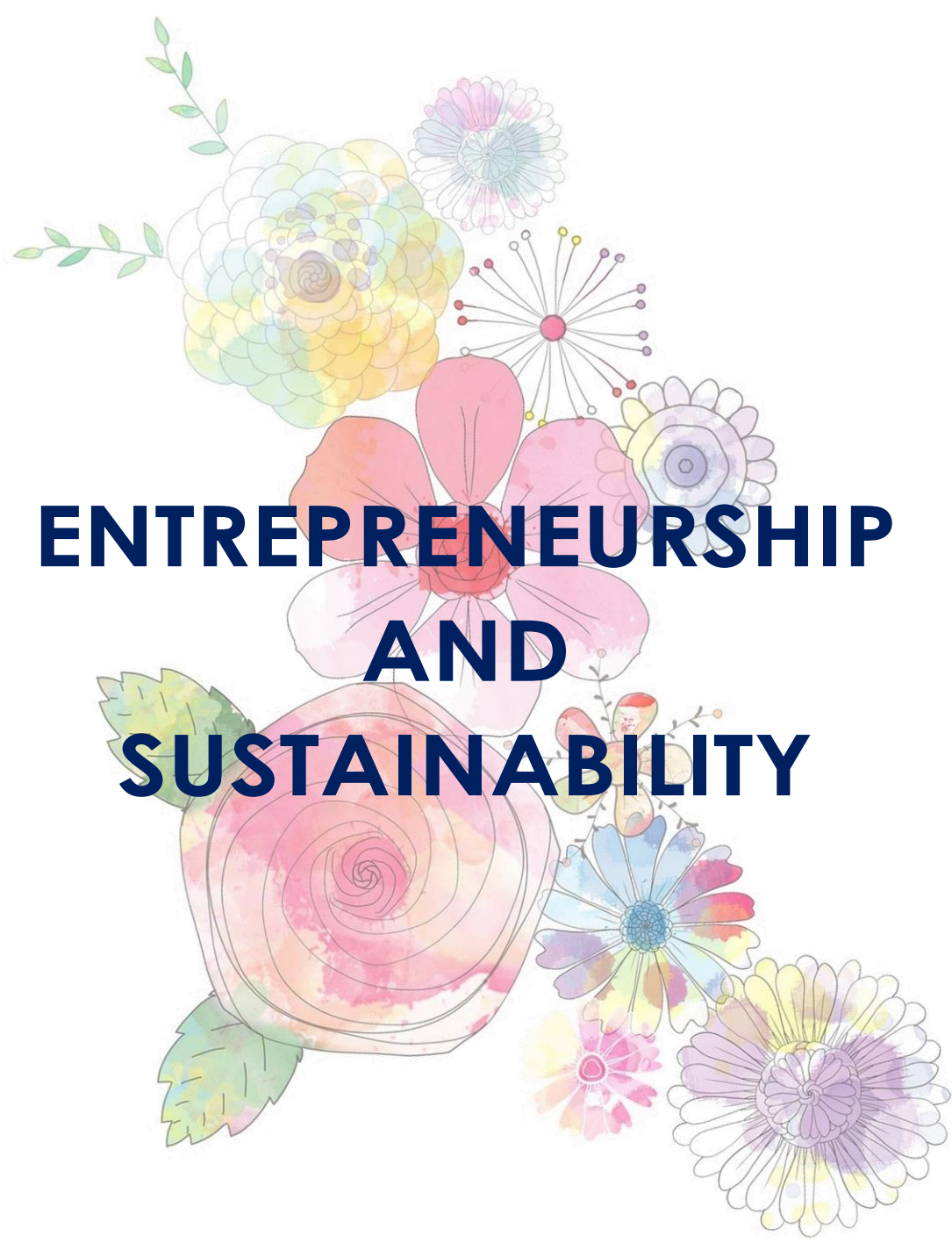


# CHAPTER 3



## ENTREPRENEURSHIP AND SUSTAINABILITY

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## EXECUTIVE SUMMARY:

This chapter brings together two concepts of great relevance today, sustainability and entrepreneurship, because aligning the two can bring us closer to achieving the goals of the 2030 Agenda more effectively and efficiently.

