

8.7: Sustainability in Entrepreneurship

All the factors that are important to the entrepreneur in a standard business are critical to the successful sustainable business. Sustainability entrepreneurship builds on the basics of entrepreneurship and extends it to encompass addressing ecological and social concerns through the creation of new enterprises and innovation in existing enterprises.

Sustainable businesses *recognize change* in the form of the increased scientific evidence about the effects of ecological disruption on human populations and the environment and increasing evidence of rising social inequalities that are disruptive to the business environment and global society. Sustainable businesses recognize change by understanding that the consuming public is becoming increasingly concerned about these challenges to a sustainable world.

These changes create *market opportunities* for sustainability-focused businesses. The market opportunity includes the opportunity to address concerns about sustainability by providing new products and services that reduce energy and natural resource use.

8.7.1 International Entrepreneurship

China is the “place to be” for many clean technology companies. China is the fastest-growing market for all products and services and also for wind and nuclear power. It is the leader in solar power modules. In addition, the nation has a commitment to expand in the development of electric vehicles and carbon capture from coal plants.

With markets for sustainability goods and services in China and in some other nations growing faster than in the United States, there are significant opportunities and incentives for international entrepreneurship. This can, however, be very challenging, particularly for small start-up ventures. To enter global markets requires knowledge of different laws and regulatory requirements and also of foreign exchange. It also requires knowledge of historical, economic, political, social, and cultural differences among nations.

In China, for example, contracts are more of a memorandum of understanding than a legal binding contract. Business arrangements are commonly built on the foundation of a relationship instead of the law. Chinese companies are used to a rapidly changing business environment. They expect their business partners to be flexible to deal with changing conditions as they occur. This can be a good match for the entrepreneurial mind-set but difficult for entrepreneurial ventures relying on relations and “changing on the ground” while they are physically located thousands of miles and many time zones away from the Chinese market. Also for sustainable business ventures introducing new technologies, China can be a particularly difficult environment for protecting intellectual property. This issue has kept many technology companies from doing business in China. There is a real possibility that Chinese competitors will copy a Western product and nullify the patent or other intellectual property that is protected by law in the home country. Some entrepreneurs might not take this as a barrier. An example is if a US software company operating in China actually tracked down the hackers that had been infiltrating their system and talked them into joining their team as security experts. This is an example of an entrepreneurial company turning a threat into an international market opportunity.

Most entrepreneurs, especially first-time and relatively inexperienced entrepreneurs, would benefit from first focusing on home markets before entering global markets. The challenges of entrepreneurship are hard enough without also trying to figure out entry into global markets. Yet the reality is that China’s and other nations’ high growth rates and large populations make it an important market for sustainable products and services. Before engaging in global markets, however, entrepreneurs must prepare and recognize how global markets vary and how they may require different strategies and practices. If done right, the Chinese and other global markets could be significant opportunities for entrepreneurs focused on sustainability.

8.7.2 Social Entrepreneurship

Many of the for-profit entrepreneurs engaged in sustainable businesses might be characterized as social entrepreneurs—enterprising individuals who apply business practices to addressing societal problems, such as pollution, poor nutrition, and poverty, and are interested in social change. Social change involves social processes whereby the values, attitudes, or institutions of society, including businesses, become modified. It includes both the natural process and action programs initiated by members of society. Entrepreneurship can be a process that contributes to social change.

Many social entrepreneurs are engaged in nonprofit organizations. An example is Kiva (www.kiva.org/about), a nonprofit organization with a mission to connect people through lending to alleviate poverty. Leveraging the Internet and a worldwide network of microfinance institutions, Kiva lets individuals lend as little as \$25 to help create opportunity around the world. Since Kiva was founded in 2005, it has engaged nearly six hundred thousand lenders worldwide providing more than \$200 million in loans to microenterprises in sixty different countries.

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