

CONCEPTUAL FRAMEWORK FOR SUSTAINABLE ENTREPRENEURSHIP

Dr. Reena Agrawal

Jaipuria Institute of Management, Lucknow

Email: reena.agarwal@jaipuria.ac.in

Abstract

Despite economic growth across the world, there is a rise in societal, economic, and environmental threats. The adverse penalties of environmental depletion include reduction of natural resources, lack of clean water, draught, and loss of bio-diversity, (Greco, & de Jong, 2017). There is income divide is increasing, there is unequal access to openings and resources, gender inequalities are persisting, more people living in poverty and are dying of hunger (Ploum, et al., 2018). These issues clearly bring out the need for sustainable entrepreneurship. This study has illustrated a conceptual model which can be adopted by enterprises so that they not merely contribute in economic growth but also participate in the preservation of the ecology and growth and development of the society. The finding of the current paper shall give new insights to the existing entrepreneurs, potential entrepreneurs, policy makers, academicians and researchers to promote the cause of sustainability in all dimensions of business and research.

Keyword: sustainable, entrepreneurship, business

Introduction

Despite economic growth across the world, there is a rise in societal, economic, and environmental threats. The adverse penalties of environmental depletion include, reduction of natural resources, lack of clean water, draught, and loss of bio-diversity, (Greco, & de Jong, 2017). In addition to this, the climate change is intimidating the existence and sustainable growth of present societies. There is income divide is increasing, there is unequal access to openings and resources, gender inequalities are persisting, more people living in poverty and are dying of hunger (Ploum, et al., 2018). These issues clearly bring out the need for sustainable entrepreneurship.

Sustainability in business operations is quite promising to resolve global sustainability challenges reported in UN Sustainable Development Goals (SDGs) in name of “sustainable strategic management” or “sustainability innovation strategy” (Hargreaves, 2019; Rego et al., 2017). A key question is whether sustainability entails the necessity to transform or modify the business model or business strategies. Sustainability clearly characterizes pioneering transformation in effort to augment value proposition for all the stakeholders, i.e., to create combined value (Logan, 2017). Businesses that aim sustainability have numerous methods to articulate such as shared common value (Porter and Kramer, 2011), stakeholder value (Freeman, 1994), regenerative value (Howard et al., 2019) and sustainable value (Freudenreich et al., 2019). Businesses play a fundamental role in circular economy (Urbinati et al., 2017; Lu`deke-Freund et al., 2019). Several researchers advocate that modification in business models is key to enable transition into circular economy (Ghisellini et al., 2016; Bocken et al., 2013; Ellen MacArthur Foundation, 2015). The new economic structure termed circular, aims at including business practices for instance using 3 R principle in conventional business systems (Kristensen and Mosgaard, 2020). Therefore, need for sustainable business models is being deliberated in recent times (Bocken et al., 2014), particularly adopting the philosophy of circular entrepreneurship circular business prototypes, circular economy, (Nußholz, 2017; Salvador et al., 2021a; Leipold & Petit-Boix, 2018; Urbinati et al., 2017) and also sustainable entrepreneurship (Schaltegger and Wagner, 2011).

Theoretical Background

‘Sustainable Entrepreneurship’ is practice area amid entrepreneurship and sustainable development and is defined as recognition, exploitation and development of openings and at the same time focus on social, ecological and economic gains (Cohen & Winn, 2007). Sustainable entrepreneurship has huge prospective to result in drastic revolution, not just organic, but by uniting and redesigning processes leading to increasing profits, and also backing sustainable growth (Lans et al., 2014). Sustainable entrepreneurship may be defined as a groundbreaking, innovation though driven by market yet creating societal, economic, and ecological value (Schaltegger and Wagner, 2011).

While most of research on ecologically and socially liable performs are dedicated to large corporates, the sustainable entrepreneurship pulls attention towards smaller businesses, (Hamann et al., 2017; Blundel et al., 2013). Sustainable entrepreneurs make use of circular innovations that convert market deficiencies into business prospects, replace non-sustainable consumption and production and generate value for all stakeholders (Massa and Tucci, 2014; Foss and Saebi, 2016; Schaltegger et al., 2016), at the same time they try to hypothesize and execute novel business models Pieroni et al., 2019; (Lu¨deke-Freund et al., 2019). Circular innovations aim incorporate precise principles to close the loop and contribute in re-forming economy (Geissdoerfer et al., 2017; Diaz Lopez et al., 2019; Linder & Williander, 2017). Sustainable entrepreneurs often make use of business model innovation which seeks to spread affirmative impact on all stakeholders (Blank, 2013; Schaltegger et al., 2016; Skala, 2019).

