

***Towards an Enhanced Sustainable Entrepreneurship:
Ingenuity of Employees as a Catalyst
for Innovation Performance – An Intrinsic Study***

Mr. Daniel Titus. S

Abstract

This paper intends to analyse how the ingenuity of employees act as a catalyst leading to an Enhanced Sustainable entrepreneurship. Innovation is an imperative for all organizations, but the path to increased innovation is not always clear. One important insight is to realize that companies don't innovate, people do. The ingenuity of the employees offers the greatest potential for innovation performance. Most companies recognize the need to become more innovative, but don't know how to get there. When the Innovation imperative is initially communicated to the Organisation the power of Innovation is harnessed. Employees need to know why innovation is important to the company, and how a more innovative company will deliver better outcomes to benefit all. In many companies, innovation activities have played a vital role in achieving corporate goals and have leveraged core strengths and assets. Developing an innovation strategy that identifies how innovation will build on current success to achieve corporate goals. Innovation opportunities are everywhere, sometimes hiding just below the surface. Programs may be created to trigger employees and partners to contribute innovation ideas that align innovation with the strategy goals. To conclude, constantly innovating and improving business practices is also likely to help attract better staff members and retain more of the existing staff - something which is crucial to the long-term health and performance of the business.

Introduction

The concept of sustainability has received enormous attention in the past two decades, and has received considerable attention in the global media, thanks to the intense debates in the 1980s and 1990s about limits to growth, steady state economy, rising oil prices, decreasing forest cover and inflation. Today, sustainability issues have become the main plank for business establishments, non-governmental organisations and global policy makers. The term entrepreneurship is associated with the initiative of people starting their own businesses. Moreover, entrepreneurship is also defined as the power to make things happen. According to this concept, an entrepreneur is anyone capable of generating results in any area of human activity. Hence, even housewives are entrepreneurs, as in the midst of great difficulties and challenges, they make everything work and help the family to evolve. Similarly, there are employees who are entrepreneurs, and others who are not. There are even bosses and executives who are entrepreneurs, and others who are not. This is as true in companies as it is in governments, and even in non-governmental organizations. There are cities that are entrepreneurial, and others that are not. There are children and young people who make things happen in their studies and even in the sports they play and in their games, and there are others that do not. There are elderly people who make things happen until their dying day and others who do not.

Sustainability has as its base a way of living that is capable of guaranteeing a continuity of life for all. Sustainability implies solidarity, a strong sense of the collective, and the most elevated notion of ethics: the search for the common good. Sustainability means, fundamentally, a way of living in its totality that makes possible the best conditions of life for everyone (without exception or any type of exclusion) at all times. In addition, sustainability means living a balanced

Mr. Daniel Titus. S
Research Scholar
MS University
Tirunelveli

life today, a healthy way of living in which no one lives at the expense of anyone else (situations in which, for example, some have an excess of food while others have none). For those who have nothing, life is not sustainable. Sustainability also means a way of life lived by the whole of society that considers the needs of future generations. On the one hand, a way of life that is not sustainable in the short term will only lead to deterioration in the long term (unless there is something strategic and very well planned about it, that calls for sacrifices today in order to achieve benefits for everyone in the future - something that is very difficult to do, since those who have much today will be reluctant to surrender their advantages in order to share with others in the future.)

To put it very simply, it means making things happen in a way that takes into consideration the short, medium, and long-term. From one point of view, the expression can be contrasted to the concept of selfish entrepreneurship in which people seek advantages only for themselves and often at any cost.

Sustainable entrepreneurship is an emerging field of study, which has its origins in the environmental movements of the 1970s. The term is used in the context of blending ecology and economic growth. The erstwhile liberal idea that humankind had unlimited resources at its disposal to be utilised was challenged by the new idea that stresses the limitedness of resources that requires urgent attention and sagacious usage in tune with nature. Hence, no longer is entrepreneurship supposed to merely result in economic success: sustainable entrepreneurs try to abide by the dictum of the “triple bottom line” by balancing economic health, social equity and environmental resilience through their entrepreneurial behaviour.

In this regard, environmental sustainability and economic sustainability are regarded as the two sides of the same coin, and a blend of both forms of sustainability is important for successful sustainable development, leading to an enhanced sustainable entrepreneurship. In fact, strategies that steer entrepreneurs to act in more responsible ways towards people and to the planet are indeed effective ways to sustainable entrepreneurship. Interestingly, more and more companies have come to terms with the fact that, actions taken to make their operations

more sustainable have helped them in an equivalent increase of money.

