: Highlight the importance of the rural economy, agriculture, and micro-enterprises.
- Role of Government Schemes: Introduce DAY-NRLM (focus on collective action, livelihoods, and women empowerment) and PM-KISAN (focus on income support and risk mitigation) as key economic levers.

Economic Incentives like the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) and Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) directly influence managerial decision-making in Sustainable Business Models.

Economic Incentives and Sustainable Managerial Decisions-Economic incentives and the benefits from schemes like the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) and Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) directly influence managerial decision-making in Sustainable Business Models. By providing beneficiaries with financial security and capacity-building opportunities, these schemes motivate them to adopt environmentally friendly and socially responsible business activities.

DAY-NRLM and Sustainable Business Decisions

The primary objective of DAY-NRLM is to organize rural poor households through Self-Help Groups (SHGs) and provide them with sustainable livelihood opportunities. Its benefits affect managerial decisions in the following ways:
Financial Inclusion and Access to Capital:
Economic Incentive: Providing capital to SHGs through Revolving Funds and Community Investment Support Fund (CIF), along with collateral-free loans and interest subvention from banks.
Managerial Decision: This capital enables SHG members to decide on investing in higher-risk, but sustainable agro-ecological practices (like organic farming) or non-farm micro-enterprises (like food processing, handicrafts). Loans and business support services under the Start-up Village Entrepreneurship Programme (SVEP) further incentivize the launch of new, sustainable ventures.

Capacity Building and Skill Development:
Economic Incentive: Providing training for livelihood promotion, skill development, and market linkages.
Managerial Decision: The skills acquired through training motivate SHG managers to adopt better production methods (e.g., advanced livestock management) and efficient resource utilization, making their business models cost-effective and environmentally sustainable.
Community Ownership and Collective Action:
Economic Incentive: Building strong institutional platforms like Village Organizations (VOs) and Cluster Level Federations (CLFs).

Managerial Decision: Collective action achieves Economies of Scale. The groups can jointly purchase raw materials, access markets, and ensure product quality. This helps them create sustainable value chains that an individual or small enterprise cannot establish alone.

PM-KISAN and Sustainable Agricultural Decisions

The PM-KISAN scheme provides direct income support of ₹6,000 per year to the families of landholding farmers. The scheme primarily works by ensuring financial stability, thus reducing risk in agriculture.

Problem Statement

I. Existing literature often studies these schemes for their impact on income or poverty reduction.

II. Gap: There is a lack of research exploring how the specific economic incentives from DAY-NRLM's collective capital and PM-KISAN's individual income support translate into managerial decisions that specifically adopt the Triple Bottom Line (TBL) principles of SBMs (Economic, Social, Environmental).

Research Questions (RQs)

I. How do the financial and institutional incentives of DAY-NRLM influence the managerial decision-making of SHG/VO leaders regarding the adoption of sustainable, value-added business models (e.g., organic production, custom hiring centers)?

II. In what ways does the direct income support from PM-KISAN alter the individual farmer's managerial decisions regarding investment in sustainable agricultural inputs and risk-taking capacity for adopting eco-friendly practices?

III. What are the differential impacts of these two schemes on the economic, social, and environmental dimensions of the resultant sustainable business models?

Objectives of the Study

i. To analyze the mechanism through which scheme benefits become economic incentives.

ii. To identify the key sustainable managerial decisions influenced by these incentives.

iii. To evaluate the sustainability performance (TBL) of the resulting business models.

II. LITERATURE REVIEW

Theoretical Framework: Sustainable Business Models (SBM)

- Define SBM using the Triple Bottom Line (TBL): People, Planet, Profit.
- Discuss SBM archetypes relevant to the rural context (e.g., maximizing resource efficiency, closing resource loops, adopting a stewardship role).

Economic Incentives and Sustainable Behavior

Review studies on how government subsidies, Direct Benefit Transfers (DBTs), and institutional credit influence entrepreneurial behavior and environmental compliance.

Overview and Impact of DAY-NRLM

Focus on its unique features: Social Mobilization, Financial Inclusion (CIF/RF), Livelihood Promotion (MKSP, SVEP).

Review existing findings on its impact on women's empowerment, collective action, and financial access.

Overview and Impact of PM-KISAN

Focus on its nature as a pure income support scheme for risk mitigation and purchasing inputs.

Review studies on its impact on farmer income, debt reduction, and agricultural investment.

III. RESEARCH METHODOLOGY

Research Design

Mixed-Methods Approach: Recommended for a comprehensive view.

i. Quantitative: Survey of beneficiaries/non-beneficiaries to measure investment patterns, income change, and use of sustainable inputs.

ii. Qualitative: In-depth interviews (IDIs) with SHG leaders, VO managers, and individual farmers (beneficiaries of both/one scheme) to understand why certain decisions were made (managerial rationale).

Sampling and Study Area

Sampling: Use Purposive or Stratified sampling to select participants who have adopted sustainable models (e.g., organic farming clusters, SHG-led processing units).

Sample Groups:

- PM-KISAN only farmers (Control/Comparison group)
- DAY-NRLM SHG members
- Beneficiaries of both schemes.

Data Collection Tools

Structured questionnaires (Quantitative).

Semi-structured interview guides based on the Qualitative Data Coding Framework (Themes: Financial Access, Risk Management, Investment Orientation, and Sustainability Priority).

Data Analysis

Quantitative: Descriptive statistics, T-tests (comparing groups), Regression (linking incentive amount to SBM adoption variables).

Qualitative: Thematic Analysis using the hierarchical coding framework (as provided in the previous turn).

IV. RESULTS AND ANALYSIS

Impact of DAY-NRLM on Managerial Decisions (Collective Focus)

Analysis of how access to CIF/Bank Linkage led to investments in shared assets (CHCs) or eco-certified production.

Case studies of successful SHG/VO-led sustainable enterprises (e.g., millet processing, organic seed banks).

Impact of PM-KISAN on Managerial Decisions (Individual Focus)

Evidence of PM-KISAN funds being used for switching to higher-cost sustainable inputs (e.g., bio-fertilizers) instead of just reducing debt.

Analysis of how the scheme increased the farmer's risk appetite for trying sustainable yet initially less-productive practices.

Measuring Sustainable Business Model Performance

Present data on the TBL outcomes:

- **Economic:** Profitability, cost reduction (e.g., reduced chemical input cost).
- **Social:** Women's decision-making power, employment generation (via SHGs).
- **Environmental:** Reduction in chemical usage, adoption of water-saving practices.

V. DISCUSSION

Synthesis: Discuss how the institutional incentive of DAY-NRLM creates collective management structures, while the direct financial incentive of PM-KISAN provides the crucial risk-buffering capital for individual managerial change.

Managerial Implications: Detail what these findings mean for rural managers (SHG leaders, farmers) in balancing short-term economic needs with long-term sustainability goals.

Policy Implications: Recommendations for convergence between DAY-NRLM and PM-KISAN to maximize sustainable outcomes (e.g., linking PM-KISAN funds with MKSP training).

VI. CONCLUSION

Summary of Key Findings: Reiterate the answers to the research questions.

Contribution: State the study's contribution to the literature on SBMs and development economics.

Limitations and Future Research: Discuss limitations (e.g., sample size, geographic scope) and suggest avenues for future research (e.g., long-term impact analysis).

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