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**Understanding the process and strategy formation of  
sustainability-oriented new venture creations**

Comparative case study from the Finnish business environment

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**ABSTRACT:**

The last two centuries of industrial business endeavours have continued to negatively impact our environment and caused irreplaceable damage to the surrounding nature and society. Not only has this been driven by irresponsible actions by multinational corporations, but also by consumer megatrends, such as, fast fashion. As consumption levels continue to increase and reach new heights, the time is now to begin to recognize the harmful effects of our behaviour and look to improve our environmental and sustainable situation.

For long traditional businesses placed little to no effort on sustainable and responsible actions. However, luckily enough the general consensus on sustainability has increased in popularity and changes in consumer behaviour have been able to shift the emphasis of even larger, more conservative industries. Adapting to the 'new normal' has been started to see as an advantage rather than a nuisance complicating business operations, as the general population have become more vocal of their demand of sustainable endeavours and products. As a result, more sustainability-focused companies have emerged as individuals have begun to take matters into their own hands; seeking financial gain while assisting collective environmental development.

The purpose of this study is to investigate the process and strategy formation of sustainability-oriented new venture creations in the Finnish business landscape to further understand what underlying critical incidents, practice, and behaviours impact the process. The research is supported by presenting an extensive review of literature and definitions regarding sustainable entrepreneurship, strategy formation and business model development, new venture creation, and entrepreneurial processes. Also, the study was conducted as qualitative research. By conducting semi-structured interviews with established sustainable new ventures from different industries and by providing a comparative perspective on critical incidents and practices through multiple-case analysis, new insights are offered as theoretical contributions.

The findings of the study highlight the complexity of the sustainability-oriented entrepreneurial process. With all possible internal and external forces influencing decision-making and practices, no one-size-fits-all solution exists, and the behaviour of the entrepreneur has significant effect on the strategic approaches of the sustainable venture. Still, even with vastly different business models in different industries, similarities in critical incidents were identified. The value of a team, proper market research and marketing, educating the public on the sustainability-oriented gap, and collaborative activities were emphasized from the empirical research. As for the theoretical contributions, various raised questions and suggestions are answered.

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**KEYWORDS:** Sustainable entrepreneurship, New venture creation, Entrepreneurial process, Sustainability-oriented business model, Strategy formation

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**VAASAN YLIOPISTO**
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**TIIVISTELMÄ:**

Viimeisen kahden vuosisadan aikana teollinen liiketoiminta kansainvälisellä tasolla on onnistunut tuhoamaan ympäröivää luontoa korvaamattomalla tavalla ja vaikuttamaan negatiivisesti ympäristön mahdollisuuksiin palautua optimaalisesti. Tästä kuitenkin ei ole pelkästään monikansallisten yritysten syyttäminen vaan, sillä on myös ymmärrettävä kuluttajalähtöisten megatrendien, kuten pikamuodin, vaikutus tilanteeseen. Kulutuksen määrän kasvaessa päivä päivältä nyt viimeistään on korkea aika ymmärtää käytöksemme haitalliset vaikutukset.

Kestävä kehitys ja siihen keskittyminen oli pitkän ajan perinteisten monikansallisten yritysten ja erilaisten korpORAatioiden silmien kantamattomissa. Onneksemme kuitenkin yleinen tahtotila ja yksimielisyys kestävän kehityksen ja vastuullisen liiketoiminnan edistämiseksi on juurtunut jossain määrin yhteiskuntamme rakenteisiin. Tämän myötä 'uuteen normaaliin' sopeutuminen on alettu näkemään enemmänkin liiketoimintaa tukevana hyötynä kuin yleisenä haittana kannattavuudelle. Tästä syytä kestävään kehitykseen keskittyviä yrityksiä perustetaan enenevässä määrin, kun yksilöt ovat alkaneet ymmärtämään kyseisten liiketoimintamalline hyödyt; mahdollisuus taloudelliseen hyötyyn ajamalla kestävää kehitystä edistävää liiketoimintaa.

Kyseisen tutkielman tavoitteena on tutkia kestävää kehitystä tukevien uusliiketoimien prosesseja sekä strategisen suunnan muodostumista Suomen yritys kentällä. Perimmäisenä tarkoituksena on selvittää, että mitkä kriittiset tapahtumat, käytännöt sekä käyttäytyminen vaikuttavat tämän prosessin onnistumiseen ja aiheuttavat mahdollisia haasteita. Tutkimusta tukee kattava kirjallisuus katsaus, joka perehtyy kestävän kehityksen yrittäjyyteen, uusliiketoimien perustamiseen, yrittäjyysprosessiin, kestävän kehityksen liiketoimintamalleihin sekä strategian kehittämiseen. Tutkielma toteutetaan kvalitatiivisena, jossa lähteenä käytetään puolistrukturoituja haastatteluita, jotka ovat käyty suomalaisten uusliiketoimien perustajien kanssa. Haastattelut yritykset ovat eri aloilta, eri kokoisia ja eri ikäisiä. Näin ollen tutkielma pystyy tarjoamaan kattavan kahdenvälisten vertailun yritysten kriittisiin tapahtumiin ja käytäntöihin.

Tutkielman tulokset viittaavat siihen, että kestävään kehitykseen keskittyneiden yritysten prosessit ovat hyvin kompleksisia. Kun ottaa huomioon, että miten monet ulkoiset sekä sisäiset tekijät vaikuttavat päätöksentekoon sekä käytäntöihin, yhtä oikeaa ratkaisua ei voida perustella olevan olemassa, sillä myös yrittäjän käytös vaikuttaa huomattavasti uusliiketoimien strategiseen suuntautumiseen. Tästä huolimatta tuloksista havaittiin samankaltaisuuksia, kun kriittisiä tapahtumia ja käytäntöjä tutkittiin. Ympäröivän tiimin tietotaitoa, kattavan markkinatutkimuksen ja markkinoinnin merkitystä, julkisen yleisön perehdytystä kestävän kehityksen tuotteen tai palveluun sekä yhteistyö mahdollisuuksia painotettiin tutkimustuloksia katsoessa.

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**AVAINSANAT:** Sustainable entrepreneurship, New venture creation, Entrepreneurial process, Sustainability-oriented business model, Strategy formation

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## 1 INTRODUCTION

Over two centuries of industrialization has left our planet's environment gasping for air. While levels of consumption have increased to drastic levels, alarming trends, such as, fast fashion have gained popularity at the same time causing additional stress to surrounding nature while also simultaneously causing moral dilemmas due to unethical production operations. The environment and planet can no longer remain efficient in recovering itself of the damage that is executed to it non-stop, 24/7/365.

For long, traditional businesses placed little to no emphasis on the surrounding environment and the sustainability of their operations, and arguably this sentiment still holds today with a vast number of corporations. However, fortunately enough over the last few decades the general consensus around the world has started to shift towards a more sustainability-oriented focus with all aspects of business and life. Even though greenwashing exists among business, the current trend with sustainability has been able to achieve concrete change within even more conservative industries. Adapting to the 'new normal' has been started to see as an advantage rather than a nuisance complicating business operations, as younger generations and the general population have become more vocal of their demand of greener endeavours and more sustainably produced goods. As a result, more and more sustainability-focused companies have emerged as individuals have begun to take matters into their own hands; seeking personal financial gain while assisting collective environmental development.

