

Sustainable Entrepreneurship Development and Poverty Eradication

Ayekpam Ibemcha Chanu

Assistant Professor, Department of Commerce, Assam University, Assam, India,
E-mail: ibemchac6@gmail.com

ABSTRACT : Eradication of extreme poverty, access to sufficient and nutritious food by 2030 for all the people in this planet, promoting sustainable industries, etc., are some of the important goals of the United Nation's 17 Sustainable Development Goals (SDG) which were adopted in 2015. Sustainable entrepreneurship development, to large extent, will help to achieve these goals. The main purpose of the study is to find out the elements of sustainable entrepreneurship and develop a new model of it; to examine the relationships between (a) 'the entrepreneurship development and the condition of poverty' and (b) 'the sustainable development movement and higher economic growth'. The present paper is both conceptual and descriptive in nature and based on secondary data. Apart from the reports of various institutions like World Economic Forum, United Nations, World Bank, FAO, newspapers, etc., research articles which are published in journals have also been considered. Spearman correlation test is conducted to find out the relationship between variables. While there is weak inverse relationship between 'the entrepreneurship development and the condition of poverty', there is moderate positive relationship between 'the sustainable development movement and higher economic growth'. The findings would through a light on the existing concept of sustainable entrepreneurship and its role in achieving SDGs. The model's sustainable entrepreneurship has been developed by various scholars; however, a new revised model is developed in the line of SDGs in the present paper.

Keywords: sustainable entrepreneurship, sustainable development, economic growth, poverty reduction, SDG

1. Introduction

For many years, entrepreneurship development has been getting attention from policy makers, researchers and linking it to wealth generation, employment creation, women empowerment, and economic growth. The idea of different form of entrepreneurship like social entrepreneurship, green entrepreneurship, eco-preneurship have also been emerged in the literature of entrepreneurship during 1980s and 1990s. Since then, these types of entrepreneurial ventures have been getting momentum. However, the problems of poverty, hunger, unemployment, inequality, lack of decent work have not been arrested till today. The existence of destructive entrepreneurship (Chanu, 2014) associated with 'white colour crimes' are getting prominence now-days. This type of development makes illegal wealth creation and more inequality among the society; further, the COVID-19 pandemic has pushed back hundreds of millions into extreme poverty and chronic hunger (Sustainable

Development Goals Report, 2021). The issues of pollution because of rapid unsustainable industrialization, lack of proper innovative waste management policies have already affected the lives of every species of this planet. The United Nations' 17 Sustainable Development Goals which is also known as Global Goals which was adopted in the UN General Assembly Summit in September 2015 by the UN's 193 member states is a universal call to arrest the problems and make the mother earth a better place for everyone. The UNDP has clearly mentioned in Sustainable Development Goals Report, 2021, that to achieve the 8th SDG—'Decent work for all and Economic growth' by 2030, we have to promote entrepreneurship and job creation. However, the traditional form of entrepreneurship which is mainly based on wealth creation won't arrest the above-mentioned problems rather it will create more discrimination in the workplace and bring higher level of inequalities accompanied by new form of poverty. Hence, there is need to develop a different form of entrepreneurship – 'sustainable entrepreneurship'.

The present paper highlights the very concept of sustainable entrepreneurship (SE) as well as investigates the concept of triple bottom line (Elkington, 1994) which is frequently used by several researchers to describe about sustainable entrepreneurship (Hall et. al., 2010, Kuratolo, 2019). Based on the existing literature on entrepreneurship and the UN's SDG, a model of sustainable entrepreneurship is being developed in the present paper.

2. Statement of the Problem

Among the United Nation's 17 Sustainable Development Goals (SDG) which were adopted in 2015, eradication of extreme poverty, access to sufficient and nutritious food, by 2030 for all the people in this planet, promoting sustainable industries (industry innovation and infrastructure), etc., are some of the important goals. Sustainable entrepreneurship development is an important measure to achieve these goals. Sustainable entrepreneurship is not very new concept. There is a need to investigate the traditional form of entrepreneurship development and how is it different from sustainable entrepreneurship development.