First, it presents two of the economic paradigms currently being proclaimed, which envision ways of economic development and doing business that are more respectful to the environment and people: Doughnut Economics and Valuism.

It then presents three resources that organisations and entrepreneurs can use to assess their level of sustainability, so that they can internally identify areas for improvement, develop more sustainable business practices, reduce their environmental impact, and create value for society as a whole, as well as externally demonstrate their level of sustainability to all stakeholders.

*Keywords:* Entrepreneurship, Sustainability, 2030 Agenda, Sustainable Development Goals.

## 1. Why is this topic important?

Whether as a catalyst for innovation, as a generator of out-of-the-box ideas, or as an opportunity to address societal needs in a resourceful, sustainable and profitable manner, entrepreneurship has earned a major place in the business ecosystem across the globe. As **sustainability** – social, environmental and economic – becomes increasingly relevant, entrepreneurship has positioned itself as an exciting alternative way of doing business. By leveraging the knowledge of entrepreneurs, not only explicit knowledge but also tacit, the entrepreneurial ecosystem may be able to provide solutions to tomorrow’s challenges in a way that not only satisfies the end consumer but does not compromise the ability of tomorrow’s citizens to satisfy their own needs.

The Brundtland Commission from the United Nations (UN) defined sustainability in 1987 as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland, 1987).

In this way, entrepreneurship can be presented as a genuine driver in achieving the goals of the 2030 Agenda, the so-called Sustainable Development Goals (SDGs). As can be seen in Figure 1, there are 17 SDGs for which entrepreneurial activity can potentially contribute to their achievement. The SDGs can be organized around five axes: first, people, which would group together SDGs 1 (*no poverty*), 2 (*zero hunger*), 3 (*good health and well-being*), 4 (*quality education*), and 5 (*gender equality*); second, planet, including SDGs 6 (*clean water and sanitation*), 12 (*responsible consumption and production*), 13 (*climate action*), 14 (*life below sea*) and 15 (*life on land*); third, prosperity, including SDGs 7 (*affordable and clean energy*), 8 (*decent work and economic growth*), 9 (*industry, innovation and infrastructure*), 10 (*reduced inequalities*), and 11 (*sustainable cities and communities*); fourth, peace, which includes SDG 16 on peace, justice and strong institutions; and, finally, partnerships, which includes SDG 17. All of these objectives are translated into 169 targets.



Figure 1. Sustainable Development Goals (SDGs). Source: United Nations

Despite the fact that the term entrepreneurship (and its derivatives) is apparently only mentioned twice in the wording of the targets that specify the different goals (see Box 1), entrepreneurship has often proved to be aligned with the approaches promoted by the 2030 Agenda. Evidence of

this is the emergence of new business/economic models or paradigms such as Kate Raworth's Doughnut Economics or Valuism.

*4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and **entrepreneurship***

*8.3 Promote development-oriented policies that support productive activities, decent job creation, **entrepreneurship**, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.*

Box 1. SDGs Targets that explicitly mention entrepreneurship. Source: <https://sdgs.un.org/2030agenda>

## 2. New ways of doing business

### 2.1. Doughnut Economics by Kate Raworth

The first time the **Doughnut Economics** concept was heard of, as stated on its website<sup>2</sup>, was in 2012 when its author, Kate Raworth, introduced it in an Oxfam Report. One of the key elements in this concept, which should be understood as a “compass for human prosperity” for the times in which we live, is the powerful use of visual representation and a very attractive name. From these two key elements (see representation in Figure 2), the author has brilliantly combined previous concepts and methodologies to come up with a model that is easy to remember and extremely useful for rethinking a more sustainable tomorrow.