Even though sustainability has grown visibly in importance only over the last few decades, *sustainable development* as a principle was first introduced already half a century ago in 1972 by United Nations Conference on the Human Environment; the event was the first global environmental conference where environmental issues were discussed by industrialized and developing nations (World Commission on Environment and Development, 1987). Furthermore, the Brundtland Report in 1987 was able to establish a comprehensive definition of sustainable development, which was defined as the "*development that meets the needs of the present without compromising the ability of*

*future generations to meet their own needs” (World Commission on Environment and Development, 1987, p. 41).*

The impact of the Brundtland Report cannot be emphasized enough as it represented a pivotal moment in creating awareness of the issues with sustainability and ended up establishing a comprehensive basis for future research regarding environmental issues (Gast, Gundolf & Cesinger, 2017). Ever since the publication of the document, sustainable development has seen steady increases in popularity to become one of the most crucial environmental topics (Filser, Kraus, Roig-Tierno, Kailer & Fischer, 2019). Moreover, in 2015 the United Nations General Assembly adopted *‘The 2030 Agenda for Sustainable Development’*; the document defines 17 sustainable development goals with 169 related targets that address major economic, social, and environmental concerns our society faces today (United Nations General Assembly, 2016, p. 20, 21). The following is an example of Sustainable Development Goal #4 *“Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all”* and Target 8.3 *“Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small and medium-sized enterprises, including through access to financial services”*.

As a result, opportunities and execution of sustainability-oriented business endeavours have become increasingly more common. Companies have also realized the possibilities of innovation through implementation of sustainable actions (Schaltegger & Wagner, 2003). Also, Klewitz and Hansen (2011, p. 1) elaborate that *“sustainability relates to the triple bottom line and implies that besides conventional economic, ecological and social aspects are to be met in order to truly achieve long-term “sustainable” solutions”*. Whereas on the other hand, *sustainability-oriented innovation* seeks to serve the guiding principles of economic, ecologic and social criteria but attempts to improve or entirely build new products (Hansen, Grosse-Dunker & Reichwald, 2009).

Furthermore, according to Hart (1997) sustainable-oriented innovation is important for companies for two main reasons:

1. *Increases are evident in environmental regulation on a local and global (European Union) level and external pressure from customers, communities, and other various stakeholders demand actions to address issues related to sustainability.*
2. *Opportunities are available to create competitive advantages through, for example, long-term supplier contracts (more efficient production, improved security with business relations and available resources) and/or through product differentiation and new markets.*

Additionally, over the last decade, the strategies of global corporations and non-profit organizations have been affected by a *new venture mind-set*, which has increasingly begun to place a premium on sustainability in business models. Within this golden age of entrepreneurial opportunity, value creation and capturing, and philanthropic endeavours have come here to stay and to collaborate (Spinelli & Adams, 2011). Innovative thinking will be key for any company or new venture ready to be created; it will assist the endeavour in remaining competitive and successfully managing through the dynamic markets and environments (Klewitz & Hansen, 2011).

As a field of study, sustainable entrepreneurship has been increasing interest and maturing under the entrepreneurship domain over the last decade. Dedicated journals, such as, *Entrepreneurship and Sustainability Issues* and the *Journal of Asia Entrepreneurship and Sustainability* have been established during the past years, however the most prestigious of them all can be considered to be *Business Strategy and the Environment* (Muñoz & Cohen, 2018).

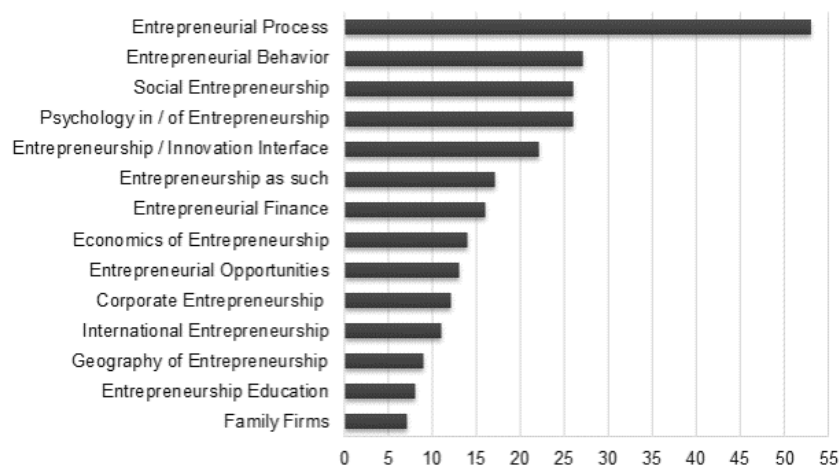
## 1.1 Research gap

Even though *sustainable entrepreneurship* remains at an adolescent stage, impactful research and seminal works have been published (Young & Tilley, 2006; Cohen & Winn, 2007; Dean & McMullen, 2007). These works have had emphasis on value creation and impact (Young & Tilley, 2006) and the sources of opportunities, where focus has been placed on identifying imperfections in the market and their role in creating opportunities (Cohen & Winn, 2007) and creating comprehension on the domain of sustainable entrepreneurship and its potential in resolving environmental issues (Dean & McMullen, 2007). Also, when it comes to new venture creation and the entrepreneurial process, aspects, such as, the role of the founder(s) and how individuals interact within dynamic environments to exploit opportunities have been researched (Shane, 2000; Shane & Venkatraman, 2000). Even though a vast array of research revolving around these newer topics have been conducted by researchers all around, gaps remain and have been identified.

First off, Mets (2014, p. 9) pointed out that their research *“points to new challenges in understanding entrepreneurial process-based learning and new venture creation processes”*. Furthermore, new venture creation has received increasing amount of support to be emphasized more in entrepreneurship research (Carlsson et al., 2013; Wiklund, Davidsson, Audretsch, & Karlsson, 2011). Continuing on the prior, Belz and Binder (2017, p. 15) promote opportunities in attempting to further understand the sustainable entrepreneurship process: *“Does every problem present an entrepreneurial opportunity? Does the sustainable entrepreneurship process always start with the recognition of a social or ecological problem? Does the triple bottom line approach of sustainable enterprises attract some funders and put off others? How do sustainable enterprises evolve after market entry?”* Furthermore, Knoppen and Knight (2022, p. 1804) suggest that further investigation could *“focus on particular sets of processes and assessing their value in various born-sustainable firm (BSF) contexts – for example, in different sectors or in different business models. Such research should also focus on the link between dynamic capability processes and sustainability advantage”*.

Also, Klewitz and Hansen (2011, p. 21) emphasize that to understand sustainability-oriented innovation (SOI) in small and medium-sized enterprises “*more research is also needed into the learning process, focusing on collaboration and networking.*” The notion of focusing on micro, small and medium-sized business regarding sustainability-oriented innovations is supported by Aragón-Correa et al. (2008) and Klewitz and Hansen (2011, p. 21) who would “*pledge to move away from the discussion of resource scarcity in SMEs, as has been done extensively in literature, and strengthen research in terms of which unique characteristics of SMEs actually support the SOI process.*”

Based on their research, Kuckertz and Prochotta (2018, p. 1) claim that the field of entrepreneurship has begun to progress towards academic maturity, as more comprehensive methods are being used to “*capture the complexity of the entrepreneurial phenomena.*” In Figure 1, Kuckertz and Prochotta (2018) present the results of a survey they conducted with 225 entrepreneurship researchers. The themes depict a clear interest and focus on *entrepreneurial processes, entrepreneurial behaviour, and social entrepreneurship*. To clarify, the results portray categorized responses to the open question: “*Imagine fresh doctoral students asking you for advice on what topic to pursue in their thesis. What area within entrepreneurship research would you recommend to them?*” (Kuckertz & Prochotta, 2018).