3. Review of Literature

Several studies are reviewed to investigate the differences in traditional form of entrepreneurship development and sustainable entrepreneurship (Chanu 2011, 2019). For some authors, sustainable entrepreneurship is the extension of traditional entrepreneurship (Majid & Koe 2012). Entrepreneurship is important for development of economic and social life (Stokes, at al.), women empowerment (Chanu & Terangpi, 2011). On sustainable entrepreneurship, Kuratolo (2019), Majid & Koe (2012), etc., argue that sustainable entrepreneurship is a concept that link sustainable development. In the studies like Cohen & Winn (2007), Dixon & Clifford (2007), etc., focus is on 'environmental related ventures'; however, one common finding is that apart from achieving economic goals, such type of entrepreneurship ventures is developed to solve the social and

environmental problems (Dean & McMullen, 2007, Chanu, 2019, Kuratolo, 2019, Hernandez, et., al, 2020). On the relationship between entrepreneurship development and poverty reduction, several case studies are found in the literature and links are established between these two variables. However, the study of Ali & Ali (2013) reveals a weak relationship in their study area (Somalia). Considering the economic growth rate of different nations and their ranks in terms of entrepreneurship development is utmost necessary to validate the idea of relationship between entrepreneurship development and poverty reduction, because poverty reduction needs different approaches. Hence, the study is an attempt to fill up the existing research gap.

4. Objectives and Hypothesis Formation

1. To find out the elements of sustainable entrepreneurship.
2. To develop a model of sustainable entrepreneurship.
3. To examine the nature of relationship between the entrepreneurship development and condition of poverty.
4. To examine the nature of relationship between the sustainable development movement and higher economic growth.

4.1 Hypotheses:

H01: There is no significant relationship between the rankings in entrepreneurship development and condition of poverty among different counties of the world.

H02: There is no significant relationship between the sustainable development's movement and higher economic growth of different counties of the world.

5. Research Methodology

Both conceptual and descriptive research designs are used in the present article. The data have been collected from secondary sources including the reports published by World Bank, United Nations, Food and Agricultural Organisations of the United Nations (FAO), Global Entrepreneurship Research Association, OECD, World Economic Forum (WEF) articles from various journals, books, etc. The poverty data was extracted from the Multidimensional Poverty Index (MPI) which was published by United Nations Development Programme (UNDP) and Oxford Poverty and Human Development Initiative (OPHI). The country-wise entrepreneurship ranking was extracted from the Global Entrepreneurship Index (GEI) which was published by Global Entrepreneurship Development Institute. The country-wise environmental performance ranking was taken from the environmental performance index (EPI) which was published by Yale University and the World Economic Forum (WEF); and the country-wise GDP was taken from the publication of the World Bank. Number of countries considered is 68. The same countries which were mentioned in both the reports of MPI and GEI- 2019; 180 countries which

were mentioned both in EPI 2020 and country-wise GDP 2020 of the World Bank. The study period is 2019 and 2020.

5.1 Concept of poverty used in the paper

The widely used definition of poverty in academic literature is – earning less than \$ 1.90 a day in case of low-income nations. However, in case of the countries belonging to lower-middle income category and upper middle-income nations which are classified by the World Bank, those whose per day earnings are less than \$ 3.2 and \$ 5.5 respectively will be below poverty line. Hence, there is a variation in the income of different people who belong to poor/poverty of different nations. To define poverty, here, the concept of multidimensional poverty which is used in UNDP and OPHI reports is considered. It is assumed that poverty encompasses not only the income earning but also different elements which are related to deprivation. The very concept of Multidimensional Poverty encompasses the various deprivations experienced by poor people in their daily lives including poor health, lack of education, inadequate living standards, disempowerment, poor quality of work, the threat of violence, and living in areas that are environmentally hazardous, among others.

