

Ecopreneurship: Pushing entrepreneurial ideals to address sustainability issues

ABSTRACT:

Ecopreneurship can be roughly defined as sustainable entrepreneurship that helps those less fortunate to lead a worthwhile life. Instead of handing over societal needs to the government or for-profit businesses, Ecopreneurs attempt to solve social problems on their own. Ecopreneurship is expected to be the next big thing to influence India as the country struggles to achieve a balance between a growing GDP, inclusive growth and addressing issues ranging from education, energy efficiency to climate change. This paper attempts to examine the different dimensions of ecopreneurship.

Key words: Ecopreneurship, inclusive growth, and social problems.

INTRODUCTION:

“Social entrepreneurship, we believe, is as vital to the progress of societies as is entrepreneurship to the progress of economies, and it merits more rigorous, serious attention than it has attracted so far.”

- Roger L. Martin and Sally Osberg, The Stanford Social Innovation Review

The word ‘Entrepreneur’ comes from the French word *entreprendre* which means “to undertake”. The Miriam-Webster dictionary defines an entrepreneur as *“one who organizes, manages, and assumes risks of a business.”*

Entrepreneurs are individuals who are responsible for all the risks and rewards of the business service or product which they have offered to the market. In the last few years as issues of climate change, energy and sustainability have started to impact the planet adversely and the market failures of capitalism were blamed for their role in the global warming, a new class of entrepreneurship has sprung up to address the challenge – Social entrepreneurship.

Social business was first defined by Nobel Peace Prize laureate Prof. Muhammad Yunus in his book *‘Creating a world without poverty’* (Yunus, 2006) as businesses that are created and designed to address a social problem, it is a non-loss non-dividend company i.e., it has financial sustainability and its profits are reinvested in the business itself. Social entrepreneurships are those businesses that are run by individuals whose goal is to create and sustain social value. Their businesses offer solutions to social problems and a small class of social entrepreneurship which specifically focus on tackling ecological issues is called ‘Green Entrepreneurships’ or ‘Ecopreneurship’. (Schaper, 2002)

Despite its relevance to the modern world, Ecopreneurship is poorly-researched. The paper analyses the ways in which Ecopreneurship operates and the survival and failure rate of Ecopreneurship. Following the theoretical framework, the paper suggests practical steps that can be taken to foster ecopreneurship in new and existing firms and indicates policy frameworks that can promote Ecopreneurship. In conclusion, a generalized model is formulated that can be applied to Ecopreneurship so that current and would-be ecopreneurs can benefit from its implementation.

The Ecopreneurship Quartet Model:

Ecopreneurship offers services and products that do not have an adverse effect on the environment. They generate value through their offerings and contribute to sustainability. A green entrepreneur is an individual who starts a for-profit business that does not harm the environment either by the nature of the product or by adopting environment friendly policies and practices in his business. (Isaak, 2002)

Based on empirical research conducted on sixty Ecopreneurship, ventures the following matrix has been derived that proposes four different types of Ecopreneurship based on the external context (structural influences) and the personal orientation of the entrepreneur.