**Figure 1.** Promising areas in entrepreneurship research (Kuckertz & Prochotta, 2018)

Providing support to the results above (Kuckertz & Prochotta, 2018), Yi (2020) suggests that another valid idea would be to examine the impact of other variables such as green entrepreneurial opportunities on the formation of green entrepreneurial intention and action. Adding to this, Nordqvist and Frishammar (2019) promote that it could be interesting to study the motives and decision-making process underlying green entrepreneurial orientation, intention, and action.

Furthermore, Le Loarne Lemaire, Razgallah, Maalaoui and Kraus (2022, p. 22) mention that *“future studies could explore in greater detail how deep-rooted beliefs related to green entrepreneurial orientation are formed”*. Additionally, Le Loarne Lemaire et al. (2022, p. 21,22) suggest that *“the effect of or the role played by institutional support and public policy on the development of the green entrepreneurial intention could be investigated in future research. The role of government in providing green resources to entrepreneurs or to individuals who take over a business could be addressed as well to understand how the institutional environment could foster and facilitate green action and practices.”*

## **1.2 Objectives and research questions**

As is established in the previous section, many research gaps exist in the field of entrepreneurship. Moreover, especially the increasing intrigue towards entrepreneurial processes, the behaviour of the entrepreneur, and social entrepreneurship in general appears to be calling for research on the matter. And as Bygrave (2004) mentions that like all human behaviour in general, personal attributes and environment shape entrepreneurial traits. Furthermore, when adding Nordqvist and Frishammar's (2019) suggestion of studying the motives and decision-making process of sustainable entrepreneurs, the combination of the mentioned topics (Kuckertz & Prochotta, 2018) provides a great opportunity and motivation to investigate deeper into the behaviour of entrepreneurs and how decision-making, in addition to values and preferred practices, effect the development and formation of sustainability-oriented new venture creation.

*Based on the identified gaps and interests, this study aims answer the following research question: **What critical incidents, experiences, and behaviour influence the processes and strategy formation of sustainability-oriented new venture creation?***

To assist answer the research question, the following sub-questions are used to provide more in-depth insight into the topics on hand:

1. *What type of characteristics and opportunities define sustainable entrepreneurs?*
2. *How does strategy formation develop in entrepreneurial settings?*
3. *What practices effect the entrepreneurial process and new venture creation?*

### **1.3 Thesis structure**

This thesis paper consists of five chapters, as presented in *Figure 2*. The first chapter provides the background and motivation of the study, in addition to establishing the theoretical basis and presenting gaps in research on which the thesis will be built upon. In the second chapter, more in-depth information will be presented as existing literature is reviewed to provide understanding of topics including sustainable entrepreneurship, sustainable business model innovation, and new venture creation. Thereafter, the third chapter continues to present the methodology used to carry out the study, explains the case selection and methods of data collection and analysis. The fourth chapter then presents the results and analysis of the data and provides insights into the cases. Finally, the fifth chapter concludes the study by summarizing the findings, discussing both theoretical and managerial implications, and eventually suggesting ideas for future research.



**Figure 2.** Structure of the study

## 2 LITERATURE REVIEW

The literature review starts by establishing an understanding of *sustainable entrepreneurship, strategy formation in entrepreneurial settings, and sustainability-oriented business models*. Thereafter, *new venture creation and entrepreneurial processes* are discussed. Finally, a synthesis of the reviewed literature topics is provided.

### 2.1 Sustainable Entrepreneurship

Entrepreneurship was defined by Timmons (1989, p. 1), as the *“the ability to create and build something from practically nothing. It is initiating, doing, achieving, and building an enterprise or organisation, rather than just watching, analysing or describing one. It is the knack for sensing an opportunity where others see chaos, contradiction and confusion”*. As a more compact definition, Shane and Venkataraman (2000, p. 2018) stated that entrepreneurship is the process by which *“opportunities to create future goods and services are discovered, evaluated, and exploited.”* As a result, the process of becoming an entrepreneur contains great emphasis on the elements of creativity. However, the level of creativity depends highly on the situation in which the entrepreneur is looking to rearrange resources and in what sort of environment (Shane, Locke & Collins, 2003).

Shane et al. (2003) continue to emphasize the importance of the surrounding environment in recognizing opportunities and their potential for making profit; however, establishing an objective and prospective perspective on a not-yet actual, potential business endeavour remains a great challenge for up-and-coming entrepreneurs. Entrepreneurial opportunities have been defined by Shane and Venkaraman (2000, p. 220) as *“situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than the cost of their production.”* Over the last decades, the research on entrepreneurship has had a focus on the characteristics of entrepreneurial opportunities (Christiansen, 1997), but also on the environmental character-

istics influencing firm-foundings (Aldrich, 1999). Although these research streams are appreciated greatly, Shane et al. (2003, p. 19) point out that not enough emphasis has been placed on the human element in the entrepreneurial process: *“Entrepreneurial activity depends on the decisions that people make, suggesting that the attributes of the decision makers should influence the entrepreneurial process”*. Even though human motivation in entrepreneurship has received a fair share of criticism (Aldrich & Zimmer, 1986; Carroll & Mosakowski, 1987), Shane et al. (2003) argue that understanding the importance of motivation and the human element in an entrepreneurial process should not be negated due to inadequate empirical work.

However most importantly, as mentioned earlier, new opportunities in entrepreneurship have begun to rise through sustainable business activities. To address and enhance the position of sustainable development, the United Nations General Assembly identified entrepreneurship and innovation as key elements to develop towards a more sustainable future (United Nations General Assembly, 2016). The role of entrepreneurship in helping achieve sustainability in all three dimensions of sustainable development, as promoted under resolution 71/221 (United Nations General Assembly, 2016), is presented below in *Table 1*.

<i>SD Dimension</i>	<i>Entrepreneurship contribution</i>
<b>Economic</b>	<i>“(...) entrepreneurship drives economic growth by creating jobs, promoting decent work and sustainable agriculture and fostering innovation”</i>
<b>Social</b>	<i>Positive contribution by entrepreneurship by “promoting social cohesion, reducing inequalities and expanding opportunities for all, including women, young people, persons with disabilities and the most vulnerable people”</i>
<b>Environmental</b>	<i>“(...) entrepreneurship can help to address environmental challenges through the introduction of new climate change (...) technologies and (...) measures, as well as by promoting environmentally sustainable practices and consumption patterns”</i>

**Table 1.** The role of entrepreneurship in achieving sustainable development (United Nations General Assembly, 2016, p. 3)

Furthermore, within the same document by United Nations General Assembly (2016), direct references to entrepreneurship are made in two of the *Sustainable Development Goals (SDG)*, presented in *Table 2*. Following a couple years later, under resolution 75/211 (United Nations General Assembly, 2020) both entrepreneurship and social entrepreneurship were referenced directly regarding sustainable development goals (*Table 3*); the document (United Nations General Assembly, 2020, p. 3) also “*emphasizes the pivotal role of entrepreneurship in achieving sustainable development in its three dimensions, and emphasizing that achieving the Sustainable Development Goals requires the talents, creativity and entrepreneurial vigour of the entire population*”.

