

Social and Sustainable Entrepreneurship

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Abstract

These days, issues such as environmental degradation, the wealth gap, and unequal access to opportunities and resources are increasing. These concerns have increased the need for sustainable entrepreneurship, defined as sustainable business practices. Entrepreneurship is central in transitioning towards a more sustainable future, whereas aligning the social, economic, and ecological objectives and ecological entrepreneurs plays a role. It aims to analyze the depth of existing pieces of literature on sustainable entrepreneurship, its definitions, and its applications in business practices. The analysis relies upon a literature search on the SCOPUS database around the keywords 'Sustainability' and 'Sustainable Entrepreneurship'. The scientific software VOS viewer is used to better illustrate the linkage of major categories and correspondent trends, related with both business growth and maintenance of ecological systems. It concludes that the desired levels of sustainability require collaborations between all stakeholders, while the transition towards service-oriented business models has contributed to the growth of sustainable entrepreneurship. Nevertheless, existing institutional structures favor current unsustainable businesses and systems over the newer sustainable ones, demanding entrepreneurs to initiate institutional changes.

What process of socioeconomic transformation might move humanity towards sustainability-as-flourishing, an ideal view of sustainability where life flourishes indefinitely on Earth? Findings show contributions and also limitations towards sustainability-as-flourishing reflected in research on each type of entrepreneurship.

1. Introduction

Despite the economic development occurring worldwide, there has been an increase in economic, societal, and environmental threats. Natural resources' depletion and the adverse consequences of environmental degradation, including a lack of sufficient freshwater, loss of biodiversity, and draught, have become critical problems .

In addition, climate change is threatening the survival and stability of modern societies. More people are dying of hunger and living in poverty. The wealth gap is increasing, and gender inequalities and unequal access to opportunities and resources are persistent .These issues, among others, of different intensity according to context, have increased the need for sustainable entrepreneurship. Schaltegger and Wagner define sustainable entrepreneurship as a business approach in which businesses engage in sustainable business practices to achieve efficiency and competitiveness by balancing the impacts of their environmental, business, and social activities. It involves discovering, creating, and exploiting entrepreneurial opportunities that generate social and environmental benefits to the communities to promote sustainability .

Sustainable entrepreneurs eliminate traditional business practices, systems, and processes and replace them with superior social and environmental products and services. In this case, conventional market structures, production techniques, products, and consumption patterns associated with unsustainability are destroyed in favor of more sustainable ones.

Given the significant role of businesses in society and the impacts of their practices, entrepreneurship plays a critical role in transitioning towards a more sustainable future. It is associated with economic and non-economic activities that trigger the creation of jobs and enhanced products and services demanded by global societies. Thus, entrepreneurship's influence is enormous and can be optimized to facilitate a transformation towards sustainability.

While traditional entrepreneurship promotes economic development, sustainable entrepreneurship focuses on aligning the social, economic, and ecological objectives. Rodgers found that there is a development of a typology of ecopreneurs, whom he defines as "a new breed of eco-conscious change agents who may be called ecological entrepreneurs." They include organizations and individuals who popularize eco-friendly ideas and innovations through the market or non-market strategies.

Sustainable development and the future depend on such entrepreneurs and their influence on other investors and the general public to adopt sustainable practices. This scoping literature review analyzes the concepts that constitute the field of sustainable entrepreneurship and the extent of their integration in the global business landscape.

It is noteworthy that the role of sustainable entrepreneurship cannot be appreciated outside of the contextual characteristics of the operational environments—in which it innovates—including the markets and other institutional/regulatory factors. Faced with different environmental constraints, entrepreneurs tend to demonstrate distinct sustainability concerns, due to likewise distinct levels of interaction with different external actors to acquire tangible and intangible assets from the external environment in order to keep up with the competition.