Hunter Lovins agrees with the view that companies around the world are increasingly becoming aware of the sustainability imperative, and says that, “Even one of the world’s largest companies, Wal-Mart, has announced such goals as zero waste, 100% use of renewable energy, and its aspiration to sell only sustainable products, in part to enable it to better manage its supply chains and stakeholders. These and about a dozen other elements of enhanced shareholder value make up what we call the integrated bottom line” (Lovins, 2010).

In 1987, the World Commission on Environment and Development of the United Nations (the often cited Brundtland Commission) first described and defined sustainable development as a process in which the exploitation of natural resources, the allocation of investments and the process of technological development and organizational change are in harmony with each other for both current and future generations. Sustainability is a concept that is oriented towards the long term and future generations as much as the present. Therefore, sustainability is at conflict with our fast consuming society and short term and short-sighted policies. Sustainability fits nicely in the altering view on the prime responsibilities of companies and organisations and their stakeholders that go beyond the classical view in which a company’s sole aim was profit maximization in the interest of the shareholders.

There is a pressing need for entrepreneurs to search for environmentally friendly technologies and products and identify the technologies that are going to succeed in providing sustainable solutions to current problems. While entrepreneurship typically implies the creation of new ventures by individuals or teams of individuals, it has been argued that Sustainable Entrepreneurship is an approach used more often by large companies that can afford such an approach and desire the reputation that can be gained from being regarded as ethical and socially responsible (Bos 2002).

Entrepreneurial thinking first starts with individuals. Also environmental and social preferences are in many ways personal concerns. This is why sustainable

entrepreneurs like Hipp, one of Europe's largest producer of baby food, Duttweiler, the founder of Migros, the largest food supplier in Switzerland, Pfenninger, the head of Trisa, a leading European producer of brushes and brooms, or Anita Roddick, the founder and former head of Body Shop, have been analysed to embody the combination of strong environmental and social values with an energetic entrepreneurial attitude (Schaltegger, 2002).

Sound bottom-line principles are to be evolved for achieving profitability through basic sustainable entrepreneurship practices. As Wendy Jedicka observes, "Everything we purchase, produce, deliver, and sell makes a statement regarding how we feel about the environment and ultimately the consumers served on some level". It has become the mantra today that, companies effectively stick to their 'triple bottom line' – economic, environmental and social sustainability. This triple bottom line is known by many similar names like the 3Ps – People, Planet, Profit, and the 3Es – Ecology, Economy and Equity. This triple bottom line attests to the fact that a comprehensive and well-balanced sustainability is feasible only if all the three major forces of our world are served, given our current market models of growth. Among these, the most common triple-bottom-line heuristic model to describe the complex interactions of sustainability and business demands is the People + Planet + Profit model. All three aspects (including the last) have to be satisfied before an entrepreneurial activity can be labelled as sustainable.

The first aspect 'People' or human capital, refers to equitable and beneficial business practices: on how the company treats its workers, the community and the region in which it operates. In short, it is about the behaviour of companies in social and ethical issues. How does a company treat their employees (or human resources) and does it promote social cohesion? The issues that need to be adequately dealt with are the protection of human rights, the non-indulgence towards fraud and corruption, the use of child labour, the gender relationships and discrimination on the work floor, labour participation in management and profits, behavioural codes and so on. While many labour regulations were imposed in the beginning of the 20th century by labour and socialist movements as well as in the golden sixties, voluntary, self-imposed systems in this area are most

recent, for example SA 8000 and AA 1000. A triple-bottom-line venture would never knowingly use child-labour, would always pay fair salaries to its workers, would maintain a safe and effective work environment and tolerable working hours for all its employees, and would never exploit a community or its labour force.

Secondly, sustainable entrepreneurship takes care of the natural environment. 'We did not inherit the earth from our ancestors; the earth is on loan from our children', says the Indian adage that clearly summarizes individual and corporate responsibility towards the natural environment. Hence, the second aspect 'Planet' (natural capital) refers to a venture's environmental practices. Moreover, it raises the question of the effect and remedy of the impact of a company on natural resources and the landscape. It raises the precautionary environmental principle "Do no harm". A triple-bottom-line venture or entrepreneurship carefully looks towards minimising its ecological footprint by carefully managing its consumption of energy and material inputs, reducing manufacturing waste, and ensuring that waste is not toxic before disposing of it not just in a legal manner but with an eye on long-term impacts. Environmental care, chain management, eco-efficiency, clean products, sustainable technology development, sustainable industry fields and eco-design are concrete examples of these issues. The consequence for business behaviour is that either environmental integrity becomes a business goal next to profit seeking or that environmental protection becomes a real constraint on profit maximization (the mathematical calculus in business optimization model leads in both instances to same outcome). The integration of environmental concerns into business practices is driven by both regulation (environmental legislation) and self-regulation (ISO 14000 and so on).

