

Topic 2-5: Environment as content of business activity

Ing. Rastislav Strhan, PhD.
Environmental market and marketing

Business and environment

1. Why is environmental task important for business and entrepreneurship?
2. What are the challenges you can face in relation among business world and environmental tasks?
3. How is environmental question affecting the activity of businesses?

Why?

- Because history of human civilization is very short
- Because our responsiveness is very poor
- Because stability of nature is not given
- Because we are not able to run the Earth
- Because we have only poor knowledge about principles of life and Nature
- And
- Because it is not natural to destroy own house...

MAIN DRIVERS OF GREEN ENTREPRENEURSHIP

- Global Warming
- Saving Critical Natural Resources
- Sustainable Enterprise Creation- Increasing Profitability, Sustainably While Creating Abundance For All
- Creating a Better World For Future Generations (given that the world's population will grow, which is likely to put additional burden of serving additional humans on this planet)

What challenges are we facing?

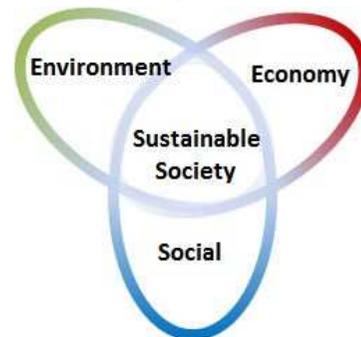
- ❑ Make civilisation less dependent on natural resources
- ❑ Use limited resources with higher efficiency

Creating technology for a sustainable society

- ❑ Creating technology is not enough to reach a sustainable society
- ❑ Innovation and entrepreneurship are needed to utilize new technologies towards a sustainable society

Creating technology for a sustainable society

A sustainable society is considered to involve a balanced interplay of three main elements to meet the needs of present generations without compromising the possibilities of future generations to meet their own needs



Creating technology for a sustainable society

- ❑ The environmental boundary conditions that set the limits on resource supply, waste disposal and environmental pollution;
- ❑ How the economy balances production and consumption processes within – or currently beyond – the environmental constraints;
- ❑ How society politically and culturally decides to manage the social effects of the above constraints given by the short and long term consequences of our activities.



Green Innovation and Entrepreneurship

Innovation and Entrepreneurship are associated with (among others):

- Business creation
- Start-ups
- Personal drive among entrepreneurs
- Personal and financial risks
- Successes and failures (billionaires and bankruptcies)
- Mindset for innovation and entrepreneurship

Entrepreneurship and commercial activity

- Active commercial activity and entrepreneurship thinking is not restricted on commercial bodies
- Very often open new forms of business activities in field of environmental and social protection Non-governmental bodies. They can use public funds in first stages of their existence and overcome financial risks of introduction period.
- Example: FairTrade business originally started by NGO supporting Third world or FSC certification scheme started as protection of tropical forest.

Entrepreneurs Recognize Opportunities

What Is an Entrepreneur?

A person who recognizes an opportunity and organizes and manages a business, assuming the risk for the sake of potential return.

They are somehow engaged in the buying and selling of products or services in order to earn money.

- A **product** is something that exists in nature or is made by human beings. It is *tangible*, meaning that it can be physically touched.
- A **service** is labor or expertise exchanged for money. It is *intangible*. It cannot be physically be touched.

Entrepreneurship

What Do Entrepreneurs Do?

- The French word *entrepreneur* began to take on its present-day meaning in the seventeenth century.
- It was used to describe someone who undertook any project that entailed risk—military, legal, or political, as well as economic.
- Entrepreneurs may have different reasons to start and continue their businesses, but they share the common focus of **creating sustained-value**.

Benefits and Costs of Becoming an Entrepreneur

Potential Benefits of Entrepreneurship:

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1. Control over Time
 2. Fulfillment
 3. Independence/Autonomy
 4. Creation/Ownership
 5. Financial Reward/Control over Compensation
 6. Control over Working Conditions
 7. Self-esteem
 8. Contribution to Society

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Benefits and Costs of Becoming an Entrepreneur *(cont.)*

Entrepreneurs choose how and when they are paid. As owner of your company, when funds permit, you can decide to:

1. Pay yourself a **salary** - A fixed amount of money paid to an employee at regular intervals.
2. Pay yourself a **wage** - A fixed payment per hour for work performed.
3. Take a share of the company's profit in **Dividends** - each stockholder's portion of the profit-per-share paid out by a corporation.
4. Take a **commission** on every sale you make - a percentage of a sale paid to a salesperson

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Potential Costs of Entrepreneurship

While there are many potential benefits of entrepreneurship, entrepreneurs also face numerous possible costs:

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1. Business Failure
 2. Obstacles
 3. Loneliness/Isolation
 4. Financial Insecurity
 5. Long Hours/Hard Work
 6. Strain on Personal Relationships

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Barriers of entrepreneurship