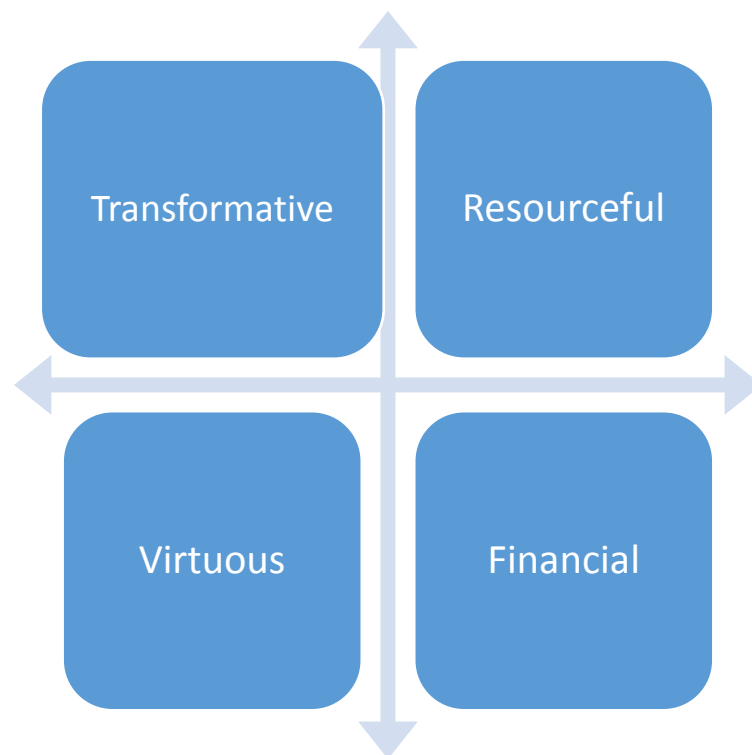
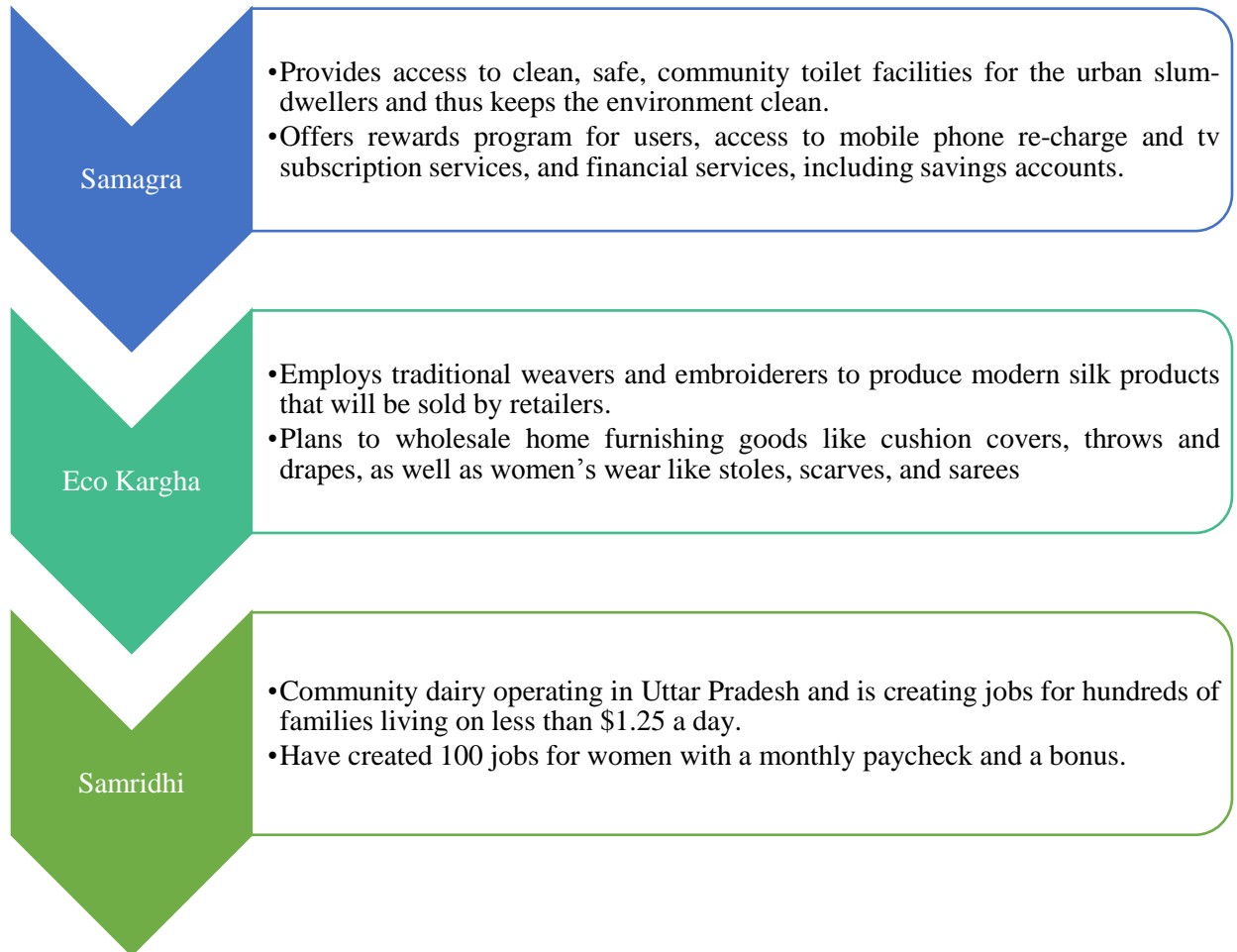


