

How sustainable entrepreneurship can give small businesses an edge.

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Abstract. This paper explores the concept and practice of sustainable entrepreneurship, which is a form of innovation that aims to create positive environmental and social impacts through innovative and responsible business solutions. The paper reviews the literature on the benefits, challenges, and strategies of sustainable entrepreneurship, focusing on how small businesses can use sustainability as a competitive advantage in the market. The paper also discusses the role of public engagement, resource demand reduction, product value, and organic growth in enhancing the performance and legitimacy of sustainable enterprises. The paper concludes by indicating some of the advantages a small business might have, and also highlighting the gaps and opportunities for future research on sustainable entrepreneurship.

Keywords. sustainable development, sustainable entrepreneurship, environment, green economy, business,

1. Introduction

When it is talked about entrepreneurship, the first image that comes to mind is that of a modern young entrepreneur; a person who is ready to put his knowledge of new technology and methods to make big gains out in the business world. This newly created ideal enterprise is expected to have rapid growth in the market and outcompete the others by using superior methods and techniques developed or learned by this entrepreneur, and ultimately generate a lot of revenue for its creator and stakeholders [1].

The current view on an entrepreneur is however, often missing one important aspect of a created business. Its impact on the world around it. While perhaps not the greatest concern when money is the priority of said business, more often than not when looking for ways to leave a message and impact even the slightest on the environment. This is done as a way to form a legacy. People will try to improve the situation where they first started. One of the ways that entrepreneurs will try and do this is by constructing their business in a manner that its practices are sustainable and does not damage or degrade the quality of life and business overtime [2].

When a business is created, a very important aspect that has to be taken into account is its differential to other already established competitors. When looking for something to present to your clients that will make your business look like the most desirable choice, eco-friendly activities can become a valid choice [3]. Not only attracting clients but many times serving to manage resources more efficiently, and showing a healthy enterprise for possible investors [3,4]. Support from outside influence is very important for a business's success, since social norms, culture, and decisions greatly affect those aspects [5,6].

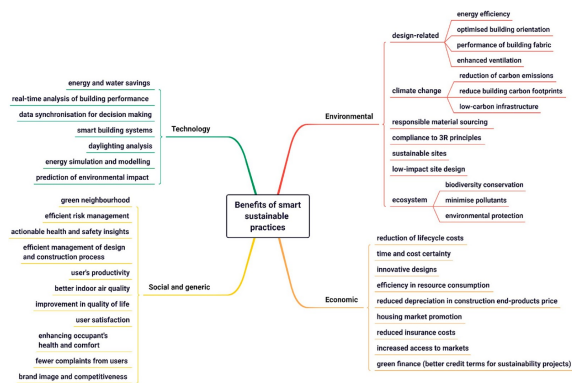


Fig. 1 - Summary of the benefits of smart sustainable practices [14].

The growth of sustainable entrepreneurship has been greater than ever. The boom in connectivity, and the ever-greater concern with the environment by companies and their clients, might be reasons for this sudden rise in growth [7]. Also, it is to show that sustainable entrepreneurship has advantages that can be used to gain an edge in a competitive market, as shown by S. Silva in [3], explaining how it is a valuable and genuine alternative for classic business.

The recent growth of sustainable entrepreneurship and the studies that serve to confirm its viability brings many questions on how it can be used in today's world [7]. A primary objective of sustainable practices is to reduce the strain on our resources and nature. Another is to gain a slight advantage in the management of your own resources, reducing the need and cost of production of value on the market [8]. So I decided by analysing current scientific research that there is a gap in the analysis of how a small business can make use of these practices to stay relevant and updated with the new trend, and compare how it may be easier on a smaller scale than it would be to a large corporation.

2. Methodology

This paper was developed by bibliographical research of different sources on the subjects of sustainable development, and sustainable entrepreneurship. The selected articles were then thoroughly analysed so the information could be compared to other sources and compiled in a comprehensible format. Sources were of Portuguese and English writing, also to have a better insight into the international language and situation.

Because of modern connectivity and the globality of entrepreneur relations, the geographical aspects of the chosen references were not taken into account. So papers from multiple regions of the globe were used and studied to have a more general and unconfined reach.