Finally, the third aspect 'Profit' or monetary capital, is the pivotal goal that is shared by all businesses. Within the framework of sustainable entrepreneurship, it is the idea that, only a healthy company, earning ethically derived profits, is truly a contributing member of the community and society at large. Moreover, it does not – as one might expect – relate solely to the purely financial results of an enterprise. Profit is also about the use and allocation

of value added for employment, investments in machines and infrastructure and sponsoring and about the distribution (e.g. labour participation). The definition of sustainable entrepreneurship is not a static one since the world and the ideas that emerge are by nature dynamic. But, while the former two aspects of sustainable entrepreneurship (which relate to the material and immaterial contributions of dynamic corporate behaviour to nature and to global and local communities which shape our natural and social environment (Bos, 2002)) are subject to 4 changing views on people and planet, the last aspect is the very essence of a business enterprise.

Janssen (2001) provided a list of ten ground rules for becoming a sustainable entrepreneur:

- The corporation should start reducing the environmental damage, respecting human rights and treating its employees with great care;
- Sustainable entrepreneurship has to be a self-initiated process and should not simply be a response to external pressure;
- If a corporation wants to practice sustainable entrepreneurship, it should identify clear aims and targets;
- The aims should be closely related to the corporation's practice and should match the corporate values and its primary activities;
- The aims have to be closely related to the consumers' needs;
- The corporation has to be capable of explaining the relationship between sustainability and its activities and production process;
- The corporation should adhere to these aims on a long term basis;
- Consumers and pressure groups should have a transparent overview of investments made by the corporation related to sustainable entrepreneurship;
- Sustainable entrepreneurship practiced by the corporation should not be shifted to the consumers via a price increase; and

- A corporation should not attempt to overemphasize its efforts.

Bos (2002) added an additional rule to the list:

- A corporation should make sure that its practices are shared by the corporation as a whole, and that they are not solely efforts of the management.

The corporation as a whole includes the management and its employees. In fact, employees play a pivotal role in sustainable entrepreneurship. Hence, successful business ventures have always concentrated on the proactive environmental behaviour of its employees for effective ecopreneurship. By effectively channelizing the ingenuity of its employees, ventures have tremendously increased on their innovation performance and hence contributed towards enhanced sustainable entrepreneurship.

Hence, there is a growing imperative for business establishments to effectively cultivate ingenuity of employees for ecopreneurship to be a success. In this regard, the focus of the venture should be on employees who are concerned with environmental and societal issues; individuals who are sustainability oriented and thus could potentially be more interested in supporting initiatives that support the idea of sustainability.

Unleashing the ingenuity, imagination and creativity of employees is a great step towards sustainable entrepreneurship. In fact, one of the primary goals of sustainable entrepreneurship is not simply to direct and control employees but rather to create conditions that make people want to offer maximum effort. Making employees harness their ingenuity, imagination and creativity in pursuit of common objectives, is a far better approach which is more preferable to imposing a system of controls designed to force people to meet objectives that they do not understand or share. Rewarding employees for achievement is a far more effective way to reinforce shared commitment than punishing them for failure. Giving people responsibility caused them to rise to the challenge. Unleashing their imagination, ingenuity and creativity results in their contributions to the organization being multiplied many times over.

In today's globalised world, environmentally orientated entrepreneurship, often called 'ecopreneurship', has become a core issue for addressing sustainability and entrepreneurship (Blue, 1990; Bennett, 1991; Berle, 1991). Ecopreneurship is otherwise labelled as the individual environmental initiatives taken by employees – and is an important basis for a company's success in environmental performance. The core impetus and main goals stated with ecopreneurship are to earn money through contributing to solving environmental problems. Economic goals are the ends of the business whereas environmental goals are considered as integrated part of the economic logic of the business. The organisational challenge of entrepreneurship is to better integrate environmental performance into the economic business logic or to multiply the number of (small) green businesses through the ingenuity of employees towards innovation performance. The following parameters seek to outline the measures for effective ingenuity of employees in the business establishments that seek to create ecopreneurship as a model for sustainable entrepreneurship.