Fig 1.1: Typology of Ecopreneurship

Transformative: These Ecopreneurs embrace transformation from the bottom-up. (Upayasv: Samagra, 2014) They operate with the goal of a future that has incorporated structural changes and these businesses focus the most on sustainability. Three of the prominent transformative Ecopreneurship are:



Resourceful: These Ecopreneurs identify niche markets and use the opportunity to launch eco-friendly businesses for financial gains. Three of the prominent resourceful Ecopreneurship ventures are: (Pastakia, Assessing ecopreneurship in the context of a developing country. , 2002)

Tamul Plates

- produces and markets high-quality, all-natural disposable plates and bowls made from arecanut tree leaves
- 69% of Northeast India is involved with seasonal farming but they also have 12% unemployment rate as floods have ravaged their lands. Tamul has become a major employer in the region.

El Rhino

- produces and sells handcrafted luxury paper, stationery products, and packaging materials made from recycled rhinoceros and elephant dung.
- has the capacity to produce 15 tonnes of paper per year, which at capacity will equate to approximately 100 full-time jobs in paper processing

Justrojgar

- helps slum-dwellers in and around Delhi build skills and find dignified work as cleaners, cooks, gardeners, and caretakers for local families and businesses.
- recruits from several slums in-and-around Delhi, after which the prospective employee undergoes a 15-day skill-building workshop.

Virtuous: Influenced by friends, and family rather than starting out with a vision to change the world, the virtuous ecopreneur is not motivated by ambitions to change the world at the outset but has a tendency to set-up alternative businesses. Three of the prominent virtuous Ecopreneurship are:

On the 8th day

- Vegetarian cafe and health food shop in Manchester, UK
- It opened as a craft exchange and alternative centre in the 70s and struggled to survive in the 80s. It is currently a co-operative.

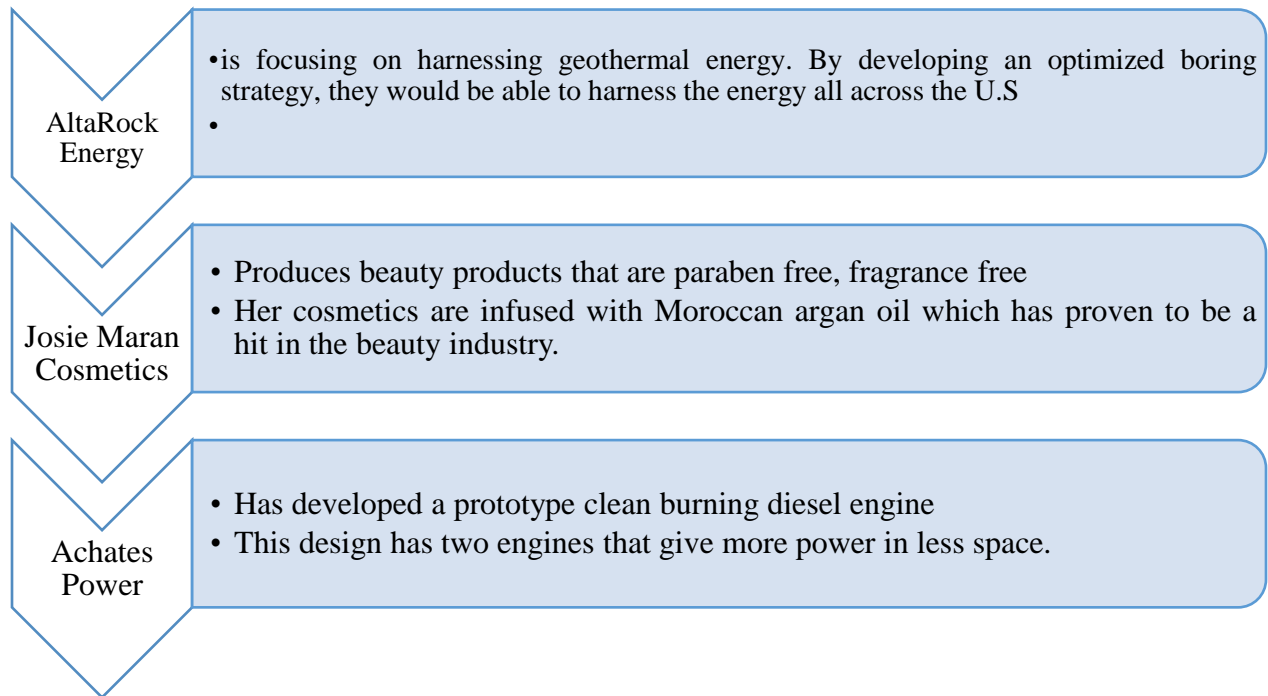
Green Sisterhood

- A network of green content writers who write for a site whose page views are over 2 million. Its mission is to change the marketplace and the consumers' buying habits.
- They conduct workshops on living sustainably, and managing small businesses

