

Chapter 26

Sustainable Entrepreneurship and Management Skills at a Crossroad in the Circular Economy

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ABSTRACT

Entrepreneurship is the process of starting a business, a start-up company, or an organization. Before a person is capable of starting a business, there are entrepreneurship and business management skills that need to be acquired. Business management skills involve planning, decision making, leadership, marketing, selling, financial management, project management, delegation, time management, problem-solving, and networking. Entrepreneurship skills enable an entrepreneur to be self-efficacy, innovative, taking control of business activities, articulating a need for achievement, and able to take risks. Thus, this chapter provides a desktop literature analysis of the relationship between entrepreneurship and management skills within a circular economy. The chapter further examines problems and solutions to sustainable entrepreneurship. There is a need for a study to investigate how innovative sustainable business models can be both fully profitable and sustainably oriented.

INTRODUCTION

Entrepreneurship involves the presence of an opportunity and enterprising individuals who can see business opportunities and such individuals are capable enough to respond to it irrespective of the existing resources (Feit & Pisapia, 2014). Additionally, an entrepreneur is a person who can spot and pursue opportunities without regard to existing resources. Similarly, Heshmati (2015) defines entrepreneurship as a process of starting a business, a start-up company or an organisation. Moreover, an entrepreneur develops a business plan, acquires required resources, and is fully responsible for the business outcomes.

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There are basic management skills needed to be an effective and efficient entrepreneur. According to the Small Business Development Corporation (2019:1), the following management skills are required to run a successful business; “financial management, marketing, sales and customer service, communication and negotiation, leadership, project management and planning, delegation and time management, problem solving, and networking”. Lahti, Parida, and Wuncent (2018:1) argue that the idea behind the circular economy is that “companies have a responsibility to uphold the environmental and sustainable values of society and must respond to a broad set of stakeholders rather than just their closest shareholders. This idea has resulted in research into ways management can expand and rethink the traditional make-use-dispose business model”. The make-use-dispose business model is based on a linear economy, which is detrimental to the environment and cannot sustainably supply the growing population of our planet with essential services (Sariatli, 2017). Also, the linear economy is profit oriented, however it can lead to strained profitability in the long run as raw materials become scarce. Hence, this chapter intends to investigate how businesses are participating in the circular economy. The investigation is essential because the circular economy has achieved a broad appeal from business leaders, policy-makers and academics (Behrens, Drabik, Kranendijk, Rinaldi, Rizos, Stuchtey & Tuokko, 2018). Additionally, the economic benefits arising from using less energy and material inputs and the new emerging business models have fuelled business interest in the circular economy worldwide. Entrepreneurship businesses have been the leading contributors to many national economies, for instance a study by Farayibi (2017) confirms the roles of entrepreneurship as one of the key drivers of economic growth in Nigeria. As revealed by Heshmati (2015), entrepreneurship cannot be successful without business leaders who possess appropriate level of business management skills. Thus, the study will analyse entrepreneurship and management skills within a circular economy.

There is a need to find an alternative to the traditional linear model of business growth, thus the circular economy has emerged as a replacement of the linear economic business model (Wautelet, 2018). According to Grigorescu, Mocanu and Zamfir (2017), circular economy practices at the company level can involve targeting waste reduction while maintaining the value of products and resources in the system for the achievement of entrepreneurial sustainability. Wautelet (2018) also established that the circular economy has been receiving increasing attention in the academia fraternity in which scholars have shared different views on what a circular economy entails. This is evident in current literature on the circular economy. The circular economy has been highly linked to fields of natural resource management and economics. For example, a study by Laubscher and Marinelli (2014) established that circular economy has gained prominence in society and in business (industry) because the world is faced with the challenge of balancing economic growth with the use and availability of natural resources. It must be noted that sustainable businesses have a great probability of being more successful as time passes, and for continuously succeeding not only for months or years, but also for generations (Huang, Plas & Salam, 2016). According to the SB Insight (2019:1), circular business processes can be based on seven steps of the circular product value chain as follows:

1. Raw materials should be carefully chosen as the need to be regenerative by nature, keeping their value for as long as possible;
2. Product design should be designed in order to save the maximum amount of resources and energy used, designing out waste is key;
3. The production and manufacturing of products should be made with maximal energy efficiency and all energy sources should be renewable;

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