

## Determinants of Green Strategy: Analysis Using Probit and Logit Models

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**Abstract :** This study investigates the structural determinants of green strategies among Small and Medium Enterprises (SMEs) in the European Union and select countries, utilizing data from the Flash Eurobarometer 498 - SMEs, Resource Efficiency, and Green Markets. By applying sequential logit analysis, we explore the drivers behind the adoption and scaling of green actions, such as resource efficiency, waste management, and product innovation, while also examining the provision of green products and services. A key contribution of this research is the novel distinction between the process stage (green actions) and the product stage (green outputs), allowing for a deeper analysis of how green initiatives translate into sustainable business outcomes. Our findings reveal that structural characteristics, such as firm size, sector, and turnover growth, significantly influence the likelihood of both providing green products and implementing comprehensive green actions. Smaller, younger firms in high-impact sectors like construction and industry are more likely to engage in sustainability efforts, particularly when they have a green strategy and a dedicated green workforce. Furthermore, companies serving B2B and B2C clients and experiencing turnover growth are more inclined to offer green products. The study underscores the economic implications of these insights, suggesting that financial flexibility, strategic commitment, and human capital investments are critical for scaling green initiatives. By refining variables and excluding heterogeneous countries, our data management ensures robust results. This research provides novel insights into the distinct roles of process and product stages in sustainability, offering valuable policy recommendations for promoting environmental performance in SMEs.

**Keywords :** green strategy, resource efficiency, SMES, sustainability, product innovation, environmental performance

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