

Submission for ESEE 2015 Transformation

Theme 5. New business models and understandings of human behaviour

5.1. Business models, organisations, and alternative valuation

Sustainability as an entrepreneurial opportunity

Summary

In light of multiple crises, a systemic view is taken to analyse transformative processes at multiple levels with a specific focus on change agents. Starting with the conventional understanding of entrepreneurs as change agents acting through creative destruction, this paper aims to understand the contribution of entrepreneurship to socio-ecological transformation. Entrepreneurship is understood as a specific social practice, based on the specific habitus of the ability to not only recognize but also exploit entrepreneurial opportunities. However, enterprises do not act in isolation but within wider networks. As such, changes in how enterprises are structured, leads to changes in societal institutions, including the economy. Accordingly, the analysis of sustainability-driven entrepreneurship provided here (based on empirical research in Vienna) hopes to show the wider social diffusion of (more) sustainable practices of both production and consumption, thus highlighting the potential of micro change agents to bring about macro-level change.

Extended Abstract

The number and intensity of crises humanity currently faces is severe: social, financial, economic and ecological crises are all occurring simultaneously and address issues of growth, unemployment and inequality in the wake of accelerating climate change (Rockstroem et al. 2009; Raworth 2012; Hoekstra and Wiedmann 2014; Stirling 2014). In light of these multiple crises, we argue that a socio-ecological transformation is required. By socio-ecological transformation we refer to the attempt to transform the social metabolism of humanity and the subsequent restructuring of production and consumption processes to deal with the current contradiction between production, finance, social relations and biophysical limits (Haberl et al. 2011). A systemic view is taken to analyse transformative processes at multiple levels with a specific focus on change agents and their capability to affect change. By combining a systemic, macro view with micro, entrepreneurial agents, an attempt is made to bridge the dichotomy between agency and structure. Starting with the conventional understanding of entrepreneurs as change agents acting through creative destruction (Schumpeter 1934; Shane and Ventkataraman 2000), this paper aims to understand the potential contribution of entrepreneurship to socio-ecological transformation.

It has been argued that entrepreneurship as a field of academic inquiry has low paradigmatic development (Ireland, Reutzel and Webb 2005). In their assessment, these scholars highlight the lack of a coherent definition as well as methodological issues (Ireland, Reutzel and Webb 2005:557). Calls for a methodologically integrative research approach have been made (Tatli et al. 2014), especially critiquing the narrow, neoclassical notion of entrepreneurship as the exploitation of market failures and subsequent wealth accumulation. Tatli et al. (2014), for example, also employ the notion of ‘social drivers’ for entrepreneurial actions, listing social welfare goals as one motivator. In this paper, to enable a holistic understanding of the actions and behaviours of micro-entrepreneurial agents, Bourdieu’s notion of habitus is employed. Entrepreneurship is understood as a specific social practice, based on the understanding of the ability to not only recognize but also exploit entrepreneurial opportunities as a specific habitus. Entrepreneurship is thus considered “an unfolding of everyday practices” (de Clerq and Voronov 2009:395).

The notion of habitus is employed to analyse the relations between “social positions [...], dispositions (or habitus), and position-takings” (Bourdieu 1998). This also sheds light on how a specific habitus can be sustained or changed in times of crises (Crossley 2003). Especially in light of sustainability challenges and the calls for a socio-ecological transformation, innovative ways of restructuring societal institutions need to be recognized and analysed: Thus, “[i]n moments of crisis, [...], the assumptions and habits of everyday life are suspended, giving way to more critical and innovative forms of praxis” (Crossley 2003:48). This, in turn, can transform or reinforce institutional structures, based on the success or failure of the newcomer (de Clerq and Voronov 2009). Parrish highlights that enterprises do not act in isolation but “exist within an interactive network of individuals, groups, agencies and other organizations” (Parrish 2007:850). As such, changes in how enterprises are structured leads to changes in societal institutions, including the structure of the economy (Parrish 2007). Consequently, sustainability-driven entrepreneurs can act as catalysts for a larger transformation – thus providing the bridge between agency and structure (Foxon and Parrish 2006). In light of this, the analysis of sustainability-driven entrepreneurship hopes to provide an example of the wider social diffusion of (more) sustainable practices of both production and consumption, highlighting the potential of micro change agents to bring about macro-level change. To frame this discussion, the following research questions guide the paper:

- What motivates entrepreneurs to pursue sustainability goals instead of conventional profit and accumulation motives?
- In what ways do qualitative changes of enterprise structures bring about qualitative change in socio-economic structures?

For this paper, semi-structured interviews were conducted with nine sustainability-driven entrepreneurs in Vienna, spanning different legal forms: conventional businesses (*GmbH: company with limited liability*), partnerships, socio-economic businesses [*sozio-oekonomische Betriebe*]¹, social businesses and cooperatives. Through conversing about their position in socio-economic structures, motivations for actions and behaviours of the entrepreneurial agents as well as their self-perceived capability to affect macro-level change is uncovered.

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¹ Socio-economic businesses (*sozioökonomische Betriebe*) are a specific form of non-profit businesses in Austria that aim at the re-integration of people that struggle with issues such as addiction or long-term unemployment into the job market.