Unfortunately, with respect to the aforementioned discussion, limited evidence is presented by previous authors and obtaining a comprehensive review in a holistic manner is rare. Thus, the present scoping literature review is opportune in this context as it aims to holistically map and integrate traditional entrepreneurship literature with further sustainability issues, while it identifies gaps in the topic.

Social and sustainable entrepreneurship involves applying business principles to develop innovative, self-sustaining solutions that create **social, environmental, and economic value**. These fields are driven by a core mission to solve pressing global challenges, such as poverty, inequality, and climate change, rather than just maximizing profit.

Social entrepreneurship is vital for tackling complex societal & environmental issues (poverty, climate, healthcare) by blending business innovation with a social mission, creating sustainable, scalable solutions where governments & traditional markets fall short, driving inclusive growth, empowering communities, creating jobs, fostering systemic change, and promoting ethical business models for a more equitable world.

Key Importance Areas:

1. **Addresses Unmet Needs:** Fills gaps in public/private sectors for essential services like education, healthcare, clean water, and finance, especially in underserved areas.
2. **Drives Innovation & Systemic Change:** Develops novel, effective business models to tackle root causes of problems, disrupting old systems and influencing policies and attitudes.

3. **Promotes Inclusive Growth:** Creates jobs, provides opportunities for marginalized groups, and builds local economies, reducing inequality.
4. **Empowers Communities:** Involves locals in developing solutions, building their capacity, and fostering self-sufficiency and resilience.
5. **Ensures Sustainability:** Focuses on long-term impact, blending profit with purpose (purpose-driven business) to create environmentally and socially responsible ventures.
6. **Inspires Social Responsibility:** Shows that profitable businesses can also do good, inspiring other businesses and future generations to adopt ethical practices.

In essence, social entrepreneurs are critical agents of change, using entrepreneurial spirit to create a more just, inclusive, and sustainable future.

Key Concepts

- **Social Entrepreneurship:** The process of identifying, creating, and sustaining social value by implementing innovative solutions to societal problems. The primary goal is social impact, with financial viability serving as a means to sustain the mission.
- **Sustainable Entrepreneurship:** Focuses on the intersection of economic, social, and environmental responsibility, often referred to as the "triple bottom line" (people, profit, planet). It aims to conserve natural resources and promote an equitable society for current and future generations.
- **Hybrid Models:** Many social and sustainable enterprises use hybrid business models that blend aspects of for-profit businesses and non-profit organizations to balance financial sustainability with a strong social/environmental mission.

Core Characteristics of Entrepreneurs

Successful social and sustainable entrepreneurs typically possess a unique set of skills and traits:

- **Empathy and Moral Compass:** A deep understanding of the social problems they aim to address and a strong ethical drive to create positive change.
- **Innovation and Creativity:** The ability to develop novel products, services, or business models that address unmet needs effectively.
- **Resilience and Determination:** The persistence to act boldly and overcome significant challenges, such as limited funding and regulatory hurdles.
- **Collaboration:** The skill to build partnerships with diverse stakeholders (communities, NGOs, governments, investors) to amplify their impact.

Impact and Contribution

These forms of entrepreneurship act as powerful catalysts for positive transformation, contributing significantly to sustainable development.

- **Social Impact:** Uplifting marginalized communities, improving access to essential services like healthcare and education, and promoting social equity and inclusion.
- **Environmental Impact:** Driving innovation in clean technology, renewable energy, waste management, and sustainable agriculture, contributing to climate change mitigation and resource conservation.
- **Economic Impact:** Creating jobs, stimulating local economies, fostering inclusive economic growth, and attracting new forms of capital like impact investing.

Key Challenges

Entrepreneurs in this space face several hurdles:

- **Limited Funding:** Difficulty in attracting traditional investors focused solely on financial returns.