Visually, the Doughnut consists of an outer boundary (called *ecological ceiling*) and an inner boundary (called *social foundation*). The representation is intended to show how the social foundation is what we –the society– must guarantee for humanity. At the same time, we must not go beyond the ecological ceiling, what would lead to an inadequate use of the planetary boundaries. Accordingly, the “space in which humanity can thrive” is represented between both limits, the social foundation and the ecological ceiling.

<sup>2</sup> See *About Doughnut Economics* at <https://doughnuteconomics.org/about-doughnut-economics>



Figure 2. Doughnut Economics. Source: Doughnut Economics Action Lab.

In addition, Raworth argues seven ways in which we can think as an economist of this century, thus contributing to sustainable development (Raworth, 2017).

First, she proposes to change the target. Traditionally, countries have pursued the goal of Gross Domestic Product (GDP) growth. However, the author invites us to rethink this purely economic criterion and incorporate other dimensions of vital importance to society through the Doughnut. In terms of entrepreneurship, far from pursuing a short-term economic objective, this suggests to us the importance of opening our sights to long-term alternative metrics.

Second, Raworth invites us to see the big picture, from a self-constrained market to an embedded economy.

Thirdly, she proposes to “nurture human nature” and gives importance to the power of community, participation and collaboration between the different agents.

Fourthly, she speaks of “systems”, identifying the dynamism of each system with the aim of learning and continuous improvement.

Fifthly, she talks about designing to distribute and “share the value created with all who co-created it.” This is related to the sixth point, being regenerative.

Seventhly, she warns us that growth should not be an objective by suggesting: “Aim to thrive rather than to grow.” This is a call for agnosticism about growth as an addiction.

Kate Raworth’s words, because of their meaning and symbolism, are difficult to replace. This is partly the reason for the great international success of the Doughnut Economics concept: a straightforward and easy-to-understand yet comprehensive model.



Around these approaches, the Doughnut Economics Action Lab has created the DEAL community<sup>3</sup> which aims to bring together changemakers from all over the world. Interestingly, the community website maps its members, allowing a quick overview of those changemakers who are committed to the Doughnut.

Entrepreneurs can play a critical role in the transition to a Doughnut Economy by developing innovative solutions that help to address the social and environmental challenges we face. By considering the Doughnut model, entrepreneurs can create businesses that are not only profitable but also contribute positively to society and the environment. For example, an entrepreneur could (i) create a company providing affordable renewable energy to low-income communities or (ii) develop sustainable agriculture practices that reduce carbon emissions, thus launching products or services that address environmental or social challenges and include circular economy principles, to minimise waste and maximise the use of resources.

Furthermore, entrepreneurs can also help to shift the focus of economic development from traditional metrics of growth and profit to more holistic measures of well-being and sustainability. By embracing the Doughnut model, entrepreneurs can challenge the status quo and promote a more resilient, equitable and sustainable economy that benefits everyone.

## 2.2. Valuism

Valuism is a model with which to reinvent the global economy, a philosophy that emphasizes creating shared value for both the company and society as a whole. It focuses on generating profits while also addressing social and environmental problems, such as poverty, climate change, and inequality. Box 2 shows eight tips summarised on the website of the Institute for Ethics in Communication and Organizations (IECO) following a conference given by María Lladró. In Lladró's essay "Valuismo", the author avoids capitalism and communism as concepts, which she does not want to present in a different form, and discusses a new concept, which, in her view, is necessary to understand where our society should be headed: **Valuism** (Lladró, 2020).

