Embeddedness as a facilitator of sustainable entrepreneurship

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Research question

• Embeddedness of entrepreneurship
• Sustainable entrepreneurship
• Call for shifting from What to How (Shepherd & Patzelt, 2012)

How does embeddedness of entrepreneurship facilitates sustainability?
Literature review

Embeddedness

• Sources and mechanisms of embeddedness
  Entrepreneurship needs to be understood in relationship with the environment and the actors evolving in this environment, including norms and values

• Organizational outcomes
  Organizational survival, access to resources, innovation,…

→ Definition of what is sustainable
Literature review
Stakeholder theory

- Organizations conceived of as a set of relationships among groups that have a stake in the organization’s activities
- Influence of stakeholders depending on behavioural motives and network structure
  - Environment as a stakeholder
  - Power of future stakeholders
  - Active role of stakeholders in sustainable entrepreneurship (2-way relationship)
Embeddedness of sustainable entrepreneurship process

Sustainable entrepreneurship described in terms value creation with regard to a triple bottom line – i.e. profit, people, and planet (Dixon & Clifford, 2007)
Embeddedness of sustainable entrepreneurship process

- Opportunity discovery/creation
- Opportunity evaluation
- Opportunity exploitation

Proposition 1a: Sustainable entrepreneurship is embedded in a network of stakeholders representing the broader economic, social, and environmental context.

Proposition 1b: Sustainable entrepreneurship embeddedness both enables and constrains opportunity creation and/or identification, evaluation, and exploitation.
Embeddedness as a facilitator of sustainability

- Voluntary exchange of information and value with the whole set of stakeholders voluntary (Bridoux and Stoelhorst 2014) → social contract
- Consideration for future → Long-term orientation

Propositions 2: In order to meet their commitment for sustainability, sustainable entrepreneurs engage in long-term social contracts with both current and future stakeholders to acquire

  a) information about what they ought to do ...

  b) legitimacy and resources that are necessary ...

  to act sustainably.
Discussion

• Limitations
  – What if conflicting demands?
    • Compromising
    • Strategy depending on stakeholders (self-regarding vs. engaged in reciprocal behaviour)
  – Deductive model, failing to reflect the many shades of practice
Discussion

• Contributions
  – Sustainable entrepreneurship
    • Embeddedness – Importance of context
    • Shifting from What to How
  – Embeddedness
    • Outcomes of embeddedness

• Future research
  – Embeddedness vs. individual values
  – Stakeholder management in sustainable vs. conventional entrepreneurship