



Green Entrepreneurship: Emerging Business towards Sustainability

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Abstract

Entrepreneurship is a part of economy which is demanded in modern open economies. Structural changes in the society are needed for creation of entrepreneurship. These days most of the studies around the world highlight the increasing environmental degradation. There is an increasing global concern on climate change and sustainable development. The complex environmental issues need to be addressed through a structural transformation towards greener and eco-sustainable future. Sustainable Development Goals (SDGs) established recently have been accepted worldwide creating awareness about ecological scarcity calling for global entrepreneurial transformation. We are now in the era of Knowledge Economy where knowledge is the source and the resource for creativity and innovation. There is an urgent need for sustainable shift in consumption and production patterns and practices leading to the transformation to Green Economy driven by environmentally sustainable techniques and entrepreneurs. Main objective of this study is to find out the need and opportunities for Green Entrepreneurship in India. The author tries to present a conceptual framework to understand the need and advantages of the transition.

Key words: Transformation, Entrepreneur, Green Entrepreneurship, Environment, Sustainability

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Introduction

With the effect of climate changes and environmental degradation, the economy is experiencing scarcity of resources especially the natural resources. It in turn affects the economic activities disturbing the sustainability and development. The countries across the world are struggling to reduce such an impact on their economies. In this regards, there has been a considerable emphasis on ‘Green Growth’ by researchers and policy makers across. Many studies have been done on ‘sustainability and development’ and ‘environmental sustainability’. What needs to be noticed is the paradigm shift in the consumption and production patterns i.e., there is a shift or inclination towards Green products and services. In this context, one of the initiatives towards Green Economy is Green Entrepreneurship.

Green Entrepreneurship and Green Entrepreneur

Concept of Green Entrepreneurship is an extension of traditional entrepreneurship that is characterized by innovation, risk and new idea with social and ecological engagement. Green Entrepreneurship is an economic activity involving production and processes that have a positive impact on the natural environment and at the same time being sustainable friendly. It is fundamentally based on universal slogan of ‘Go Green.’

Green Entrepreneurship was first used by Berle (1991) in his book ‘The green entrepreneur, Business opportunities that can save the earth and make you money.’

There are many other terminologies used to for Green Entrepreneurship like Ecopreneurship (Schaper, 2002), Environmental Entrepreneurship (Koegh&Polonsky, 1998) and Sustainable Entrepreneurship (Dean & Mc Muller, 2007). According to Dean and Mc Muller Sustainable Entrepreneurship is different from Green Entrepreneurship as their fundamental base is different. Sustainable Entrepreneurship is based on triple bottom approach where it tries to balance between people, planet and profit (Elkington,1998) and Green Entrepreneurship is all about creation of ecological and economic balance and benefits (Thompson and Keifer, 2002).

There are various definitions given by experts based on different aspects of the phenomenon.



Kotcher (2009) bases his definition on the entrepreneurial process. According to him “Green entrepreneurship is the practice of starting new businesses in response to an identified opportunity to earn a profit and provide (minimize) a positive (negative) environmental externality.”

Dean and Mc Muller (2007), based on organizational characteristics of entrepreneurship, defines Green entrepreneurship as “the process of defining and exploiting economic opportunities that are present in environmentally relevant market failures.”

Anderson and Leal (1997) base their definition on the entrepreneurial outcomes. They define Green entrepreneurs as “Entrepreneurs using business tools to preserve open space, develop wildlife habitat, save endangered species and generally improve environmental quality.”

These days there is increased focus on the changed market tendency towards environmental friendly products and services called GREEN. The main reason behind this is excessive pressure on natural environment leading to environmental degradation and pollution affecting the availability of natural resources. This problem has been seriously considered by the business organizations, consumers and the government (Sharma, 2015). There is increased consumer awareness about the environmental changes which has changed their choice of goods and services. This has led to the emergence a new kind of market called *Green market* creating scope for *Green Business and Green entrepreneurship*. The current market scenario creates opportunities for entrepreneurs to take up and develop Green entrepreneurship (Sharma, 2015). The concept of Green entrepreneurship has attracted the attention of researchers since 1990s and it creates new products and technologies to solve business problems (Venkataraman, 2010). Green entrepreneurship combines the sense of business with sustainability and environmental balance in the era of technological advancement (Abdi and Kashefi, 2015).

Isaak (2002) defines ‘Green entrepreneurship as a system which transforms the socially and environmentally engaged business by means of significant innovations’. *Shaltegger (2002)* calls Green entrepreneurship as Eco-entrepreneurship and defines it as ‘creating a value throughout ecological innovations and products’. According to *Nikolaou et al. (2011)* Green entrepreneurship is defined as ‘a new business start – up in production industry or



environmental services which focus on preservation of natural conditions or natural resources’.