3. Literature review and findings

The encountered articles show a great amount of data on the viability of sustainable practices in the business ecosystem. Many examples are shown of sustainable enterprises that not only contribute to the reduction of greenhouse gas emissions and waste reduction, but also hold a healthy advantage and differential from their competitors [3].

The current situation of studies on the matter shows that, as was found in a research done by André Spuri. et.al [7]. The number of studies and released patents on sustainable and green subjects has increased dramatically in recent years. This trend correlates with the increasing interest by governments and its population to have a more sustainable economic picture. As was stated by Bruce in [6], the support given by governmental and social institutions is directly related to how often new and experimental business practices are created and successful.

The relationship between business and people is supported by the findings of the following articles: [5,6,9] that indicate the important role of society and institutions on the supporting of entrepreneurs, in the achieving their objectives, while at the same time being able to take great benefits of incentivising this type of business. It is also important to take into account that when developing a sustainable business, the overall economic situation and happiness of people in, and around your business can have a great impact on the success of the enterprise [6,10]. To achieve this overall development sustainable entrepreneurs are of great importance by providing services that while may not provide the largest growth, can provide better and needed (but not as profitable) services.

3.1. Organic growth

One important aspect that is used to differentiate a sustainable business from a conventional one is the focus on rapid growth. In the modern investment centred ecosystem, many companies will choose the options that lead to the largest growth in the shortest amount of time. This is great for the investors who will put more money for the company to use. However, the fast and unconsolidated growth can lead to fragility in the structure of the business, which can lead to problems down the line and weak competition against its other counterparts [11].

A study published at Harvard Business Review by Suntae Kim and Anna Kim [11] on two business accelerators in the urban area of Detroit that served to create and develop new business ventures in the city. Their study pointed to the difference on the methods and end goal of the accelerator companies, one that focused on fast growth, and another that used a more methodical, slow and organic type of growth. The result was that while the fast growing startups would become larger and gain more clients, the slower growing ones would be more beneficial for the people around it (since it would

stay in the city and not grow out of its starting area) and would form a more consolidated grip on the clients that it gained [11].

3.2. Stakeholders and viability

For the sustainable enterprise to achieve success it is of great importance for its services and solutions to be viewed as a viable option for clients, investors, and partners. Without the trust of the other parties, it will become almost impossible to succeed in providing its services and achieving its goals. Because of this reason, it is important to show the viability and to legitimise the motives to choose a sustainable approach to your business [4].

To accomplish the endeavour of legitimising the sustainable practices supported by your business it is important to convince your stakeholders on the viability of the project. To demonstrate how the chosen sustainable practice will benefit the company and its stakeholders, be it by bringing profits directly or indirectly. Sustainable entrepreneurs came up with some techniques to show the benefits of adopting their solutions [12,13].

These techniques are thoroughly discussed in multiple articles. There are plenty of examples of real enterprises, where the original entrepreneur had to convince through demonstrative and persuasive tactics, its stakeholders how the sustainable alternative is viable. These tactics have to be used often as there is plenty of resistance to the idea of a sustainable but unconventional way of business, that will often involve tradeoffs in the fast growth that is often expected of corporations [4].

3.3. Sustainable practices

As the sources indicated before, sustainability is not only the capacity to sustain our practices indefinitely with limited resources. From a business point of view, being sustainable is also being able to maintain your current (sustainable) practices and clients through an undetermined amount of time. This means that to be sustainable it is necessary to keep good relations with the public and to design your products and practices so that they have to take in the least amount of resources from outside sources as possible [3].

Many of the sustainable practices come in the form of adopting more efficient methods of production and work. Usually, it is with the goal of reducing resource usage, while enhancing the economic performance and long-term viability of the organisation [14].

Some of the more simple practices are the ones that while beneficial to the environment and the work culture, do not directly interact with the business side of things. Practising trash separation in the work environment, and the occasional planting of a

tree, are examples of small practices that help the environment. But these have little impact on the way a company operates. Real impact however comes with changes in the way its products are designed and the bigger actions taken by said company.

3.4. Public engagement and retention

When developing sustainable practices, one important aspect is to keep your clients engaged and informed on the reasons why your product is more advantageous than a non sustainable one. Not only that but the company must also keep its clients motivated to engage in the sustainable practices supported by the business, in order to show other parties the greater motive for your efforts.