- *Projecting value in the long term, with a systemic and transversal vision.*
- *Private initiative is an ally of wealth creation, a fundamental pillar in the value generation system.*
- *Reinvent the definitions of public and private. With a Valuism model, we do not focus on the shortcomings of one or the other, but look for the value that both generate.*
- *Reduce the concentration of power and rely more on freedom, talent and entrepreneurship.*
- *Address the question of growth: at what rate are we going to continue to grow in production?*
- *Clean up the toxicity of the stock market.*
- *Promote simplicity in the public sphere, eliminating bureaucracy and managing time well.*
- *Care for justice, health and solidarity, in other words, everything that has value even if it does not generate profit.*

Box 2. Eight tips for Valuism. Source: IECO – Institute for Ethics in Communication and Organizations, translated by the authors

<sup>3</sup> See <https://doughnuteconomics.org/discover-the-community>

In this way, Valuism involves implementing a long-term, systemic and transversal vision that, with private initiative as an enabler of value creation, follows guiding principles such as the reduction of power in the hands of a few, rethinking the concept of growth, eliminating the toxicity of capital markets or taking care of justice, among other aspects that can, and should, guide the actions of any entrepreneur.

Entrepreneurs can adopt the principles of Valuism by designing their businesses to create shared value. This can involve identifying social and environmental problems and developing innovative solutions that address them while also generating revenue.

Valuism also involves engaging with stakeholders, such as customers, employees, suppliers, and communities, to understand their needs and perspectives. By involving stakeholders in the decision-making process, entrepreneurs can ensure that their businesses are creating value for all stakeholders, not just shareholders. This approach can help startups to build trust, foster innovation, and create a sustainable competitive advantage.

### 3. Practical tools for understanding sustainability as an entrepreneur

Sustainability has become increasingly common in public discourse and there is a pressing need to incorporate it into business and entrepreneurial approaches. Measuring sustainability can be a complex and challenging task for entrepreneurs; however, there are several tools and frameworks that have been developed to enable users to gain a deeper understanding of the sustainable dimension of their business ideas. Here are some examples:

#### 3.1. SDG Compass

SDG Compass is a digital tool with which entrepreneurs can gain a deeper understanding of the content and scope of the Sustainable Development Goals (SDGs), while defining priorities, setting targets, integrating and communicating them. It can be a very useful tool for any entrepreneur who wants to better understand the sustainable dimension of the company and even incorporate sustainability into the *raison d'être* of their business idea. On its website, the entrepreneur will find a database of both business tools and indicators in line with the SDGs, which can be easily consulted.

Figure 3 presents the different steps covered in the SDG Compass guide with the ultimate goal of maximising a company's contribution to the SDGs.





Figure 3. Steps in SDG Compass. Source: <https://sdgcompass.org/>

### 3.2. Global Footprint Network® Calculator

This resource, which can also be accessed online, allows any entrepreneur to calculate in a gamified way their ecological footprint through a simple questionnaire, thus answering two questions: *how many planets would be needed if everyone followed the same habits (energy consumption, food, transportation, ...) as you*; and, *what is your personal overshoot day*, that is, the day of the year in which you will have already consumed all the resources that correspond to you as a citizen. The closer it is to December 31, the better.

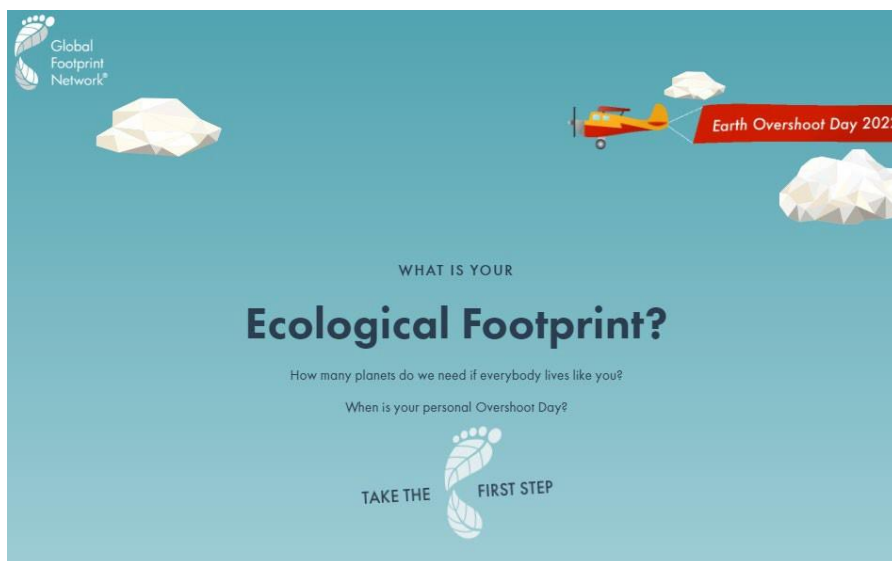


Figure 4. Global Footprint Network® Calculator. Source: <https://www.footprintcalculator.org/home/en>