<i>Sustainable development goal</i>	<i>Targets connected to addressing entrepreneurship</i>
<b>#4</b> <i>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</i>	<b>Target 4.4.</b> <i>By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship (p. 20)</i>
<b>#8</b> <i>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</i>	<b>Target 8.3.</b> <i>Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services (p. 21)</i>

**Table 2.** Definition of entrepreneurial SDGs (United Nations General Assembly, 2016)

<i>SDG (#)</i>	<i>Content of the goal</i>
<b>16</b>	<i>“Recognizes that entrepreneurs can address sustainable development challenges by developing effective and simple solutions in the areas of utility services, education, health care, hunger eradication and the environment, and that social entrepreneurship, including cooperatives and social enterprises, can help to alleviate poverty and catalyse social transformation by strengthening the productive capacities of vulnerable groups, including persons with disabilities, and producing goods and services that are accessible to them” (p. 6)</i>

<b>24</b>	<i>“Recognizes that social entrepreneurs are agents of change who can create alternative sustainable models of production, finance and consumption to respond to social, economic and environmental issues, while generating value for their community and stakeholders, also recognizes the need to implement policies and programmes aimed at supporting social entrepreneurship, and encourages Governments to set up an environment conducive to social innovation” (p. 8)</i>
<b>28</b>	<i>“Also stresses the need to enhance the alignment of policies for entrepreneurship, including social entrepreneurship, with the post-COVID-19 recovery priorities and the 2030 Agenda, and emphasizes that these policies should prioritize those in vulnerable situations, who have the greatest needs, including women and young entrepreneurs, and incentivize the economic, social and environmental dimensions of sustainable development, adaptation to flexible work environments, including remote work, digitalization, innovation to access alternative markets and novel financing mechanisms, and the collection of high-quality, reliable and comparable data, while ensuring an optimal regulatory environment for entrepreneurs to start and scale up their businesses” (p. 8-9)</i>

**Table 3.** Entrepreneurship related SDGs (United Nations General Assembly, 2020)

As demonstrated in the previous tables, sustainability in the context of entrepreneurship can be presented in many various ways. However, an agreement that can be made is that sustainable entrepreneurship exists as sub-field under entrepreneurship regardless of the form it takes. According to Robinson (2004), a lot of effort has been made to define sustainability. Moreover, a variety of terms, such as, *sustainable development, human sustainability, social sustainability, ecological sustainability, and environmental sustainability*, have been used in research to identify as sustainability (Stubbs & Cocklin, 2008).

Furthermore, in the context of sustainability-oriented entrepreneurship, various concepts have been developed over the last decades, which include social entrepreneurship, ecopreneurship, and sustainable entrepreneurship (Filser et al., 2019). When describing each of the forms of entrepreneurship, Filser et al. (2019) point out that sus-

tainable entrepreneurs attempt to achieve multiple goals with their business endeavor, which consist of economic, social, and environmental objectives. Thus, sustainable entrepreneurship can be considered the most comprehensive approach in assisting problems with sustainability. Nevertheless, both ecopreneurs and social entrepreneurs have achieved notable academic attention in entrepreneurship research (Filser et al., 2019). In *Table 4*, Schaltegger and Wagner (2011) present the definitions and differences of all three varieties of sustainability-oriented entrepreneurship. As described in *Table 4*, the characteristics of *sustainable entrepreneurship* best suit and assist the research towards the desired end goal of understanding the process of the creation of new venture and the entrepreneurial process.

	<b>Ecopreneurship</b>	<b>Social entrepreneurship</b>	<b>Sustainable entrepreneurship</b>
<b>Core motivation</b>	<i>Contribute to solving environmental problem and create economic value</i>	<i>Contribute to solving societal problem and create value for society</i>	<i>Contribute to solving societal and environmental problems through the realization of a successful business</i>
<b>Main goal</b>	<i>Earn money by solving environmental problems</i>	<i>Achieve societal goal and secure funding to achieve this</i>	<i>Creating sustainable development through entrepreneurial corporate activities</i>
<b>Economic goals</b>	<i>Ends</i>	<i>Means</i>	<i>Means and ends</i>
<b>Non-market goals</b>	<i>Environmental issues as integrated core element</i>	<i>Societal goals as ends</i>	<i>Core element of integrated end to contribute to sustainable development</i>
<b>Organizational development challenge</b>	<i>From focus on environmental issues to integrating economic issues</i>	<i>From focus on societal issues to integrating economic issues</i>	<i>From small contribution to large contribution to sustainable development</i>
<b>Authors</b>	Blue, 1990; Anderson & Leal, 1997; Schaltegger, 2002; Cohen, 2006	Brinckerhoff, 2000; Borzaga & Solari, 2001; Prahalad & Hammond, 2002; Bull, 2008	Larson, 2000; Cohen and Winn, 2007; Hoogendoorn, Zwan & Thurik, 2017

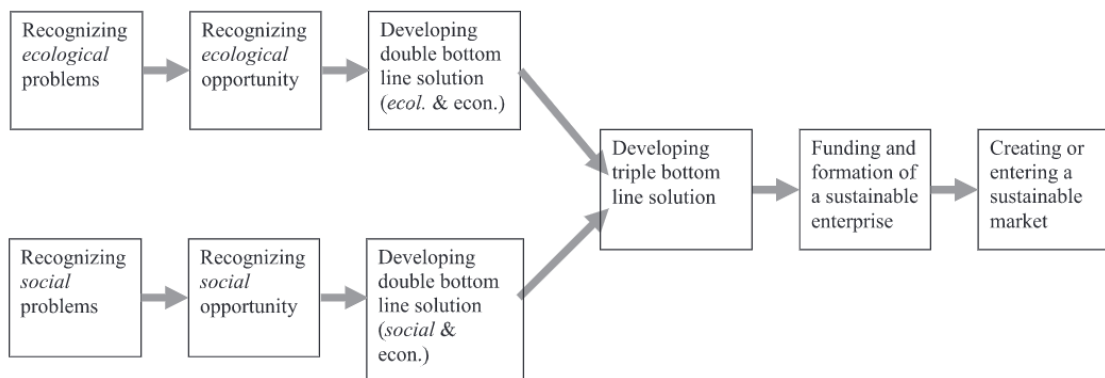
**Table 4.** Characterizations of sustainability-oriented entrepreneurship concepts (Schaltegger & Wagner, 2011)

When it comes to the definition of sustainable entrepreneurship, a variety of options exist in research. However, all definitions follow a similar pattern of recognizing and exploiting an opportunity to benefit the entrepreneurial endeavour while creating value on multiple levels (*economic, social, and environmental*). To clarify, Cohen and Winn (2007, p. 35) define sustainable entrepreneurship as the examination of *“how opportunities to bring into existence future goods and services are discovered, created, and exploited, by whom, and with what economic, psychological, social, and environmental consequences”*. On the other hand, Katsikis and Kyrgidou (2009, p.218) define it as *“the teleological process aiming at the achievement of development, by discovering, evaluating and exploiting opportunities and creating value at multiple levels”*, whereas Hockerts and Wüstenhagen (2010, p. 482) see it as *“the discovery and exploitation of economic opportunities through the generation of market disequilibria that initiate the transformation of a sector towards an environmentally and socially more sustainable state”*.

As a result of trying to focus on more specific social and environmental issues, the premise of sustainable entrepreneurship can be argued to be quite a more difficult process compared to regular entrepreneurship. Based on their research, Hoogendoorn, Zwan and Thurik (2017) raise the issue of that more institutional barriers exist regarding sustainable entrepreneurship when comparing to regular entrepreneurs; these barriers manifest themselves in the lack of financial, administrative, and informational support during the initiation of the start-up process. Also, Hoogendoorn et al. (2017) note that when it comes to the attitude towards risks and perceived financial risk there is little to no differences between sustainable and regular entrepreneurs. However, due to more complex stakeholder relations and engagement, sustainable entrepreneurs are more prone to fear failure in comparison to their regular counterparts.