With the growing awareness of the threats of climate change there is a shift in the consumption behaviour that has opened up new business opportunities for entrepreneurs in emerging Green market (Paramashivaiah, 2013). This has led to a new breed of entrepreneurs called **Green Entrepreneurs**. In the emerging green market scenario in India Green entrepreneurs help in solving environmental problems boosting competition and increasing social welfare (Sharma et al., 2015). Green entrepreneurs are the entrepreneurs who run business to achieve both environmental and organizational goals (Jolink 2003). Schumpeter calls such entrepreneurs as ‘disruptive entrepreneurs’ and the activities involved as ‘creative destruction’ which disrupts the chain of existing businesses to innovate, formulate and implement corporate strategies for environmental advantage and create revenues simultaneously (Schumpeter, Willis et.al 2007). Green entrepreneurship has the potential to be a major force in the overall transition towards more sustainable business paradigm (Schaper 2007) offering exemplary solutions to social transformation (Isaak 1998).

Based on the research done so far, it is understood that the business today has to address environmental concerns through their activities to meet the needs of the consumers, commit on their social responsibility (giving back to society) and environmental protection. Consumers’ awareness about changing environment, consumers’ perception of green products and their buying behaviour towards environmental friendly products have a positive impact on the market and hence on the entrepreneurial development. This expands the scope of entrepreneurship in a different direction – for the emergence of a new class of entrepreneurs, *Green Entrepreneurs*.

Green entrepreneurship is entrepreneurship with the commitment of business being environment friendly and *Green Entrepreneur* is a business person who aims to earn profit through green product and services without affecting the natural environment i.e., ‘Profit through Green Business’. Green entrepreneurs do undertake innovation and creativity to replace traditional products by Green products for the upcoming Green market. Hence, the change in the buying behaviour of consumers towards environmental friendly products and their concern for the environment promise the development of Green entrepreneurship.



Objectives

- To identify the need for green entrepreneurship in India
- To study the challenges faced by green entrepreneurs in India
- To examine the strategies of the Green entrepreneurs to sustain its business in India
- To propose the innovative solutions in pursuance of creating successful Green Entrepreneurship

Methodology

To meet the objectives of the study the author relied on extensive literature review, interacted with and studied the cases of some Bangalore based entrepreneurs.

Based on the literature reviewed, a conceptual model is derived which analyses the environmental and socio-economic factors in shaping Green Entrepreneurship in India.

Need for Green Entrepreneurship

Literature review discusses the urgent need for the shift in the pattern of entrepreneurship from traditional to new environment – based called Green entrepreneurship. Top ranking business organizations in the world have turned GREEN through their practice of Corporate Social Responsibility (CSR). The company that believes in innovation, novelty and creativity has to redesign its products /services to suit the ecology and requirements.

There are several factors that support and encourage Green entrepreneurship –

1. Knowledge and awareness about the detrimental effects of environmental pollution and degradation – increased pollution, diseases, decrease in the quality of life
2. Shift in demand for eco-friendly products – change in consumer preferences to Green products
3. Initiatives of businesses towards nature conservation – CSR -Sustainable development
4. Emergence of Green Market
5. Government Policy – government support

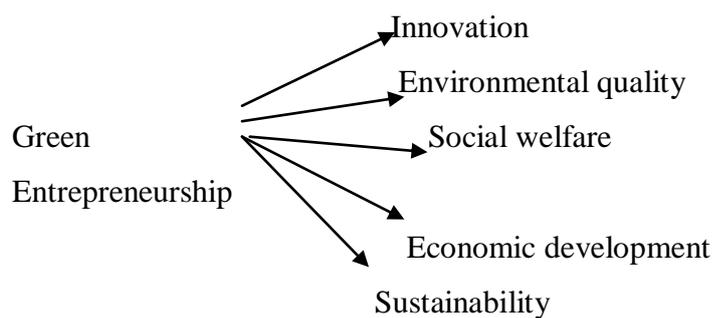
Green Entrepreneur is a *change maker* or stimulus for desired change in society through entrepreneurship making businesses more responsible for environmental sustenance. Through



education and campaigns like ‘Save the Planet’, ‘Go Green’, etc. people are aware across the world about environmental degradation and its negative effects on the Earth – climate change, pollution, non-availability of resources, etc. this has changed the perception of consumers towards the available products and their preferences and demand for Green products. *Green products* are the products that are presumed to be environmental friendly, safe and follow the product development (NPD) process which is also environment friendly designed to reduce the energy consumption. These products in turn contribute to Green Living.