Social motivators are seen as a big contributor to sustainable entrepreneurship in countries [5]. Other factors like public support for sustainable businesses is also a big contributor to their growth. So it is important for an enterprise to try and gain support for its cause, and to present the sustainable path as a viable solution.

To gain support from “institutions” [6], enterprises will often do campaigns and activities to gain support from people. These activities can come in the form of events and seminars to present their motives and results. It can also be set for a more broad public, by gaining attention from media platforms, by planting trees, making donations, or showing outstanding results. Another more subtle approach is by having social initiatives inside of the business. This can come in the form of hiring local disadvantaged workers, or branching into less profitable but necessary practices, like a recycling initiative [5].

3.5. Resource demand reduction, and product value

Often one great benefit that is often sought after when applying sustainable practices to a productive type business. That is the significant reduction of the resources that are utilised for the manufacture of goods. Usually, sustainable practices by nature look for ways to reduce the materials discarded on their product. Of all the ways to achieve this goal, the best one is to not produce anything that could be discarded. This directly saves resources when taken to production [15].

The main difficulty for this process to be made sustainable is that it would require a rethinking of many of the steps that make up part of its production. For this to be done many resources may have to be allocated to the redesign of a product or the ordering of new and more efficient machinery. However, it is a cost that (if done well) may save plenty of resources in the future[8].

Making use of biodegradable packaging is also a common alternative. Many sustainable enterprises

have already been created that specialise in making packaging that does not harm the environment. As the package is often a piece of the manufactured good that is discarded immediately. Making sure that it does not have a lasting effect, and can be easily taken care of is an important concern to be taken into account in the thinking process of your product [15]

Making smart use of sustainable packaging is beneficial to the value of the product too. It shows to the client the environmental concern of the product while at the same time being much more visible than a simple label. This can bring value to the product by visibly showing to environmentally minded people how your company is doing their part. So when a client goes to choose between your product and another he might be inclined to take the one that is visibly environmentally friendly.

4. Discussion

From the data that was analysed of research done, we can gather many interesting views on sustainable entrepreneurship. The main one may be that, it is clear that the process of adopting sustainable practices is a long and varied one, this depends on how far the company plans on making changes. Small changes to the work culture of the company can be simple and have a small impact, while at the same time paving a road to larger changes to be deemed advantageous

A slower and more consolidated growth for a company can have many benefits, such as improving the quality of the products or services, building a loyal customer base, and reducing the risks of overexpansion or financial instability. Furthermore, a company that grows slowly but steadily can gain the trust and respect of the people around it, such as its suppliers, partners [4], competitors, and community. These people might favour the company's services over those of other companies that grow too fast and compromise on quality, ethics, or sustainability.

It is also clear that for all things that an entrepreneur may try to implement, it is very important to have the support of its stakeholders. This may be done more easily with a smaller company with fewer variables to its decision making. However, a large corporation may also be better off negotiating with its partners, since it has more influence and options on the matters discussed.

To act on sustainability an enterprise can choose many different ways to accomplish this. It will depend on how much is desired to be sustainable, and how many compromises with its already established production methods can be made. Larger companies may have a harder time on this matter simply because of the cost of changing so many of its already established practices. While a small business can have lots of flexibility in how it operates.

5. Conclusion

The studies that were used and many others will paint a similar picture, that sustainable practices when effectively employed can often lead to great benefits. These as was discussed can come in a variety of forms. There are monetary benefits, like the reduced use of resources for the manufacture of products and, the use of recycled material bought at a lower cost, and more clients can be attracted to its innovation and impact on the globe.

We notice that many of the studies shown, favour change in the classic methods of business, for more modern and sustainable ones. For this to be done at a company level it might require lots of resources and change, especially for large and well established conglomerates. So here we can see a clear advantage given to small businesses, in that if needed, or if it is deemed useful, it can change its practices more easily, without the risk of spending huge amounts of money on a failed experiment. The ease of change in a smaller, and more hands-on management system can reduce the hardships and costs of such a change significantly

It is reasonable to conclude that sustainable practices in businesses and entrepreneurs making use of the new and more sustainable methods, may become more common as time goes on. It also shows that small businesses due to their flexibility can make good use of sustainable practices. More research can still be done on the subject, especially with more comparisons of real examples of sustainable entrepreneurship both inside big and small businesses.

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