

**Management Intent and Perception Towards Sustainable Entrepreneurship: Agri-Food
Business Cases**

By

Peter Schiessl and Getachew Abate Kassa*

Chair Group Agricultural Production and Resource Economics

Research Department of Agricultural Economics

Technical University of Munich

* Corresponding Author

getachew.abate@tum.de

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Introduction

Sustainability is becoming a very critical issue in our society due to a wide range of socio-economic and environmental concerns that arise from global market structures and business behavior. There is a common understanding that the current unsustainable business practices have to be changed to prevent fatal environmental and social consequences. Research in sustainable entrepreneurship is needed to explore and assess entrepreneurial actions and strategies as a mechanism for making existing business practices more sustainable while providing economic and non-economic gains for investors, entrepreneurs, and communities. The state of research in sustainable entrepreneurship is at an infant stage. There is still lack of conceptual and theoretical approaches, empirical data and evidence as well as underlying research frameworks that provide the basis to address and analyze issues and problems related to the field.

The specific purpose of the present study is to conduct an empirical research that contributes towards the conceptualization and advancing of hypotheses particularly in sustainability related entrepreneurial behavior in the agri-food sector. The study examines agri-food business perceptions, attitudes and orientations towards sustainable entrepreneurship focusing on the following key research issues:

- Organizational leadership and middle management understanding of the concept of sustainability,
- leadership and management perception of the role of sustainability as a source of business and market opportunity and sustained growth,
- key current motivations and driving forces for the introduction and implementation of the sustainability approach within the organization, and
- management efforts to integrate and anchor sustainability related activities within the organizational structure and operations.

Literature review: Sustainability and Entrepreneurship

Concepts like ecopreneurship, social entrepreneurship and corporate social responsibility dominate the early stage literature in sustainable entrepreneurship (Austin, Stevenson and Wei-Skillern, 2006; Ndubisi and Nair, 2009; Short, et al. 2009). Literature in this area has also made specific attempts to differentiate between sustainable entrepreneurship, environmental entrepreneurship and social entrepreneurship (e.g., Mort et al., 2003; Dean and Mc Mullen, 2007). In the case of sustainable entrepreneurship, the main focus has been to integrate the social and environmental aspects simultaneously linking them with entrepreneurial activities. Alleviation of socially and environmentally relevant market failures to create entrepreneurial opportunities has been at the center the academic discussion in this area. This approach is viewed as the best strategy to meet consumer demand for sustainable products (Dean and Mc Mullen, 2007; Cohen and Winn, 2007). Recent developments emphasize the fields of entrepreneurship, organization and sustainability as major contributors to a sustainable enterprise design. Parrish (2008) describes sustainable entrepreneurship as an emerging field that is multidisciplinary by nature and the author defines it as a process in which new companies are formed with their activities focusing on human well-being and ecosystems simultaneously achieving economic success. In this context, the field of sustainable entrepreneurship has the potential to simultaneously tackle social, economic and environmental problems leading to a sustainable development (Tilley & Parrish, 2009). Schaltegger and Wagner (2011) define a sustainable entrepreneur as someone who can be operating successfully in the market at the same time contributing to solving societal and

environmental problems through the realization of a successful business, which eventually could lead to the development of sustainable industries.

Overall, the sustainable entrepreneurship literature views business orientation towards sustainability in two aspects: (1) Sustainability as a societal and business responsibility: In this context, the Corporate Social Responsibility (CSR) literature deals since the mid-70s with potential business strategies to tackle societal environmental and social issues. One significant critique to this approach is the strategy's lack of the value creation options for the businesses. This has led businesses to react to sustainability in a fragmented and unstructured way (Weber, 2007). (2) Sustainability as a source of opportunity identification and value creation option: This concept is developed as a reaction to the CSR based sustainable entrepreneurship with a basic argument that, in order to be successful in sustainable entrepreneurship, businesses need to pursue a combined approach of enhancing societal value creation while at the same time pursuing opportunities that create and enhance benefits for the businesses (Porter and Kramer, 2006, Habisch, 2006; Weber, 2007).