6. Findings and Discussion

Descriptive statistics are used to analyse data; Spearman correlations is considered to examine the nature of relationship between the variables and 5 percent level of significant is considered to accept/reject the null hypothesis.

6.1 Elements of sustainable entrepreneurship

Sustainable entrepreneurship (SE) is a process of starting/ developing several enterprises with the objective of making the world a better place. Here, better place means producing of better products without harming the environment and preserving the nature for future generation. It is also a process of venture creation which are in the form of value –creating enterprises; the entrepreneurial activities of such ventures are linked to sustainable development. SE is also the creation of economic opportunities through the generation of market disequilibria that start the transformation of industrial units towards an environmentally and socially sustainable condition (Hockerts & Wustenhagen, 2010). In sum, SE is the process of identification, exploitation and development of new business opportunities leading to sustainability-oriented ideas for solving problems related to society, and environment (Sanchez-Hernandez, et., al, 2020), economic viability, culture, and political stability. While sustainable development is the balance between 3Ps (people, planet, and profit), SE is the balance between 4Ps (people, planet, product, and profit). Hence, it needs a different type of innovative approach. It is different from the traditional view of entrepreneurship- that is innovation for profit maximization. The differences in the elements of traditional form of entrepreneurship which is also known as regular/economic entrepreneurship (RE/EE) and SE are shown below:

Table 1: Elements of Traditional form of Entrepreneurship and SE

Points of differences	RE/EE	SE
Process	Creation of any form of entrepreneurial ventures	Creation of value –creating enterprises which link to sustainable development.
Main aim	To constantly look for economically viable market place- to achieve economic goal	To constantly improve over the past and making future sustainable marketplace
Innovation	Not necessary	Necessary
Purpose of innovation	For wealth maximization	Making balance between 4 Ps & sustainable development
Works for	3Ps (Profit, Product & People)	4Ps (people, planet, product, and profit)
Enhancing of	Exploiting opportunities to earn profit of an enterprise(s)	Economic prosperity, social justice, environmental protection, cultural harmony, political freedom of a state
Rent seeking and creating	Both are available	Rent creating only
Creation of value	For individual achievements	For people around –global customer and global product

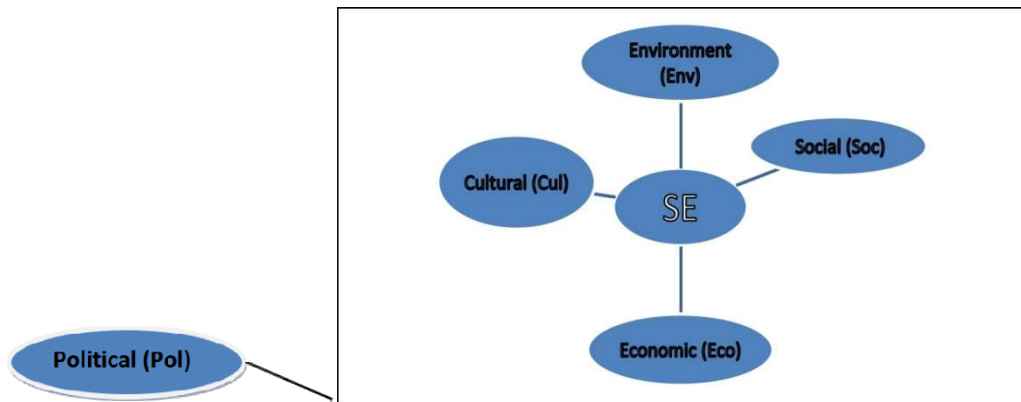
Source: Developed by the author based on the existing literature on entrepreneurship.