Internal barriers

- ❑ missing interest – their is no motivation and incentive, risk fear, missing personal attributes,
- ❑ Missing knowledge – missing idea, lack of principal requirements, low management competences and skills,
- ❑ Missing opportunity – lack of sources, place, missing support by close environment

Barriers of entrepreneurship

External barriers

- ❑ Legal environment – barriers of entrepreneurship
- ❑ Economic environment – taxes, duties, prices, support
- ❑ Business infrastructure – availability of banking and financial, consulting and support institution
- ❑ Public opinion – society perception, image of entrepreneurs, future expectation

Personality of entrepreneur

- ❑ Idealist – fulfils own dreams and expectation about the society
- ❑ Optimizer – can run processes more effectively as they are made around
- ❑ Hard Worker – works with maximum effort to achieve maximum results
- ❑ Juggler – nobody knows how but can manage everything and can coordinate even impossible
- ❑ Sustainer – can get maximum from his environment

Role of entrepreneur inside business

- ❑ Adviser – can advise co-worker and solves their problems
- ❑ Administrator/ Organiser – organise processes can divide tasks and duties
- ❑ Builder/ Creator – creative soul of company with fresh ideas for future decision
- ❑ Caretaker – assure good emotions by taking care about company and their parts
- ❑ Communicator/ Trainer – can persuade people and teach them to improve their work
- ❑ Entertainer/ Host – giving company positive feeling about the future, creating home feeling
- ❑ Investor/ Owner – creates authority by subordinates express his competence as owner
- ❑ Seller – important as communicator outside company, can persuade customers and partners
- ❑ Technologist/ Engineer – expert in the field, knowing the content of business

Types of entrepreneurship

- ❑ Business entrepreneur
- ❑ Trading entrepreneur
- ❑ Industrial entrepreneur
- ❑ Corporate entrepreneur
- ❑ Agricultural entrepreneur
- ❑ Social entrepreneur

Technology based entrepreneurship

- Technical entrepreneur – base of technical knowledge, can be found in eco-industry and by specific product requiring knowledge of technical solution
- Non-technical entrepreneur – have normally low knowledge about core of business activity, but have higher motivation and deeper roots of entrepreneurship
- Professional entrepreneur – base of competences and experience, very often sources of business concerning consultancy and training (by environmental tasks)

Motivation

- Pure entrepreneur - *an individual who is motivated by psychological and economic rewards. He undertakes an entrepreneurial activity for his personal satisfaction in work, ego, and status.*

Motivation

- Induced entrepreneur *person who is induced to take up an entrepreneurial task due to the policy measures of the government that provides assistance, incentives, concessions, and necessary overhead facilities to start the venture. Most of the induced entrepreneurs enter entrepreneurship due to financial, technical and several other facilities provided to them by the state agencies to promote entrepreneurship.*

Motivation

- Motivated entrepreneur *New entrepreneurs are motivated by the desire for fulfillment. They come into being because of the possibility of making and marketing some new product for the use of customers. If the product is developed to saleable stage, the entrepreneur is further motivated by reward in terms of profit.*

Motivation

- ❑ Spontaneous entrepreneurs *start their business because of their natural talents. They are persons with initiative, boldness and confidence in their ability which motivate them to undertake entrepreneurial activity. Such entrepreneurs have a strong conviction and confidence in their inborn ability.*

Others classification aspects of entrepreneurship

- ❑ Area – urban/ rural entrepreneur
- ❑ Scale – large/ small scale entrepreneur
- ❑ Gender – male/ female entrepreneur
- ❑ Age – young/ not so young entrepreneur
- ❑ Growth – fast growing / fast earning

Business models

- ❑ **Consultant** model
- ❑ **Moonlighting** model
- ❑ **Brilliant** idea model
- ❑ **Existing** / Franchise model

Business models

- ❑ **Consultancy model**
 - ❑ Typical for academics and in field requiring expert and specialized knowledge.
 - ❑ People with experience in relevant topics create business to spread their knowledge for new customer of in new environment.
- ❑ **Moonlighting model**
 - ❑ Typical in case of risk avoidance, business activity creates only part of duties and tasks. Other activity can include other job with regular income or i.e. activity paid by public funding (i.e. by NGOs)

Modely podnikania

□ **Brilliant idea model**

- Zamestnanci v niektorých prípadoch prichádzajú s vlastnými návrhmi a riešeniami situácie u zamestnávateľa, Ak sa im nepodarí ich „miliónovú myšlienku“ presadiť v rámci zamestnania, v niektorých prípadoch sa pokúšajú o jej využitie v rámci podnikateľských aktivít.

□ Pridať životné prostredie

□ **Existing /franchise model**

- Niekedy jednotlivci už nechcú pokračovať vo svojej účasti v zamestnaneckom prostredí a radšej volia založenie vlastného subjektu v oblasti, v ktorej majú skúsenosti a prax. Preberajú pritom neformálne prvky modelu, ktorý využívali alebo formálne využijú dostupný model, ktorý je založený na franchízovom princípe.

□ Pridať životné prostredie