- **Measuring Impact:** The complexity of quantifying social and environmental outcomes can make it difficult to demonstrate effectiveness to stakeholders.
- **Regulatory Barriers:** Navigating complex legal frameworks and a lack of supportive policies can hinder growth and scalability.
- **Balancing Profit and Purpose:** Maintaining a focus on the social mission while ensuring financial self-sufficiency is an ongoing balancing act.
- Sustainable Entrepreneurship Practices Innovation is a cornerstone of sustainable entrepreneurship, encompassing the development of products and services that minimize environmental impact and address societal needs. Costantini, Crespi, Marin, and Paglialunga (2017) highlight the role of eco-innovation in fostering sustainability, emphasizing the importance of adopting cleaner technologies and processes. CSR initiatives represent a proactive commitment to ethical conduct and social welfare. Carroll's CSR pyramid posits that businesses should fulfill economic, legal, ethical, and philanthropic responsibilities (Carroll, 2016; Visser, 2006). Sustainable entrepreneurs often go beyond legal compliance, engaging in philanthropy, ethical business practices, and community development. Integrating environmentally responsible practices extends beyond innovation, including sustainable resource management, waste reduction, and carbon footprint mitigation. Businesses adopting environmental management systems, such as ISO 14001, signal their commitment to sustainable practices and often realize operational efficiencies (Biondi, Frey, & Iraldo, 2000; Johnstone & Hallberg, 2020). Sustainable entrepreneurship involves engaging with diverse stakeholders, including customers, suppliers, employees, and local communities. The Stakeholder Theory posits that businesses should consider the interests of all relevant stakeholders to achieve long-term success (Freeman, 2015; Parmar et al., 2010). Collaborative efforts with stakeholders enhance social capital, foster trust, and contribute to the sustainability of business operations. Ethical considerations are integral to sustainable entrepreneurship. Entrepreneurs increasingly recognize the importance of ethical decisionmaking in fostering trust and credibility. Beyond legal compliance, ethical practices involve transparency, fairness, and a commitment to social justice (Trinkner, Jackson, & Tyler, 2018). Corporate Social Responsibility and Sustainable Entrepreneurship

In the past two decades, the concept of corporate social responsibility (CSR) has gained considerable attention due to the massive environmental, social, and economic impacts associated with businesses. Traditionally, CSR was interpreted from a stakeholder theory perspective, where enterprises adopt environmentally or socially responsible behaviors in response to stakeholders' demands. The theory indicates that entrepreneurs and organizational managements take a reactive stance to stakeholders' pressure to guide corporate practices. However, in recent years, CSR is becoming a more proactive approach, where companies are increasing their competitiveness by generating value for themselves and society. In these cases, entrepreneurial behavior development spreads throughout the organization from top to bottom.

Taking a proactive stance allows firms to analyze the competitive environment they are operating in to make appropriate investments. For example, the demand for green products should prompt companies to innovate, take the risk, and market these products before their competitors discover this opportunity, creating a competitive advantage. From a sustainable entrepreneurship point of view, CSR requires companies to maintain a strategic and entrepreneurial focus on their social responsibility by adopting a proactive approach instead of a reactive one. Therefore, CSR is embedded in the modern-day sustainability

context as a mechanism of addressing societal, economic, and environmental demands to improve organizational financial performance and society's wellbeing and health.

The adoption of CSR in sustainable entrepreneurship can be associated with the concept of strategic CSR (SCSR). According to Atiq and Karatas-Ozkan .SCSR recognizes the need for businesses to respond to social problems through programs, policies, and processes to create win-win situations beneficial to firms and society.

However, Hörisch argues that the success of the SCSR initiative is based on the companies' capabilities to align them with core business activities and missions. By doing so, the SCSR becomes central to the firms' objectives and goals. One major problem undermining sustainability efforts is that most organizations are yet to immerse sustainability in core strategies and business models .Thus, the concept of SCSR solves this challenge by encouraging sustainable entrepreneurs to acknowledge and integrate social responsibility in core business strategies and practices.

When the SCSR is central to the organization's mission, it becomes specific to the firm .The management and employees will be proactive in achieving the CSR goals and accomplishing related projects voluntarily and visibly. Such commitment can increase the willingness and attitudes towards sustainability, leading to sustainable entrepreneurship and development.