Through their research on the sustainable entrepreneurship process, Belz and Binder (2017) found that sustainable entrepreneurs can face at least three different market situations when launching a new sustainable product and/or service. Firstly, the sus-

tainable niche within the market does not exist and must be created causing challenges with establishing a presence amongst customers. Secondly, a sustainable niche exists allowing for easy access, however causing complications when dealing with competitor-related market entry barriers (Belz & Peattie, 2012). Third, a market segment focusing on sustainability exists and attracts sustainable entrepreneurship and can be driven by a shift in demand or new regulations (Belz & Binder, 2017).



**Figure 3.** The sustainable entrepreneurship process (Belz & Binder, 2017)

Based on their findings, Belz and Binder (2017) developed a convergent process model of sustainable entrepreneurship (Figure 3), which allows two different paths forward depending on the sustainability issue at hand. Consisting of six phases, the model starts by the *recognition of a social or ecological issue* then continuing into *recognizing an opportunity* within the sustainability issue. Thereafter, a *double bottom line* (focus on either *social and economic* or *ecological and economic* aspects) is developed, which continues then to move into *developing a triple bottom line* (economic, social, and environmental) *solution*. Lastly, the *sustainable enterprise must be funded and formed* before eventually *creating or entering a sustainable market* (Belz & Binder, 2017). The entrepreneurial process will be presented more in-depth in the next part of thesis when explaining *new venture creation*.

### 2.1.1 Strategy Formation in Entrepreneurial Settings

According to Osterwalder and Pigneur (2010), if a business model can be considered as a business endeavour's infrastructure, then strategy establishes how defined targets from the business model are achieved through making various trade-offs. As a more complete definition, Ott and Eisenhardt (2020, p. 2276) define strategy as *“the set of interdependent activities by which a firm attempts to create advantage and succeed. Strategy formation is then the process by which executives build this set of activities.”* Activities in this context are referred as the *“discrete organizational processes within a firm that can be deployed in multiple ways”* (Ott & Eisenhardt, 2020, p. 2276). However, when it comes to a more in-depth understanding of strategy formation, Mintzberg (1978) believed that strategy may form unintentionally as decisions are gradually being made or already prematurely through a conscious process even before addressing important decisions in hand. In addition to unconscious behaviour, Mintzberg (1978) emphasized the importance of a continuously changing environment, bureaucracy, and leadership in forming a strategy. Also, in this equation, leadership, has the responsibility of managing the balance between all three factors.

Moreover, as a clarification on the definition of *entrepreneurial settings*, Ott and Eisenhardt (2020) explain it to refer to the context of new, adolescent enterprises looking to establish themselves in nascent markets. Additionally, according to the findings of Ott and Eisenhardt (2020), those looking to exploit opportunities and succeed in nascent markets must possess novel and more complex strategies; although various approaches can enable success, effective entrepreneurs should look to utilize *decision weaving*.

Decision weaving, defined by Ott and Eisenhardt (2020, p. 2278), is a *“problem-solving process comprised of inter-related behaviors that enable formation of a novel, complex strategy: Sequential focus (not parallel), pausing at learning plateaus (not optima), and stepping stones (not leaps) in background domains. Jointly, these behaviors organize fast, effective learning and create a holistic yet evolving mental representation of an emerging strategy.”* Table 5 opens the elements of decision weaving in more detail.

<i>Element</i>	<i>Explanation</i>
<b>Sequential focus</b>	<i>“The process by which strategists concentrate on forming the activities of a single domain until a learning plateau and then switch to the next. Braking up the strategy formation problem into strategic domains to be addressed successively, thus conceptualizing strategy formation as a problem-solving process of learning over successive modules” (p. 2287)</i>
<b>Pausing at learning plateaus</b>	<i>“Effective strategists pause at learning plateaus (not optima). That is, they learn (but not optimize) the basic activities in a focal domain, pause to consolidate that learning, and then switch to the next focal domain. Plateaus improve learning because to get there entrepreneurs must stay focused long enough to (a) learn the basic domain activities, and (b) consolidate that learning into simple rules and processes.” (p. 2306)</i>
<b>Stepping stones</b>	<i>“Effective strategists use stepping stones (i.e., incremental, easy and inexpensive actions in background domains). Stepping stones provide base-level activities for gaining experiences that improve learning in the focal domain. They also enable serendipitous progress in background domains without going “all in” on unexpected opportunities.” (p.2306)</i>

**Table 5.** Explanation of the elements of decision weaving (Ott & Eisenhardt, 2020)

Based on their research, Ott and Eisenhardt (2020) emphasize the effectiveness of both sequential focus and stepping stones in the formation of strategies. Where sequential focus enables quick and efficient opportunity recognition through learning from prior actions, stepping stones increase learning in both the focal and background domains. Moreover, both aspects promote the formation of complex strategies by improving peripheral awareness of background domains and by invoking integrative thinking. Thus, resulting in better comprehension of the fit of various potential activities, seeing

connections between future and present objectives, and reducing mistakes and increasing creativity (Ott & Eisenhardt, 2020).

### 2.1.2 Sustainability-oriented Innovation and Business Models

Klewitz and Hansen (2011) introduce several environmental strategy taxonomies from central authors with strategic perspectives (*Table 6*) to provide a more comprehensive understanding for SMEs of existing sustainability-oriented innovation strategies and their benefits. A *proactive strategy*, according to Aragón-Correa et al. (2008), emphasizes the enterprises dependency on its resources and capabilities to design and innovate new products and processes. On the other hand, Noci and Verganti (1999) highlight the complex nature of more sustainable product innovation in SMEs, which leads the authors to introduce three strategic patterns for SMEs: *reactive* (reaction to external stimuli), *anticipatory* (time initiatives to realize competitive advantage), and an *innovation-based strategy*, which can lead to radical process innovations while simultaneously developing customer demands for more eco-friendly products. Lastly, Tilley (1999) discusses the difference of value between a resistant, reactive, proactive, and sustainable strategy with the latter being only option for radical innovation.

Based on these examples, it can be understood that radical innovation is only achievable through explicit strategies (Noci & Verganti, 1999) and that any strategy that's purpose is implicit or reactive can only result in moderate innovativeness (Klewitz & Hansen, 2011).

<i>Environmental strategy taxonomy</i>	<i>Potential influence on SOI</i>
<p style="text-align: center;"><b><i>Pro-active strategy</i></b> (Aragón-Correa, Hurtado-Torres, Sharma and García-Morales, 2008)</p>	<p><i>"Therefore, we argue that, contrary to the current dominant thinking about SME environmental strategies as being mainly reactive, they are also likely to exhibit proactive strategies based on certain organizational capabilities related to the unique strategic characteristics of SMEs." (Aragón-Correa et al., 2008, p. 91)</i></p>

