

Activists or Opportunists?

How environmental entrepreneurs differ from conventional ones

Summary

In light of the increasing environmental challenges of our time, a change in how business is done is essential (Antolin-Lopez et al., 2019; Ferraro et al., 2015). Despite being a potential solution for some of the world’s most pressing issues (Antolin-Lopez et al., 2019; Hall et al., 2010; Markman et al., 2019; York & Venkataraman, 2010), environmental entrepreneurship remains fairly unexplored, with no clear agreement on its definition and open questions regarding whether environmental entrepreneurs differ from other types of entrepreneurs. In order to investigate the potential differences between environmental and conventional entrepreneurs, we undertake an exploratory qualitative multi-case study, comparing founders of environmental and conventional ventures. Semi-structured interviews with 24 founders provide insights into the differences between environmental and conventional entrepreneurs along several dimensions that emerge from existing literature: The motivation and goals (York et al., 2016), difficulties (Khelil, 2016; Lougui & Nyström, 2014), and circumstances (Hall et al., 2010; Muñoz & Dimov, 2015) of entrepreneurs. Along these dimensions an overall coding structure is developed, which is complemented by open coding of the additional differences between environmental and conventional entrepreneurs, which emerge from the data.

According to the results of our study, the motivations, goals, difficulties and circumstances are consistent among conventional entrepreneurs, but differ widely across environmental entrepreneurs. Some environmental entrepreneurs are closely aligned with conventional entrepreneurs regarding these dimensions, while others are not. Overall, the analyzed dimensions can be mapped out on a continuum between entrepreneurs with an opportunistic orientation on one end, and activist entrepreneurs on the other. Activist entrepreneurs desire to change society through their venture, while opportunistically orientated entrepreneurs want to generate profits by serving existing customer needs. All conventional entrepreneurs in our sample are located close to the opportunist end of this Activist – Opportunist continuum, while the environmental entrepreneurs are dispersed across the continuum, some being primarily economically motivated to serve environmentally relevant market needs, others being environmental activists. Based on this insight, our research questions of whether and how the two types of entrepreneurs differ can be addressed: Environmental entrepreneurs are not per se different from conventional ones, but they can be, depending on where on the Activist – Opportunist continuum they are located. Activist environmental entrepreneurs differ from conventional entrepreneurs along the dimensions we investigated, while opportunist environmental entrepreneurs do not differ from conventional entrepreneurs along these dimensions. The figure below illustrates these findings.

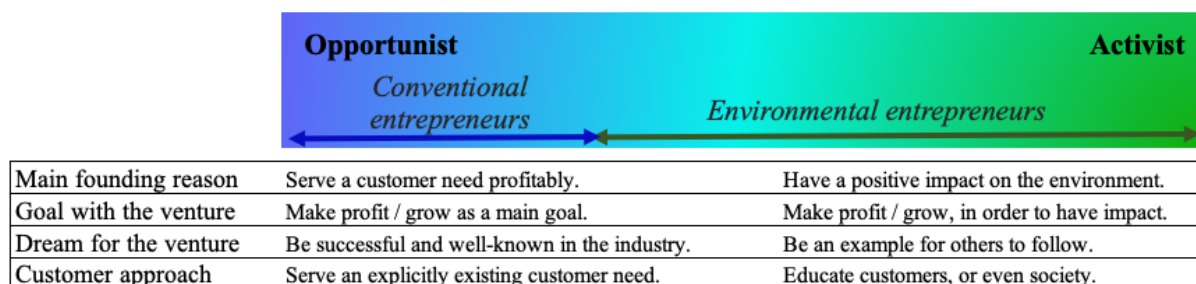


Figure 1: The Activist – Opportunist Continuum

In line with their location on the Activist – Opportunist continuum, we also find differences in the needs these different types of entrepreneurs address. For this analysis we view needs in terms of explicit vs. latent needs and individual vs. societal needs. Conventional entrepreneurs typically address explicit individual needs, while some may succeed in addressing latent needs (Carlgren, 2013). We find that activist environmental entrepreneurs address latent societal needs and try to make them explicit, by raising awareness about them, educating their customers and society in general. In cases in which the need for environmental protection has been made explicit for a large part of society, we find that more opportunistic environmental entrepreneurs may also address that need, but they do not want to actively change the environmental orientation in society to the extent activists do. In those cases in which the need for environmental protection is explicit and many individuals in a society feel personally concerned there is a willingness to pay for environmentally friendly goods and services, and thus environmental entrepreneurship represents a classic entrepreneurial opportunity that even attracts opportunistic entrepreneurs.

Overall, the results of this study show that environmental entrepreneurs can be similar to conventional entrepreneurs or constitute a different sub-type of entrepreneurs, depending on where on the Activist – Opportunist continuum they are located. At a higher level of abstraction, we believe that these results contribute to delineating a position for environmental entrepreneurship in the entrepreneurship literature. Opportunities for future research include analyzing the potentially different roles of activist and opportunist environmental entrepreneurs in the green transition, investigating the potential differences in their identities, and measuring the impact of their respective ventures.

References

- Antolin-Lopez, R., Martinez-del-Rio, J., & Cespedes-Lorente, J. J. (2019). Environmental entrepreneurship as a multi-component and dynamic construct: Duality of goals, environmental agency, and environmental value creation. *Business Ethics: A European Review*, 28(4), 407–422.
- Carlgren, L. (2013). Identifying latent needs: Towards a competence perspective on attractive quality creation. *Total Quality Management & Business Excellence*, 24(11–12), 1347–1363.
- Ferraro, F., Etzion, D., & Gehman, J. (2015). Tackling grand challenges pragmatically: Robust action revisited. *Organization Studies*, 36(3), 363–390.
- Hall, J. K., Daneke, G. A., & Lenox, M. J. (2010). Sustainable development and entrepreneurship: Past contributions and future directions. *Journal of Business Venturing*, 25(5), 439–448.
- Khelil, N. (2016). The many faces of entrepreneurial failure: Insights from an empirical taxonomy. *Journal of Business Venturing*, 31(1), 72–94.
- Lougui, M., & Nyström, K. (2014). What obstacles do entrepreneurs encounter? *Journal of Entrepreneurship and Public Policy*, 3(2), 275–291.
- Markman, G. D., Waldron, T. L., Gianiodis, P. T., & Espina, M. I. (2019). E Pluribus Unum: Impact entrepreneurship as a solution to grand challenges. *Academy of Management Perspectives*, 33(4), 371–382.
- Muñoz, P., & Dimov, D. (2015). The call of the whole in understanding the development of sustainable ventures. *Journal of Business Venturing*, 30(4), 632–654.
- York, J. G., O’Neil, I., & Sarasvathy, S. D. (2016). Exploring environmental entrepreneurship: Identity coupling, venture goals, and stakeholder incentives. *Journal of Management Studies*, 53(5), 695–737.
- York, J. G., & Venkataraman, S. (2010). The entrepreneur–environment nexus: Uncertainty, innovation, and allocation. *Journal of Business Venturing*, 25(5), 449–463.