Caleb's Closet

- An online store which helps Filipino moms find eco-friendly products for their babies.
- They make cloth diapers for moms who don't want their babies sitting 24/7 on chemical-laden disposables

Financial: These ecopreneurs are motivated by financial gain and they are not value-driven. They are ad-hoc ecopreneurs. The fact that their business happens to be eco-friendly is just accidental. Three of the prominent financial ecopreneurship are:



Ecopreneurship: Contexts of their creation

In order to find out ecopreneurial orientation in new businesses, the start-up environment of India has been analyzed. Literature on startups from the public domain provided the data. For primary research, personal interviews with two groups involved in green entrepreneurship was carried out on budding ecopreneurs and freelance consultants who offered advice to burgeoning startups. 7 interviews were carried out with ecopreneurs and 9 interviews with various consultants. The interviewees were spread across India. Table 1.1 shows the industry, time duration of its existence, number of employees and the number of founders.

Industry	Years of existence	Number of employees	Number of founders
Solar Energy (SELCO)	19 years (1995-2013)	140	1
Dairy and Milk Products (Samridhi)	5 years (2009-2014)	200	
Distribution of domestic appliances (Greenway Grameen)	4 years (2010-2014)	36	2
Finished materials producer (Tamul Plates)	3 years (2011-2014)	20	1
Finished materials producer (Daily Dump)	6 years (2008-14)	45	5
Finished materials producer (El Rhino)	9 years (2005-14)	70	2
Finished materials producer (HonECORE)	7 years (2007-14)	50	5

Most of the ecopreneurs mentioned that they consult their own personal social circle for information. They also approached consultants and out of the 10 companies, 7 had approached consultants for advice. When asked about how they contributed as the partners of ecopreneurs, the consultants replied that they had a round of discussions with the entrepreneur. In these discussions, they provided assistance in the development of the idea. They also helped in drawing up figures for expected expenses, cash flow, liquidity, and profitability. Marketing and financing were also discussed.

Ecology was largely ignored in the discussions mostly. The advisors emphasized that considerations of ecological issues depend very much on the industry in which the venture is based. Most of the ecopreneurs took the idea of sustainable business practice as a means to differentiate themselves from the competitors. (Schaltegger, 2002)

Consultants mentioned that implementations of sustainable practices was viewed as desirable by a new venture mostly when there was immediate financial return. Even in small startups, sustainable practices were viewed as a source of sunk costs because of the high financial investment they implied. (Palmås, 2013)

In general, consultants who are in a position to influence direction of new ventures tend to re-orient the firm towards conventional waters. If consultants make environmental issues a regular part of their start-up consulting services, more new businesses will adopt a proactive approach.

Practical suggestions to foster ecopreneurship in India: (Pastakia, Socially Responsible Business in India and the Asia-Pacific: Meeting the Challenges of Inclusive Sustainable Development., 2014)

The Indian government can:

- Strengthen the external forces by imposing standards for the quality of environment and the implementation of regulations.
- Impose state-level production centers that are cleaner.
- Optimize international bilateral funding to phase out products that cause global warming and ozone depletion.
- Strengthen the consumer movement in the country by educating the producers, consumers and regulators that will pave the way for a major transformation of industry.

Conclusion:

Our world is rapidly heading towards its own obsolescence. The Malthusian nightmare of diminishing resources might well turn out to be a reality if we do not adopt sustainable practices. Despite mounting scientific evidence, there is very little effort being done in stalling climate change and its attendant dangers. (Weber, 2008)

Entrepreneurial ventures that focus solely on profits are no longer useful as they can be effective within their free market boundaries but they are not able to address the larger challenges of sustainability. Ecopreneurship is a vital tool to mitigate the viciousness of capitalism and achieving dual goals of profit and sustainability.

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