Additionally, SCSR encourages firms to create shared value instead of engaging in generic and defensive CSR activities. In most cases, companies adopt CSR initiatives to respond to the expectations of their stakeholders .In this case, the outcomes of these programs often do not create win-win situations due to the tradeoff between business complexities and realities .However, under SCSR, the social responsibility programs and policies are aligned with the company's core mission and strategy; that is, they equally prioritize organizational profitability, environmental conservation and protection, and societal wellbeing and health .

Rather than defending themselves against external pressures, the corporation aims to achieve specific sustainability goals by embedding them into business practices and strategies. This proactive approach creates a win-win situation by promoting all three pillars of sustainability: environmental, social, and economical.

SCSR in sustainable entrepreneurship involves investing in the social aspects of the business' competitive features and transforming the value chain to create innovative products that simultaneously benefit the company and society. Atiq and Karatas-Ozkan support this argument by indicating that CSR activities should be connected to value chain activities. To achieve sustainability and optimize its associated benefits, corporations need to address environmental, social, and economic concerns across the entire supply chain]. A sustainable supply chain engages in socially and environmentally responsible practices that protect the planet and people and contribute to business growth .

By taking such a holistic approach, companies can reduce waste and environmental footprint, improve labor conditions, eliminate employees' exploitation, and enhance the health and safety of all stakeholders .These activities can improve the company's competitiveness, image, and reputation, attracting highly qualified employees and loyal customers. Thus, integrating SCSR into value chain activities can enhance the companies' capacities to maximize the benefits of sustainability by generating shared value for the business and society.

Managerial Practices in Sustainable Entrepreneurship

Organizational leadership and management provide and integrate resources and capabilities needed to produce goods and services sustainably. Sustainability responsibilities should be distributed across all

levels within the organization to ensure the efficiency and success of the initiatives implemented .For example, middle-level managers can report to senior managers who report to the CEO on sustainability performance, while together, they make sustainability decisions by considering tradeoffs on social and environmental impacts versus financial ones .In addition, the top leadership should ensure that senior and middle-level managers have access to support and guidance on making decisions and tradeoffs .

The support from the leaders reduces potential conflicts that may occur from varying interests and approaches. The employees and department managers are willing to innovate products and services and share innovative ideas since they know the supportive leaders. Thus, the success of sustainability is significantly dependent on leadership support.

Leaders and managers are responsible for building an organizational culture that supports sustainability. Corporate culture refers to the shared norms, beliefs, values, and assumptions that influence employees' and management's daily operations). It informs corporate practices by influencing behaviors that determine interactions, practices, and collaboration. Some managerial practices, such as fostering environmental values and beliefs, can create an organizational culture that prioritizes sustainability
Challenges to Sustainable Entrepreneurs

Perceived barriers and risks are major hindrances in achieving sustainability. Entrepreneurs often face ethical dilemmas associated with pursuing economic interests while addressing social and environmental interests. In this case, they struggle to balance between serving self-interests and catering to the needs of others .Besides, sustainable entrepreneurs often exploit opportunities arising from neglected ecological and social concerns, which are more complex to address than conventional entrepreneurship .The profit-oriented or market-oriented business models in traditional entrepreneurship overlook environmental and social problems since they are more likely to reduce profit margins .Given that sustainability is still evolving, companies, especially SMEs, have limited access to advanced technologies and resources. Thus, social entrepreneurship is feared to be associated with fear, discouraging sustainable entrepreneurs from investing.

The traditional systems and products are a major hindrance to realizing the benefits of sustainable entrepreneurship. The entrepreneurs are required to initiate institutional changes targeting legislation, rules, policies, and norms .For example, in most countries, non-renewable sources of energy are subsidized and priced in a way that makes it hard to market renewable energy to the general public .The insufficient infrastructure and price variations undermine efforts to popularize green energy. Similarly, the current public policies and traditions favor traditional entrepreneurship, making it difficult for entrepreneurs to break into specific sectors.