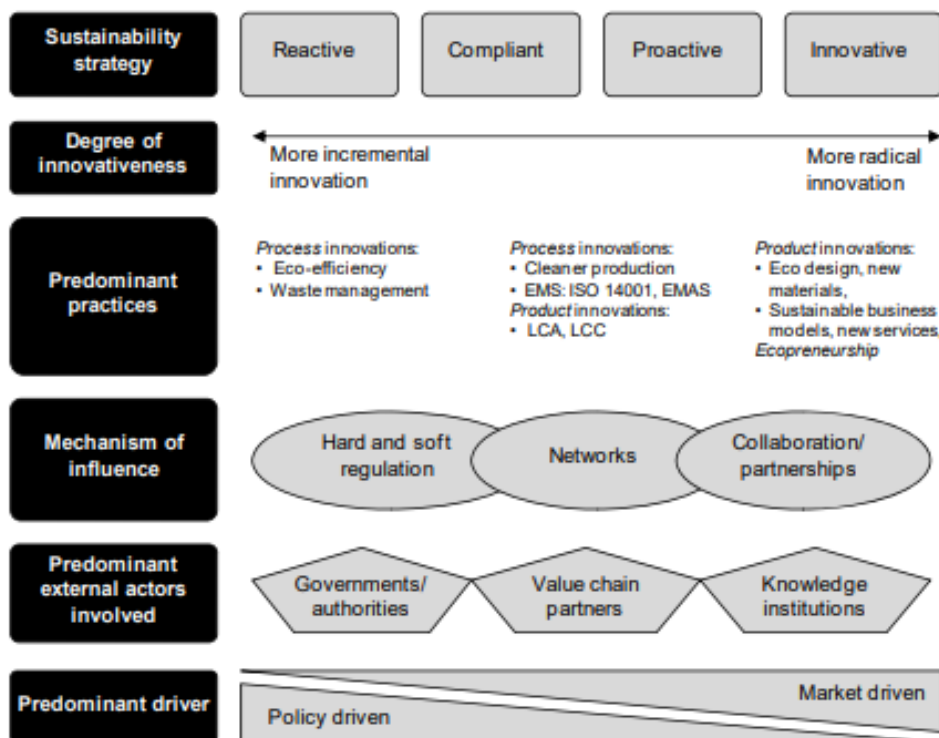
<p><b>Reactive environmental strategy; anticipatory 'green' strategy; innovation-based 'green' strategy</b> (Noci &amp; Verganti, 1999)</p>	<p>[...] three major strategic patterns of environmental behaviour can be considered a viable option for small firms: A re-active environmental strategy, mainly involving reactions to external stimuli emerging from i) 'green' movements, ii) governments or regulators, or iii) firms operating in other fields whose initiatives could be successfully transferred. [...] An anticipatory 'green' strategy, usually implying that the 'timing' of environmental initiatives is considered a primary source of future competitive advantage. [...] An innovation-based 'green' strategy, whereby the environmental variable is seen as the most important competitive priority and innovation-based solutions are sought. This involves the introduction of new technologies that radically improve the environmental performance of current technologies or the creation of new market needs as a consequence of environmentally friendly products." (Noci &amp; Verganti, 1999, p. 12)</p>
<p><b>Resistant, reactive, proactive and sustainable/ecological strategy</b> (Tilley, 1999)</p>	<p>"A business can follow a resistant strategy and ignore the pressures to improve its environmental performance. [...] A business can employ a reactive strategy in response to the pressure" to improve its environmental performance. [...] A business can follow a proactive strategy in its responses to the environment. This is reflected in a more positive and deliberate effort to reduce environmental impacts. [...] A business can pursue a sustainable or ecological strategy in its response to the environment. This is an innovative and, some might say, radical strategy for a business to implement because it involves a fundamental rethink of all aspects of the business. It requires holistic integration of the environment into the structure and management of the business." (Tilley, 1999, p. 69-71)</p>

**Table 6.** Environmental strategy taxonomy and the influence on SOI (Adapted from Klewitz & Hansen, 2011)

In the field of sustainability, the impact of technological approaches have been investigated thoroughly (Camarinha-Matos, 2011). However, according to Yang, Vladimirova and Evans (2017) unimpressive amounts of research has been focused to comprehend how innovation in business models can support sustainability through aspects, such as, the product life cycle, which would include manufacturing, operation, and disposal. Accordingly, Klewitz and Hansen (2011) mention that minimal research aimed at developing knowledge of sustainability-oriented innovation in small and medium-sized en-

terprises exists. Through their research and findings, Klewitz and Hansen (2011) present an overarching framework (Figure 4) on the dynamics between sustainability strategies, innovation practices, in addition to the institutions and mechanism involved in collaboration.

To conclude, Klewitz and Hansen (2011, p. 20) state that *“reactive and compliant companies are more strongly influenced through regulation from governments and authorities and innovate in the area of eco-efficiency, at best. Pro-active and innovative SMEs are equipped with “green capabilities” and chose to move beyond regulatory requirements. They innovate e.g., in response to market demands (e.g., green products) and thereby secure competitiveness. They can push into, secure, or create new niche markets for sustainable products. Pro-active companies use collaboration with value chain partners (e.g., larger buyers) to jointly innovate on their products and processes.”*



**Figure 4.** A conceptual framework of sustainability-oriented innovation in SMEs (Klewitz & Hansen, 2011)

Moreover, when continuing from sustainability-oriented innovation, the next logical steps ahead revolve around how the innovation is executed and implemented. As implied previously, sustainable business model innovation, and business models themselves, look to create value on multiple levels – economic, social, and environmental – but there a variety of ways in which these models manifest themselves (Pieroni, McAlloone & Pigosso, 2019). Without going into too much detail on all possible models, insights into the most typically used sustainable business models and each respective definition is provided in Table 6, as per Sinkovics, Gunaratne, Sinkovics and Molina-Castillo (2021).

<i>Business model</i>	<i>Definition</i>	<i>Author</i>
<b>Sustainable business model</b>	<i>A business model that aims to increase positive effects and/or significantly reduce negative effects on the environment and society by changing the way in which an organisation and its networks create, deliver and capture value</i>	<i>Lüdeke-Freund, Carroux, Joyce, Massa &amp; Breuer (2018)</i>
<b>Base (bottom) of the pyramid business model</b>	<i>A business model that aims to simultaneously alleviate poverty and increase profitability by developing radical innovations to cater to the needs of poor and other vulnerable communities</i>	<i>Prahalad (2011)</i>
<b>Circular business model</b>	<i>A business model built on the principles of circular economy that aims to achieve circularity across the business model</i>	<i>Geissdoerfer, Morioka, de Carvalho &amp; Evans (2018)</i>
<b>Lean and green business model</b>	<i>A business model inspired by the lean philosophy, which aims to maximise customer value by minimising waste</i>	<i>Balocco, Cavallo, Ghezzi, Berbegal-Mirabent (2019)</i>
<b>Product–service system</b>	<i>A business model with tangible products and intangible services jointly aimed at maximising customer satisfaction and fostering sustainability</i>	<i>Tukker (2004)</i>

<b>Sharing economy business model</b>	<i>A business model facilitating temporary access to an underutilised product by mediating between resource owners and resource users via a sharing platform</i>	<i>Curtis &amp; Mont (2020)</i>
<b>Social business model</b>	<i>A business model that aims to achieve social goals by generating tangible and intangible social value and increasing the relational and mutual interactions among market participants</i>	<i>Jabłoński &amp; Jabłoński (2019)</i>
<b>Integrative business model</b>	<i>An integrative business model that balances all three aspects of sustainability</i>	<i>Kleine &amp; Von Hauff (2009)</i>

**Table 7.** Various business model types relating to sustainable business model innovation (Adapted from Sinkovics et al., 2021)

## 2.2 New Venture Creation

Over the last decade, the strategies of global corporations and non-profit organizations have been affected by a *new venture mind-set*, which has increasingly begun to place a premium on sustainability in business models. Within this golden age of entrepreneurial opportunity, value creation and capturing, and philanthropic endeavours have come here to stay and to collaborate (Spinelli & Adams, 2011). Identifying and understanding the primary stages of new venture creation has long remained a challenging task, however nowadays the increasing importance is visible within entrepreneurship research (Davidsson & Gordon, 2012).