### 3.3. The GRI standards

The GRI is a framework for sustainability reporting that provides a set of standards for businesses and other entities to measure, report and demonstrate accountability of their impacts on the environment, economy and people. It provides a standardised set of indicators to assess their level of sustainability covering diverse aspects such as emissions, waste, biodiversity, equality, diversity, tax and health and safety, enabling transparency to stakeholders (Adams et al., 2022).



Figure 5. The GRI standards. Source: <https://www.globalreporting.org>

## 4. Conclusions

Entrepreneurs play a crucial role in achieving the Sustainable Development Goals (SDGs) and promoting sustainability. They are often at the forefront of innovation, developing new products, services, and technologies, that contribute to solving some of the world's most pressing social and environmental challenges, and accelerating the transition towards a more sustainable economy by promoting sustainable consumption and production patterns.

By prioritizing sustainability in their business practices, entrepreneurs can create jobs that support social and environmental well-being and work collaboratively with stakeholders, such as other businesses, governments, and civil society, to achieve the SDGs. Moreover, due to their agility, they can adapt quickly to changing circumstances. This can be especially important in addressing sustainability challenges that require rapid and innovative solutions.

Startups, businesses and organizations in general are increasingly aware of their important role, and want to measure their impact and communicate the efforts they are making to be more sustainable as well as the best practices they are continuously developing to stay ahead of the curve and contribute to a more sustainable and prosperous future.

## 5. References

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## 6. Annexes

### OPEN ACCESS DOCUMENTS FOR PRE-SESSION PREPARATION:

These are just a few examples of the many open access resources available for entrepreneurs who are interested in sustainability. By taking advantage of these resources, entrepreneurs can learn about sustainable business practices, connect with like-minded individuals, and find opportunities to grow their businesses in a sustainable way.

<i>TITLE</i>	<i>CONTENTS</i>	<i>LINK:</i>
Transforming our world: the 2030 Agenda for Sustainable Development	Information on the 2030 Agenda and the Sustainable Development Goals (SDGS) and targets	<a href="https://sdgs.un.org/2030agenda">https://sdgs.un.org/2030agenda</a>
JEAL Community	Information on the DEAL Community	<a href="https://doughnuteconomics.org/discover-the-community">https://doughnuteconomics.org/discover-the-community</a>
SDG Compass guide	The guide for business action on the SDGs	<a href="https://sdgcompass.org/wp-content/uploads/2015/12/019104_SDG_Compass_Guide_2015.pdf">https://sdgcompass.org/wp-content/uploads/2015/12/019104_SDG_Compass_Guide_2015.pdf</a>
GRI Standards	Provides a standardised set of indicators to assess level of sustainability	<a href="https://www.globalreporting.org">https://www.globalreporting.org</a>
Green Business Network	Global network of entrepreneurs/businesses committed to sustainability	<a href="https://greenbusinessnetwork.co.uk">https://greenbusinessnetwork.co.uk</a>
B Corp	Certification program for businesses that meet social and environmental standards	<a href="https://www.bcorporation.net/en-us/">https://www.bcorporation.net/en-us/</a>
Circular Economy Club	Global network of entrepreneurs committed to creating a circular economy	<a href="https://www.circulareconomyclub.com">https://www.circulareconomyclub.com</a>
Climate-KIC	European knowledge and innovation community that supports entrepreneurs developing climate solutions	<a href="https://www.climate-kic.org">https://www.climate-kic.org</a>