Schaltegger & Wagner, (2011) state that sustainable entrepreneurship is an approach in which business engages in sustainable activities to attain competitiveness and efficacy by harmonizing the effects of the business, social and environmental activities. It comprises noticing, generating, and exploiting business prospects that create environmental and social benefits to promote the cause of sustainability (Muñoz, and Cohen, 2018). Sustainable entrepreneurs remove conventional business methods, processes and practices, and replace them with better environmental and social practices, systems, and processes to produce sustainable products and services (Vallaster, et al., 2019).

Sustainable entrepreneurship boosts environmentally and socially pleasant practices and entails ecological decisions and policy making (Barros et al., 2020). Sustainable businesses focus on recovery of resources, and products and create value from discarded (Dijkstra et al., 2020), this is corresponding to Reinhardt et al. (2019)'s theory on circular economy, which offers political direction for sustainable shift and offers positive prophecy for the future regarding ecosystem degradation, climatic change, and growing threats of shortage of resources. Thus there are increased debates on circular model of business (Salvador et al., 2020), eco-design and life cycle assessment (Baldassarre et al.,2020), and novel interfaces amid resource scarcity and new models of revenue (Bocken et al., 2014) to enhance sustainability of businesses.

Sustainable entrepreneurship, interlocks creative procedures, business, and wellbeing of economic, environmental and social, extents (Crecente, et al., 2021). Yet, sustainable entrepreneurs face severe challenges in implementing the same and seek support from government and other stakeholders to put in place more appropriate political policies, better infrastructures and new social standards to nurture sustainable development (Veleva, 2021). Sustainable entrepreneurship, also includes concepts such as circular entrepreneurship, (Zucchella & Urban, 2019; Geissdoerfer et al., 2020; Crecente, et al., 2021) organic entrepreneurship, green entrepreneurship, blue entrepreneurship and ecological entrepreneurship (Rodgers, 2010).

Sustainable entrepreneurship is characterized by young enterprises who explore circular economy opportunities and aim to deliver circular value propositions (Zucchella & Urban, 2019). Sustainable enterprises solve environmental problems by producing innovative ecologically sustainable products, services, and institutions (York & Venkataraman, 2010). Such ventures become part of solution rather than problems (Hockerts & Wüstenhagen, 2010). Such enterprises niche opportunities with clienteles inclined towards sustainable consumption (Šebestová & Sroka, 2020; Linder & Williander, 2017), reduced costs, increased prestige, and restoration of environment, financial profitability, and sustainability of enterprise (Rizos et al., 2016; Ormazabal et al., 2018). Sustainable entrepreneurs identify gaps, develop novel business models to plug those gaps, provide crucial linkages and create new business prospects with social, environmental and economic gains (Veleva & Bodkin, 2018).

Sustainable Entrepreneurship creates business to extract value, i.e., it seeks to identify, generate, and exploit opportunities to develop current as well as future goods and services. Bischoff and Volkmann [2018]. Sustainable entrepreneurship stresses the need to build partnerships (Reinhardt et al., 2019), and prospective for value recovery offers (Hankammer et al., 2019; Hofmann, 2019; Vlajic et al., 2018; Hofmann and Jaeger-Erben, 2020) by implementing reprocessing (Stål and Jansson, 2017) and remaking (Khan et al., 2018; Copani and Behnam, 2018). Management is expected to assists in slowing, narrowing, closing circlets (Geissdoerfer et al., 2018). Sustainable entrepreneurship advocates collaborations between all stakeholders and initiation of institutional changes (Rosário, et al., 2022). Sustainable entrepreneurship plays pivotal role in this transition process (Terán-Yépez, et al., 2020). Masciarelli and Leonelli (2020)

and Ploum et al. (2018) found key traits of sustainable entrepreneurs are farsightedness, systems thinking approach, normative behavior, embraces diversity, ability to collaborate, action oriented and as strategic management.