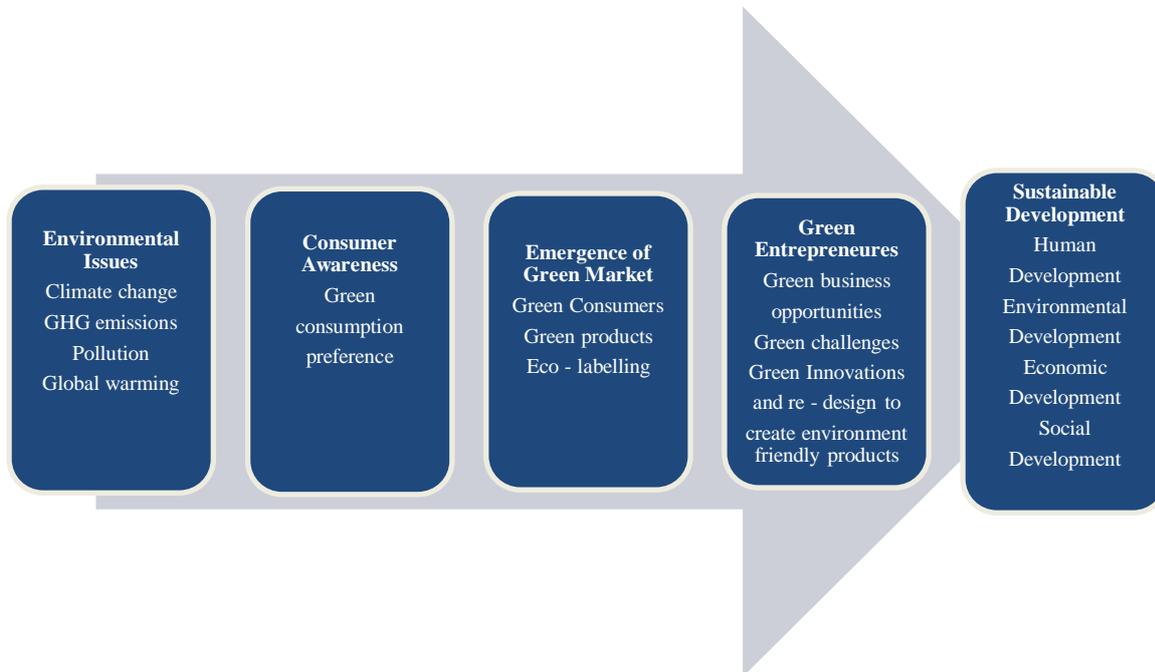
Generally, *Green products* are defined as products that are less or not at all harmful for the environment in comparison to a substitute of the same product category (Mosa 2017).

The green entrepreneurial activities are shaped by the nexus of economic, social and environmental objectives which further lead to sustainable development.



Green product has a holistic meaning covering ecologic impacts on natural resources as raw materials, energy consumption, water consumption, production, distribution and consumption. Green market is the market depicting the demand for green products or environment friendly products. It indicates the changed market needs and preferences that are inclined towards demand for and supply of green products. In the emerging green market scenario in India the role of green entrepreneurs lies in solving environmental problems while boosting competition and increasing the welfare of society on the whole. Hence, the concept of green marketing is also popular in the Indian business.

Conceptual Framework of Emergence of Green Entrepreneurship towards Sustainable Development



The above conceptual framework shows that the concept of Green Entrepreneur starts with environmental issues such as climate change, harmful emissions, pollution, global warming leading to scarcity of natural resources disturbing the eco system. Environmental knowledge and education increases the awareness of environmental deterioration and responsibilities of mankind towards natural environment. These factors change the behaviour of consumers towards environment friendly products viz; Green products. The perception and demand for green products impact the development of Green market. Green market is an emerging market that brings many opportunities in every field of business like green production, green design, green supply chain, etc. this opens business opportunities to Green entrepreneurs. Such successful green entrepreneurs lead to Sustainable Development in the long run.

Indian Scenario

The Green Economy Approach consists of increased device efficiency, fuel switching, decreasing energy intensity in the production process and transport sector. As stated in B. Sudhakara Reddy's article, 'India's Energy System Transition – Survival of the Greenest', for rapid dissemination of green technology, technological dynamism and innovative



complementarities are necessary. Green Economy approach delivers more social benefits than costs but needs supportive policies to determine the appropriate technology and incidence of costs and benefits. The Govt. has an important role of designing policies, helping scaling up of new technologies and encouraging entrepreneurial activities.

Environmental sustainability is a major challenge as India moves along its projected growth path. For an environmentally sustainable future, India needs to value its natural resources, and ecosystem services.

After the Global Financial Crisis, the world has decided to adopt GLOBAL GREEN ECONOMY Concept with the objective of reviving the world economy, saving and creating jobs, and protecting vulnerable groups, promoting sustainable and inclusive growth, reducing risks from carbon dependency and ecosystem degradation and the achievement of the Millennium Development Goals (MDGs), 2000. There is a good hope from the new Government in India in the development of Green Entrepreneurship.