The purpose of this paper is to propose a framework to position sustainable entrepreneurship in relation to sustainability innovation. The framework builds on a typology of sustainable entrepreneurship, develops it by including social and institutional entrepreneurship, i.e. the application of the entrepreneurial approach towards meeting societal goals and towards changing market contexts, and relates it to sustainability innovation. The framework provides a reference for managers to introduce sustainability innovation and to pursue sustainable entrepreneurship. Methodologically, the paper develops an approach of qualitative measurement of sustainable entrepreneurship and how to assess the position of a company in a classification matrix. The degree of environmental or social responsibility orientation in the company is assessed on the basis of environmental and social goals and policies, the organization of environmental and social management in the company and the communication of environmental and social issues. The market impact of the company is measured on the basis of market share, sales growth and reactions of

competitors. The paper finds conditions under which sustainable entrepreneurship and sustainability innovation emerge spontaneously. The research has implications for theory and practitioners in that it clarifies which firms are most likely under specific conditions to make moves towards sustainability innovation. The paper makes a contribution in showing that extant research needs to be expanded with regard to motivations for innovation and that earlier models of sustainable entrepreneurship need to be refined..

Conclusions

In summary, sustainable entrepreneurship has been primarily driven by the demand to achieve sustainability and embrace sustainable business practices to protect people, the planet, and profits. Depletion of natural resources, lack of sufficiently clean water, drought, and biodiversity loss have become critical issues that, as discussed, require sustainable, innovative solutions.

Sustainable entrepreneurship intends to solve these problems by implementing strategies and solutions that address current and future generations' economic, social, and environmental needs and concerns. According to the World Commission on Environment and Development (WCED), meeting the current needs should not compromise the future of coming generations. Thus, sustainable entrepreneurship prioritizes balancing economic health, environmental resilience, and social equity to establish long-term growth and development opportunities.

Nevertheless, research indicates that achieving the desired levels of sustainability requires collaborations between markets, governments, and corporations. The government should establish and implement policies and standards that regulate business practices to reduce gas emissions, conserve natural resources, and protect the environment, just to mention a few. However, corporations must comply with these regulations by integrating sustainability goals in their core strategies and business models. Markets, including customers, can contribute to sustainability by demanding corporate social and environmental responsibility and embracing ethical consumption.

However, to inform understanding of the sustainable entrepreneurial process, there is a need for an understanding of context in terms of economic, institutional, industry, and market characteristics and their spatial embeddedness across local, regional, national, and supranational scales. In particular, less developing contexts experience the consequences of global economic troubles more acutely, such as the current COVID-19 crisis, followed by the present war scenario in Europe, which tend to worsen the long-standing structural problems and limitations in terms of policy support for entrepreneurial business and innovation.

Accordingly, government policymakers and other key actors in industry, such as sector associations, should recognize the current panorama and carry out ensuing reforms that must involve both public and private actors (e.g., through financing schemes), of distinct interests and values, in affording the costs and losses in multiple activities aiming at sustainability.

It is noteworthy that the transition towards service-oriented business models has significantly contributed to the growth of sustainable entrepreneurship. These models encourage value co-creation by engaging all stakeholders throughout the production process, including supply chains, customers, and employees. Unlike conventional entrepreneurship that prioritizes shareholders, sustainable entrepreneurship is concerned with meeting the needs of all stakeholders. This transition facilitates the integration of customers' environmental, social, and economic conditions and surrounding communities.

Nonetheless, despite the benefits achieved or promised by these sustainable models, various perceived challenges and risks hinder the maximum exploitation of sustainable opportunities. The existing institutional structures favor current unsustainable businesses and systems over the newer sustainable ones, which makes it difficult to move forward towards sustainable entrepreneurship policies for all the stakeholders involved, to maximize their operations and benefits.