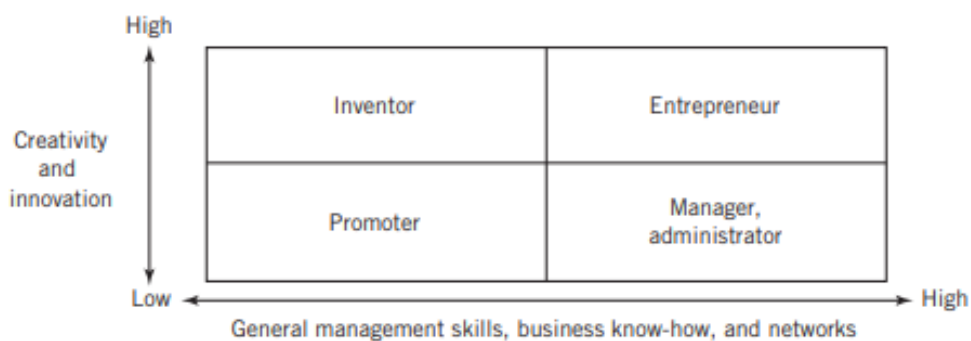
According to Spinelli and Adams (2011), most of modern management models have been developed largely by the efforts of great entrepreneurial companies established over the last 40 years; creative and dynamic leaders were found in new ventures and high-growth business, and rarely in more established, household-known firms. As more and more research has continued to unravel the identity of new venture creation, it has helped understand the importance of aspects, such as, *flat organizations, passion for innovation, comfort with change and chaos, and team-driven efforts and decision-*

*making*. In addition, increasing recognition has been placed on cultures and value systems, which value the individual, honesty and ethics, and sustainability (Spinelli & Adams, 2011). As entrepreneurship continues to reach new heights on a global scale, Spinelli and Adams (2011) believe that research will begin establishing an understanding that one does not need to be 'born as an entrepreneur' to become one; as has been the case with leadership research, where we know understand that leaders are not born, they can be made.

According to Diakanastasi, Karagiannaki and Pramatarı (2018), the reason why new venture creation has begun to gain importance over the last decades revolves around the fact that it has begun to account for considerable amount of new product innovations. Although some new venture endeavours can achieve success, most fail prematurely, as entrepreneurs and new venture founders face constant uncertainty and challenges in a dynamic environment. Despite being defined synonymously to *start-ups*, businesses that are new, active, and independent (Luger & Koo, 2015), focus will be on *new venture creation*. Identifying factors leading to viability, sustainability, and cohesiveness with new venture creation have developed into an increasingly important topic (Diakanastasi et al., 2018). Regardless of existing global uncertainty, great opportunities in venture creation remain available for those understanding and interested in taking advantage of improved worldwide communications, technological advancements, and the general drive towards a more sustainable society (Spinelli & Adams, 2011).

When it comes to the definition of *new venture creation*, in its simplest form, one can describe it as the planning, establishing, and execution of operations of new organisations (Gartner, 1985). The aforementioned definition was built upon the notion of organizing by Weick (1979) that organizing is the act of assembling ongoing interdependent actions into a sensible order that can enable sensible outcomes. A couple years later, Gartner (1988) continued to state and provoke that entrepreneurship *is* the creation of organizations, and what differentiates entrepreneurs from non-entrepreneurs is that entrepreneurs create organizations, while non-entrepreneurs do not.

However, to become a successful entrepreneur will require high-level management skills and knowledge, in addition to innovative thinking (Timmons, Muzyka, Stevenson & Bygrave, 1987), as presented in *Figure 5* below. Even though overlap exists between the management skills of a manager and entrepreneur, the entrepreneur is more opportunity-driven whereas the manager has a focus and is driven by resource allocation and preservation (Timmons et al., 1987).



**Figure 5.** Framework for Identifying Entrepreneurs (Spinelli & Adams, 2011)

Therefore, the importance of new venture creation amidst entrepreneurial research, and entrepreneurship in general, can be seen to be a crucial issue and factor (Shook, Priem & McGee, 2003). However, regardless of its somewhat logical and simple definition, new venture creation is a complicated phenomenon. The surrounding, equally diverse business landscape and the vast array of entrepreneurial actions that can be taken within this environment create many unique and complicated combinations of venture creations; one different decision has the possibility of developing into an entirely different business endeavour (Gartner, 1985). The mental processes of entrepreneurs have been recognized as important to understand (Shaver & Scott, 1991), but even more so due to the fact that the process new venture creation does not typically tend to follow rational patterns of behaviour (Baron, 2007).

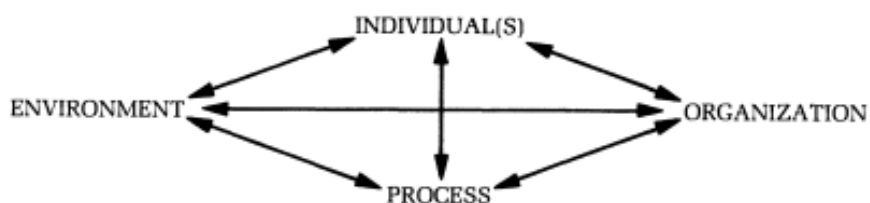
As complex a phenomenon, and to establish a more comprehensive definition to the process of new venture creation, Gartner (1985) took inspiration from the Strategic Planning Institutes (1978, p. 1-2) definition of *new organization developed*, which he

believed to be synonymous to new venture creation. According to this definition, Gartner (1985) states that a new business venture launched as one of the following:

*An independent entity, a new profit center within a company that has other established business, or a joint venture, which satisfies the following criteria:*

- *Founders need to gain expertise in products, process, market and/or technology.*
- *Results are expected beyond the year in which the investment is made*
- *It is considered a new market entrant by its competitors*
- *It is regarded as a new source of supply by its potential customers*

According to Gartner (1985), the definition derived from the Strategic Planning Institute (1978) recognizes the multidimensional factors connected to new venture creation. The definition should be valued and not overlooked, as first off, the founders and/or involved individuals' knowledge and expertise are emphasized as a key component of new venture creation. Secondly, it establishes new ventures as organizational entities, recognizes the context of an environment with competition and acquiring resources, and emphasizes the growth and evolvement of the venture; new venture creations are not instantaneously created. All mentioned aspects are crucial when looking to comprehensively describing new venture creations (Gartner, 1985).



**Figure 6.** Framework for Describing New Venture Creation (Gartner, 1985)

Building on the previously mentioned definition of new venture creation, Gartner (1985) developed a framework for describing new venture creation (*Figure 6*); in essence, the framework helps understand the process of new venture creation across four dimensions:

- **Individual(s)** – the person(s) involved in starting a new organization
- **Organization** – the kind of firm that is started
- **Environment** – the situation surrounding and influencing the new organization
- **New venture process** – the actions undertaken by the individual(s) to start the venture.

Gartner (1985) explains that due to the complex nature of new venture creations they are difficult to describe comprehensively enough, unless all four dimensions of the framework are taken into account and the connections and interactions between all dimensions are looked into closely enough. Gartner (1985, p. 697) continues to emphasize that the primary value of the new venture creation framework is that *“it provides a systematic means of comparing and contrasting complex ventures; it provides a way to conceptualize variation and complexity.”*

### 2.2.1 Entrepreneurial Processes

In the field of entrepreneurship, the intricacies of the *entrepreneurial process* have continued to intrigue researchers and the topic has remained a promising topical area for future research (Kuckertz & Prochotta, 2018). As was presented earlier in *Figure 1*, *entrepreneurial process*, *entrepreneurial behaviour*, and *social entrepreneurship* were considered the three most promising topics in entrepreneurship research. As clarification, Kuckertz and Prochotta (2018) explain that one reason behind the growing interest in entrepreneurial processes is that they include various sub-categories, which include themes, such as, *value and venture creations*, *business models*, and *cooperation and networks*.