Change in purchase intentions or behavior has given space for these green entrepreneurs and the concept is welcomed by many customers and they are also gaining money and fame for the economic and social cause. The number of green entrepreneurs can be increased with the help of change in Government policies and support, such as tax exemption, infrastructural facilities, training programs and other motivational schemes for green entrepreneurs. Government of India is also suitable for the entrepreneurs and change in consumer behavior towards green market has created a better opportunity for these green entrepreneurs. The new policies regarding “Make in India” will be promising the entrepreneurs in Indian scenario.

A few Indian women entrepreneurs who have started their own “GO GREEN” initiatives:

Mini Varkey Shibu is the founder Director of Brand MINC, a pioneering eco fashion lifestyle label for women and girls. A designer by choice and an entrepreneur by passion, her name has been in the list of “greenovators” by India Today, and one of the 15 “eco-preneurs.” Her khadi garments are produced by our country’s talented weavers, and her brand has provided work opportunities to our natural dyers and the organic cotton farmers.

Pallavi Agarwal and Prachi Agarwal, the founder directors of Chalk and Chuckles. Chalk and Chuckles is a reputed brand producing eco-friendly toys and board games for children.



The best thing about Chalk and Chuckles is that all products are produced using eco-friendly natural products, unlike the toxic plastic toys available in the market.

Preethi Sukumaran and Srinivas Krishnaswamy, founders of eco-friendly enterprise “Krya”, the name associated with natural detergents and washing powders. They started making organic detergents by the label Green Wash. They use soapberries and launched ‘Krya Natural Detergent Powder’ as an alternative to the chemical-based detergents.

Bandana Jain, Mumbai-based artist Bandana Jain manufactures décor products from corrugated cardboard. Through her startup, Sylvn Studio, she designs and sells eco-friendly, handcrafted furniture. The products at Sylvn Studio are made by women in rural areas on the outskirts of Mumbai. Because of this, women are able to stay financially independent and put their skills to good use.

Nishi Bhuvandas and Uttara Ramkumar, founders of ‘Soul Pure’ which offers chemical-free bath and body skincare products through online channels in India and the Middle East.

Pramod Chaudhari, passionate about green technologies, established Praj Industries in 1984. Praj has been creating innovative technology platforms to make biofuels a sustainable choice toward making a greener planet. Praj was recently conferred the 'Forbes Best Under a Billion Company' in Asia, for the second consecutive year, based on its consistent growth and profitability over three years.

There are many more green enterprises in the areas of Waste management, making solar energy accessible, Recycling plastic, Tree plantation drives, Rainwater harvesting, Rooftop farming and Sustainable energy solutions.

Green Entrepreneur Career Prospects

A wide range of career opportunities awaits aspiring green entrepreneurs in various fields according to their specialization and qualification. They have broad opportunities in India and abroad. The following are some of the types of Green Entrepreneur.

- Wind Entrepreneur
- Solar Entrepreneur
- Building Retrofitting Entrepreneur



- Energy Efficient Automobiles Entrepreneur
- Organic Farming Entrepreneur
- Natural Building Entrepreneur
- Conservation / Sustainability Entrepreneur
- Cellulosic Bio-fuels Entrepreneur
- Green Engineering Entrepreneur
- Geothermal Power Entrepreneur
- Holistic/Alternative Medicine Entrepreneur
- Hydropower Entrepreneur

Challenges faced by green entrepreneurs in India

- Lack of funds from formal financial institutions
- Lack of funds as investors found venture risky
- Limited access to commercially viable technology and dominance of the market by Middlemen

Conclusion and Discussion

Green Entrepreneurship is a blended activity to meet the customer requirements and environmental concerns. With the threat of global warming due to environmental deterioration it is extremely important to innovative, redesign and reengineering of eco friendly initiatives in the form of Green products. Eco-friendly initiatives undertaken by Green Entrepreneurs and organizations will certainly be an integral factor in preserving the integrity of the natural environment.

Hesitation of banks and other formal financial institutions as well as Indian investors to invest in green businesses and absence of training platforms to promote green entrepreneurship are some of the barriers to development of green entrepreneurship in the Indian context. Hence there is a need for government intervention as well as environmental awareness programmes



to develop a systematic approach towards green entrepreneurship. Nurturing a green business culture by promoting awareness among entrepreneurs regarding opportunities arising from green business models.

There is an immense opportunity for green entrepreneurs in the changing green market scenario in India and green entrepreneurs serve as drivers of change as they add to changing people's mind sets towards greener thinking and consumption, further improving both the environmental and economic gains.

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