Transparency (improved internal communication), proactive employee behaviour (involvement) and eco-specific training (environmental awareness) are the three most important predictors of ecopreneurship, apart from self-efficacy and offering incentives for employees which are the other important ways to enhance ingenuity of employees. Pichel, in her profound study of employees of five German companies, found out that an organizational culture that values environmental issues and employees' initiative might be more effective in promoting ecopreneurship within the firm than a command-and-control structure coupled with (extrinsic) incentives. (Pichel, 2008)

Transparency of corporate environmental management activities: This makes environmental management perceptible to the individual employee. When employees believe they know about the consequences of their own ongoing environmental activities and those of their colleagues and employees in other units, it reduces the free-rider problem: the more predictable the firm's environmental efforts are, the more easily people can make up their minds about their own proactive behaviour. The most important predictors of ecopreneurship are

transparency and ecospecific training that orient employees to the rationale and procedures for environmentally sound business activities. These findings coincide with those of Ramus and Steger (2000), who identify the two most important factors in ecoinitiatives as building environmental competence through training, and developing environmental communication (creating a 'we' feeling, developing open and direct lines of communication, Ramus, 2002: 156): 'Transparency and open communication, both internal and external, will make it easier to promote the environmental awareness and understanding of employees and customers' (OSRAM, 2006: 8).

Proactive Employee Behaviour is yet another important basis for a company's success in environmental performance, which results in ecopreneurship, which is otherwise known as the individual environmental initiatives taken by employees, thereby enhancing participation and coordination. These enable both management and employees to adjust competences, duties and responsibilities, and approaches and arrangements (Pugh, 1981). Individual initiatives such as ecopreneurship can be made effective and efficient.

Incentives: Managers often use incentives for individual initiatives in order to improve company-wide environmental initiatives (Theyel, 2000: 250). But incentives carry a risk: employees may take on a more instrumental attitude towards the expected proactive behaviour, engaging in it only because they expect a reward (Luyben and Cummings, 1981–82; Diekmann and Preisendörfer, 1991; Kohn, 1993; Schahn, 1993: 40). For pro-environmental behaviour there are research findings about a positive correlation of incentives and proactive initiatives (Ramus and Steger, 2000) and about negative correlations (Sharma, 2000: 692).

Eco-specific Training of Employees is yet another contextual parameter for enhanced sustainable entrepreneurship. General soft-skill training includes classes and workshops to support employees in promoting their own initiatives, discussing potential activities effectively and asking for support. These key skills are not ecospecific but have an impact on ecopreneurship (Klinger, 1980; Ramsey and Hungerford, 1989: 32). Ecospecific training provides

professional competence towards environmental issues and methods at work, for example changeovers to environmentally optimized print colours or criteria for environmentally orientated suppliers. Ecospecific training raises the awareness and acceptance of proactive behaviour (Bansal and Roth, 2000; Sharma, 2000).

Tapping the self-efficacy of Employees: Self-efficacy is commonly defined as the belief in one's capabilities to achieve a goal or an outcome. Employees with a strong sense of efficacy are more likely to challenge themselves with difficult tasks and be intrinsically motivated. Employees who are convinced they can make their own decisions at work and realize their own beliefs are more likely to behave as environmental activists at work. Gebert (1987: 947ff.) suggests improving self-efficacy by stimulating criticism, delegating responsibility and resources, having employees participate in solving problems, and engaging in open discourse. The impact of incentives on ecopreneurship is negative, as expected, confirming the findings of Sharma (2000: 692). One explanation could be that incentives convey the attitude that an employee is only responsible for something when he/she is paid for it, which destroys intrinsic motivation.

Secondly, the potential of a high-performance work system, as elaborated by Martin-Tapia et al also contributes to the proactive ecopreneurship. 'Empowerment' (creating a work climate that encourages employees to buy into the values), is yet another way of enhancing ingenuity of employees. The passion and drive of individual employees is the single biggest overall factor motivating sustainable entrepreneurship. A multicultural work-force of employees, helps in high-levels of knowledge exchange, resulting in diversity and variety in the workplace, and thereby integrate employees' knowledge.

The concept of sustainable entrepreneurship has been raised more recently to attend to the contribution of entrepreneurial activities to sustainable development in a more comprehensive way. Such an ambitious approach of entrepreneurship which does not only attempt to contribute to a sustainable development of the organisation itself but also to create an increasingly large contribution of the organisation

to sustainable development of the market and society as a whole requires substantial sustainability innovations.

Employees are the primary cogs in the wheels of sustainable entrepreneurship. Hence, business establishments need to create environmental strategies by harnessing the ingenuity of its employees, taking into account eco-specific environmental practices which can impact the organization's environmental possibilities. If employees are not informed, trained, motivated and encouraged to carry out certain actions related to a firm's objectives – such as proactive environmental management, enhanced sustainable entrepreneurship will still remain a mirage. Therefore, to enable employees to create an ecospecific form of work that transform employment into a creative hobby, and inciting employees to take upon themselves the role and identity of the entrepreneur who 'freely' exerts him or herself to the most, it is imperative to work towards enhancing the ingenuity of employees to the fullest, for maximum enhancement of sustainability entrepreneurship.

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