Discussion

Taking insights from the above theoretical review we may sum that entrepreneurship that endeavors to promote social well-being, enhance economic prosperity and safeguard natural capital can be called sustainable entrepreneurship (Figure 1). The detailed narrative of sustainable entrepreneurship has been illustrated in Figure 2. An enterprise that aims to become sustainable has to integrate sustainability in its vision and mission statement and should ensure that it is able to address the concerns and challenges related to society, environment and economy and not to aggravate them. This is possible only if the vision and mission gets translated into each and every department and each and every activity performed by the company.

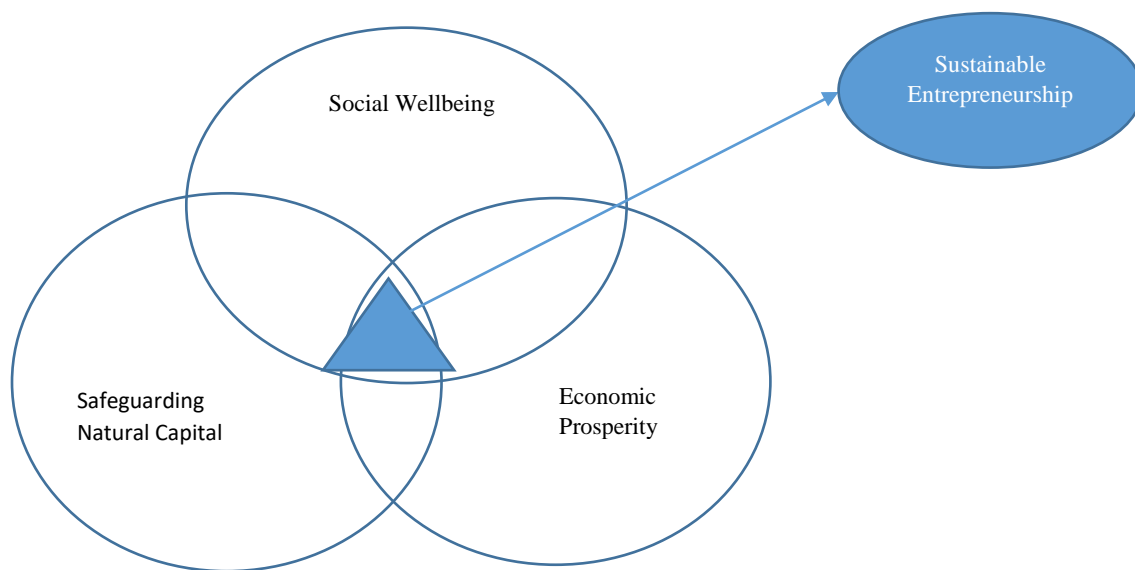


Figure 1: Sustainable Entrepreneurship (Author Creation)

Figure 2 demonstrate that if an enterprise dreams to be sustainable then it will have to adopt the following facets sustainability as core philosophy, sustainable infrastructure, sustainable

products and services, sustainable operations, sustainable marketing, sustainable logistics, sustainable internal processes, and sustainability audit.