6.2 Model of Sustainable Entrepreneurship

As mentioned, several studies have developed the concept of SE based on the triple bottom line (TBL) concept of Elkington (1994). It was developed as an accounting framework to measure performance of corporate by considering 3 dimensions – social, environmental, and financial performances. In the academic literature, the TBL dimensions are commonly known as 3Ps-: People, Planet and Profit. The concept of SE which is based on TBL accepts that entrepreneurs have to play significant role in employment generation, income earnings, prevention of degradation in environment and natural resources due to industrialisation and poverty reduction. A model of SE is found in the study of Majid & Koe (2012). A model which is the extension of it is shown in Figure 1.

Under this model, the assumption is that SE comprises five dimensions and an equal contribution is necessary to bring SE. The dimensions are Environment (Env), Social (Soc), Political (Pol), Economic (Eco) and Cultural (Cul).

Figure 1: Model of Sustainable Entrepreneurship



Source: Developed by the author, based on literature.

So, $SE = f(\text{Env} + \text{Soc} + \text{Pol} + \text{Eco} + \text{Cul})$. Here, $n(\text{Env}) = n(\text{Soc}) = n(\text{Pol}) = n(\text{Eco}) = n(\text{Cul})$

So, any imbalance contribution in these factors (dimensions) will not lead to sustainable development. For example, if an entrepreneur does not maintain decent work culture, exploits natural resources without any second thoughts, produces hazardous waste materials, but, develops political freedom, earns economic profit, and expands his/her enterprises, such form of entrepreneurship is not considered as SE.

In this case, $n(\text{Env}) \neq n(\text{Soc}) \neq n(\text{Pol}) \neq n(\text{Eco}) \neq n(\text{Cul})$

The Environment dimension is related to preserving the nature for future generation by managing the natural resources in proper way, controlling /reducing the toxic wastes, stopping production of goods and services which has adverse impact on environment and any activities of entrepreneurs which accelerate global warming, etc. All the entrepreneurs should remember that natural resources are always limited, and the future generation has also the right to fulfil their needs. The Social dimension is related to expanding activities of entrepreneurs for achieving social goals. Hence, the entrepreneurs have to produce the products which the society needs as well as to develop decent work environment with decent wage, to avoid corrupt practices, to deal with social issues like gender issues, unemployment, etc. All the entrepreneurs should remember that people (both internal and external consumer) are the greatest source of opportunity. There is a need to develop a state of 'responsible production (RP)' and responsible consumption (RC) to move towards sustainable entrepreneurship development.

The political dimension (which is not included in the previous models of SE) is related with the roles of entrepreneurship in expanding political freedom & democratic rights, in preventing reverse political freedom and in producing new group entrepreneurs who can give political pressure to make reforms and who have the interest to protect the country. Entrepreneurship is not developed to provide charity works; though earning economic gain is not the main goal of SE, any enterprise needs economic viability to survive and expand the activities in the future. The Economic dimension investigates the creation of value by entrepreneurs that produces economic prosperity; because, without economic prosperity, any enterprise cannot become SE. The Cultural dimension investigates the entrepreneurs' role in the changing culture of the society due to change in production system. Because of aggressive campaigns of certain goods and services and consumption of certain products for long, the traditional /indigenous knowledge which is highly scientific in nature may be lost and make the people dependent. As a result of it, imbalance in harmony of cultural diversity will be brought and it will accelerate social chaos. So, sustainable entrepreneurship (SE) needs equal attention to all the 5 dimensions which are mentioned in the present paper.

6.3 Nature of Relationship between the Entrepreneurship Development and the Condition of Poverty

To know the status of poverty, the countries listed in the Global Multidimensional Poverty Index (MPI) 2019 which was published by OPHI, University & UNDP, 68 countries are classified into three groups: (a) poverty population below 10 % of total population of the country (b) poverty population 10%-20% of total population of the country and (c) poverty population above 20 % of total population of the country. The findings are shown in Table 2. It is clearly revealed that out of 68 countries, 38 percent belong to the group which has poverty population below 10% of total population of the country, 32.4 percent belong to the poverty population 10%-20% of total population of the country and the remaining 29.4 percent belong to the group of countries which have poverty population 10%-20% of total population of the country. Some of the countries which belong to the third group include Congo, Gambia, India, Kenya, Mozambique, Paraguay, Rawanda, South Africa, Uganda, Ukraine, Tunisia, Zambia, etc.