Despite this early academic discourse of entrepreneurship towards fostering sustainable development, there is lack of clarity in the theoretical concepts of sustainable entrepreneurship and still remains considerable uncertainty regarding the nature of entrepreneurship's role in the area of sustainability and whether and how this process will actually unfold (Hall, Daneke, & Lenox, 2010; Shepherd & Patzelt, 2011). Some authors argue that businesses could define their work as sustainable but their understanding of the term differs vastly (Brix, et al. 2006). Further research is hence required to explore the role of entrepreneurial action as a mechanism for sustaining nature and ecosystems while providing economic and non-economic gains for investors, entrepreneurs, and societies (Shepherd and Patzelt, 2011). The issue is especially more critical in the agri-food sector where sustainability has become a major topic among policy makers, practitioners and researchers in the past few decades (Van Cauwenbergh et al., 2007). In particular, the continuous market integration and concentration at the food retail and processing level and related arguments regarding the disconnection of the producer and the end-consumer emphasize the need for the introduction of a sustainable food production and marketing system. The present study hence attempts to examine agri-food business understandings of sustainability and their perceptions towards the production and marketing of food products that have societal relevance within the sustainability paradigm.

Methodology

The study uses multiple cases to gain business insights towards the issue of sustainable entrepreneurship in the wholesale sector of the agri-food value chain. The study specifically considers large agri-food wholesale companies in Germany, which have introduced corporate social responsibility approaches in their organizations. These are also focal companies that have a relatively significant market power to guide and determine the production of value added and sustainable products within the sector. Altogether three companies were selected for the study. Semi-structured interviews were used to collect data from nine representatives of these three large companies. Interviews have been conducted with (1) representatives at the top management and leadership level, (2) representatives at the middle management level especially with managers directly involved with sustainability issues, and (3) managers with a function or responsibility to implement specific projects (e.g., biomass sustainability regulations or quality control systems). The case study approach allowed the researchers to critically explore and examine similarities and differences between the companies regarding the concept of sustainable entrepreneurship. The interview guidelines were adapted to reflect

the current leadership and management positions of the interviewees within the companies. The ATLAS.ti version 7.0 software was used to analyze the qualitative data. This program provides the optimal tool box for the analysis in terms of appropriate coding and category building from the interview data.

Results and discussion

The case study businesses have different perceptions towards sustainability and pursue different approaches and intensity levels to address the sustainability issue within their businesses. Understanding of the sustainability concept and future sustainability strategies are associated with business motivation, attitude towards sustainability related responsibilities, perceived opportunities and chances, and anchorage or integration level of sustainability within the organization. Differences among businesses are especially observed in their perception towards sustainability as a business opportunity.

Comparing the attitude and role towards sustainability at different organizational and functional levels, the top management tends to focus on the economic component as a driving force towards sustainability. The basic assumption is that consumer demand is the base that should drive sustainability providing businesses entrepreneurial opportunities and sustainable competitive edges in the long term. The middle and project or program specific level managers view sustainability as a business responsibility and process not just as an entrepreneurial chance. In this regard, the focus should be filling the social and environmental gaps at the organization and business level meeting consumer and societal interests and claims. These responses reflect the attitudinal and conceptual differences within the business structure towards sustainability.

Overall, results comparing the case study businesses show that the sustainability concept and its potential implementation center around three concepts:

- (1) Acceptance and understanding of the concept within the organization: This, according to responses from interviewees, depends on the reliability of sustainability related policies, the level of integration within the value chain, uncertainty, business economic performance, relative independence of businesses in undertaking entrepreneurial activities and trust and commitment at all stakeholder level.
- (2) Structural basis that supports sustainability integration and anchorage within the organization: It appears that those organizations with a cooperative structure, a relatively integrated value chain, specific sustainability focused projects, a conscious approach in creating sustainability reports and a higher sensitivity towards customer demand for sustainability have a proactive approach towards the adoption of the sustainability concept.
- (3) Economic context: The economic component was one other central point strongly highlighted for the introduction and implementation of the sustainability concept. Specific sustainability oriented customer demands that contribute towards better economic successes and increased efficiency providing business independence are seen as critical factors for adopting sustainability. These responses reflect the need for the end-consumer and the society as a whole to lead the path towards sustainable development providing and acting upon growing demands for sustainable products and services.

Concluding remarks

Overall, the findings from the study indicate that entrepreneurial approaches to sustainability likely depend on sustainability related business opportunities and chances, integration levels and collaborations within the value chain, trust towards sustainable related policies and sharing of responsibilities in adopting a sustainable development.

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