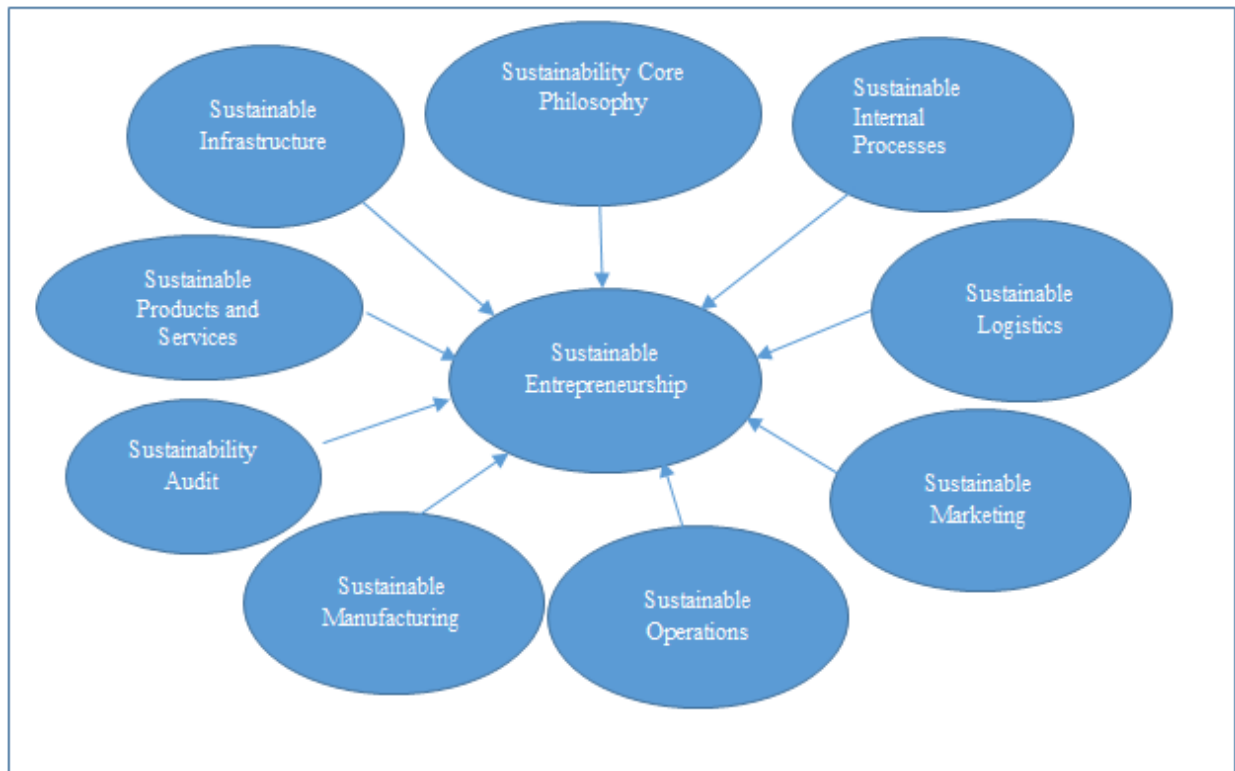


Figure 2: Conceptual Model for Sustainable Entrepreneurship (Author Creation)

Sustainable Entrepreneurship will begin with formulation of business enterprise, by incorporating sustainability in the core philosophy i.e., soul of the enterprise. Sustainable Entrepreneurship should put in place sustainable infrastructure which means that enterprise should build green building which maximizes the use of natural light, natural heating system, natural cooling systems and thus minimize the carbon emissions. Sustainable Entrepreneurship should make use of artificial intelligence and create sensors which increase and reduce the power supply as the need be. Sustainable Entrepreneurship should use solar energy or wind energy as the case may be, for electrifying offices. Sustainable Entrepreneurship should make use of latest technology to make the operations more efficient and less costly. Sustainable Entrepreneurship can use green marketing techniques to gain visibility in the market. Sustainable Entrepreneurship should replace traditional systems with more contemporary ones, recycle the water, reduce waste creation, replace paper work with virtual documentation. Sustainable Entrepreneurship should continuously strive to innovate and specially adopt green and circular innovation. Sustainable

Entrepreneurship should educate every employee seek their partnership in reducing the wastage of scarce resources, reducing carbon emission, saving water and saving electricity. Employees should be advised to use car pool to travel to office and way back. Employees should be encouraged to practice sustainable practices at home as well. Sustainable Entrepreneurship should conduct sustainability audit at various departments and reward the ones who make exemplary effort. The supply chain used by Sustainable Entrepreneurship should be green and sustainable in nature (Figure 2).

Conclusion, Limitations, and Opportunities for Further Research

With rise in societal, economic, and environmental threats, sustainability issues are highly vital for enterprises' current and future growth and competitiveness. This study has illustrated a conceptual model which can be adopted by enterprises so that they not merely contribute in economic growth but also participate in the preservation of the ecology and growth and development of the society. The finding of the current paper shall give new insights to the existing entrepreneurs, potential entrepreneurs, policy makers, academicians and researchers to promote the cause of sustainability in all dimensions of business and research. The limitations of this paper is that the findings are based on papers downloaded from google scholar and further research can be taken up where other data bases are also used. The second limitation is that it is a purely qualitative paper so future researchers may think of adding quantitative dimensions also to it. Scholar may try to measure the impact of sustainability initiatives on the financial returns of the enterprise and on perception on the mind of all the other stakeholders.

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