To find out the relationship between the entrepreneurship development and the condition of poverty, the spearman correlation analysis is conducted between the ranking in entrepreneurship and percentage of poverty to total population and the result is shown in table 3. The result shows an inverse correlation, i.e., negative correlation which indicates that both the variables move in opposite direction. However, a weak correlation ($r = -.11$) is observed in this case. It shows that the p value is found to be .360 which shows that there is no significant relationship ($p > .05$). Hence, the null hypothesis is accepted that there is no significant relationship between the rankings in entrepreneurship development

and the condition of poverty among different counties of the world in considering the data of the year which is considered in the study.

Table 2: Distribution of Countries based on the Total Percentage of Poverty to Total Population

	Percentage of poverty population	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	poverty population below 10 % of total population of country	26	38.2	38.2	38.2
	poverty population 10%-20% of total population of the country	22	32.4	32.4	70.6
	Poverty population above 20% of total population of the country	20	29.4	29.4	100.0
	Total	68	100.0	100.0	

Source: prepared by the author based on the Global Multidimensional Poverty Index (MPI) 2019 published by OPHI, University & UNDP.

Table 3: Correlations between Ranking in Entrepreneurship and Percentage of Poverty to Total Population of different Countries

			Rank in GEI	Poverty level
Spearman's rho	Rank in Global Entrepreneurship Index (GEI)	Correlation Coefficient	1.000	-.111
		Sig. (2-tailed)	.	.370
		N	68	68
	Poverty level	Correlation Coefficient	-.111	1.000
		Sig. (2-tailed)	.370	.
		N	68	68

6.4 Relationship between the Sustainable Development Movement and Higher Economic Growth

The environmental performance of a country can show the approach of the government of a particular country toward sustainable development movement to large extent. The widely used parameter to measure the level of economic growth is GDP. To measure the relationship between the sustainable development movement and higher economic growth,

spearman correlation analysis is conducted, and result is shown in table 3. The result shows a moderate positive correlation, ($r=.486$) which indicates that both the variables move in same direction. The p value is found to be .000 which shows that there is significant relationship ($p>.05$) between EPI and GDP. Hence, the null hypothesis is rejected, and alternative hypothesis is accepted that there is significant relationship between the sustainable development movement and higher economic growth in considering the data of the year which is considered in the study.

Table 4: Correlations between Environment Performance Index and Economic Growth

		GDP	EPI
GDP	Pearson Correlation	1	.486**
	Sig. (2-tailed)		.000
	N	178	178
EPI	Pearson Correlation	.486**	1
	Sig. (2-tailed)	.000	
	N	178	180

Note: EPI- environment performance index**. Correlation is significant at the 0.01 level (2-tailed).

7. Conclusion

Defining sustainable entrepreneurship is not an easy task. It encompasses different dimensions. In the present paper, 5 dimensions of sustainable entrepreneurship are discussed. It is also argued by the author that sustainable entrepreneurship model will contribute more than the traditional model of entrepreneurship in the process of achieving the Sustainable Development Goals. Poverty is a form of deprivation of economic rights, and it is because of various factors. To eradicate poverty, proper policy and programmes are necessary. The entrepreneurship development alone cannot resolve this issue. Having higher ranking in entrepreneurship development index of a country does not mean a smaller number of poor people in that country. The finding of the present paper validates it. However, entrepreneurship development can help to reduce poverty to some extent through generation of employment opportunities. A significant relationship between sustainable development movement and higher economic is found in the present paper. Hence, to conclude, the environmental performances of country's policy have an impact on economic growth, higher the environmental performance, higher the economic growth vice versa. It is suggested that all the stakeholders of the society including entrepreneurs, policy makers should work together to achieve the Sustainable Development Goals (SDG).

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