Furthermore, Kuckertz and Prochotta (2018) continue to explain that *entrepreneurial behaviour* has been acknowledged as promising since the topic consists of understanding the intentions, actions, and decision-making of entrepreneurs. These results demonstrate the interest in comprehending the complexity of why entrepreneurs operate as they do, and as Bygrave (2004) mentions that like all human behaviour in general, personal attributes and environment shape entrepreneurial traits. Establishing a comprehensive understanding of why entrepreneurs act and behave in certain manners can be relatively difficult, hence the compelling nature of the topic.

The entrepreneurial process can be defined, according to Bygrave (2004, p. 3) as involving “*all the functions, activities, and actions associated with perceiving opportunities and creating organizations to pursue them*”. However, many a taxonomy of entrepreneurial process models exist (Moroz & Hindle, 2012). Nevertheless, Mets (2014) argues by building on the research of Langley (1999) that entrepreneurial process research can be separated into two main research domains: *variance theories* and *process theories*. As summarized by Langley (1999, p. 692), “*whereas variance theories provide explanations for phenomena in terms of relationships among dependent and independent variables (e.g., more of X and more of Y produce more of Z), process theories provide explanations in terms of the sequence of events leading to an outcome (e.g., do A and then B to get C)*”.

Mets (2014) continues to elaborate that *variance approach* models tend to result in more simplistic, potentially highly generalized, and modestly accurate results due to the models being based on the static linkage of their models' variables. Whereas with process theory approaches that utilize narrative methods are able to achieve less generalizable and more accurate results. However, as a synthesis Mets (2014, p. 5) concludes that “*discovery, recognition, development and exploitation of entrepreneurial opportunities is the result of integration and interaction of several domains of entrepreneurial personality, entrepreneurial learning, knowledge, decision-making and physical processes, and environment.*”

<p><i>A model of the Entrepreneurial Process (Moore, 1986)</i></p>	
<p><i>Model of Entrepreneurial Motivation and the Entrepreneurial Process (Shane, Locke &amp; Collins, 2003)</i></p>	
<p><i>The Timmons Model of the Entrepreneurial Process (Spinelli &amp; Adams, 2011)</i></p>	
<p><i>Entrepreneurial Process-based Learning and Venture Creation Model (Mets, Raudsaar and Summatavet, 2013)</i></p>	

**Table 8.** Examples and demonstrations of Entrepreneurial Process Models

On the previous page in *Table 8*, a couple of entrepreneurial process models are introduced and presented as examples to demonstrate the differences in content and components. All models possess similarities to one another but are executed and established differently. However, a focus will be placed on the Timmons Model of the Entrepreneurial Process as it the model, which was chosen as the guiding framework for the research paper due to its suitability.

### **2.2.1.1 Timmons Model of the Entrepreneurial Process**

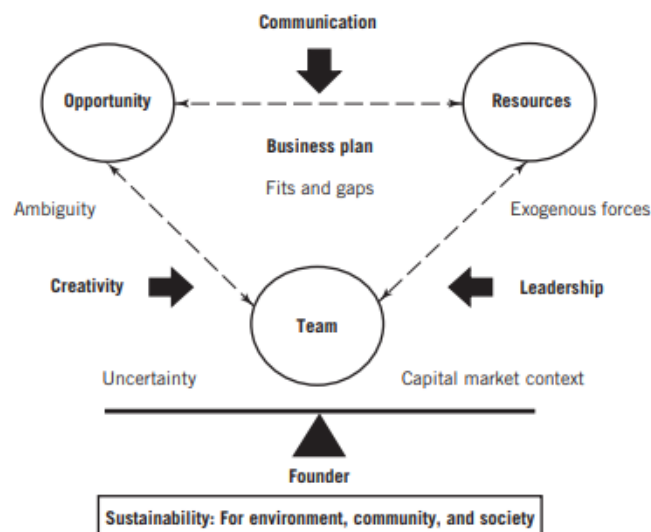
The origin of the *Timmons Model of the Entrepreneurial Process* dates back over five decades; the model was the result of Dr. Jeffry Timmons's doctoral dissertation research on new and growing ventures at Harvard Business School. Regardless of being subjected to updated research, case development, and experience with various ventures during its fifty years of existence, which have naturally to some extent evolved and enhanced the model, the Timmons Model has maintained its fundamental components and continued to clarify their importance in understanding the entrepreneurial process (Spinelli & Adams, 2011). As supportive evidence, extensive research that focused on Ernst & Young LLP *Entrepreneur of the Year* winners and that was conducted by National Center for Entrepreneurship Research at the Kauffman Center for Entrepreneurial Leadership reconfirmed the value of the Timmons Model and its core components (Sexton & Seale, 1997).

A simplistic explanation of the model, as stated by Spinelli and Adams (2011, p. 102) in the book *New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century* (originally authored by Timmons himself), is that "*the bottom line is that the model, in its simple elegance and dynamic richness, harnesses what you need to know about the entrepreneurial process to get the odds in your favour*". However, when looking for a more comprehensive understanding of the model, Mets (2014, p. 3) explains that the Timmons Model "*highlights the fit and balance between essential components/variables of the entrepreneurship process: opportunity evaluation, resource marshalling, and entre-*

*preneurial team formation; also: impact of leadership, creativity, and communication.”*

To clarify, the Timmons Model of the Entrepreneurial Process, as depicted in *Figure 7*, consists of three major components and driving forces – *opportunity, resources, and the team* – that the lead entrepreneur and founder(s) must learn to balance in a changing environment. Moreover, the business plan is situated within the middle of the model, which looks to connect all the components into a complete strategic plan for the new venture (Bygrave, 2004). Furthermore, Spinelli and Adams (2011) add that the business plan is utilized as the primary language and a way of communicating quality and fit and balance of the three main components of the model.

According to the model, the entrepreneurial process commences with recognizing opportunity; not acquiring money, creating strategies, establishing teams, or developing the business plan. Spinelli and Adams (2011, p. 95) explain that generally the value of a genuine opportunity trumps the talent and capacity of an entrepreneurial team and their accessible resources and clarify that *“the shape, size, and depth of the opportunity establish the required shape, size, and depth of both the resources and the team.”* The aforementioned is aligned with Politis (2005), who emphasizes effective recognition of opportunities as a key learning outcome in an entrepreneurial process.



**Figure 7.** Timmons Model of the Entrepreneurial Process (Spinelli & Adams, 2011)

As a result, it remains as the responsibility of the lead entrepreneur to establish a balance between the major driving forces while simultaneously managing the risks and ambiguity within such a dynamic context. Through leadership, creativity, and communication the founder must strive to understand the fits and gaps of the new venture, the required team capabilities, market dynamics, and necessary resources to establish the desired fit and balance (Spinelli & Adams, 2011). As a summary of the lead entrepreneur's role, Spinelli and Adams (2011, p. 96) explain that *"in essence, the entrepreneur's role is to manage and redefine the risk–reward equation—all with an eye toward sustainability. Because part of the entrepreneur's legacy is to create positive impact without harming the environment, the community, or society, the concept of sustainability appears as the underlying foundation in the model."*

Moreover, when it comes to comprehending the Timmons Models' main components, we can identify six crucial aspects: *opportunity, resources, the entrepreneurial team, importance of fit and balance, sustainability as a base, and importance of timing.*

### **Opportunity**

As mentioned previously, recognizing opportunity and taking advantage of the possibilities it enables is at the heart of entrepreneurship (Timmons et al., 1987; Bygrave, 2004), and it is also considered as the starting point in the Timmons Model of the Entrepreneurial Process. Spinelli and Adams (2011) emphasize the skill and importance of recognizing serious potential of an idea and opportunity; less than 10% of business plans are able to create real interest among investors and even less than 5% are able to eventually acquire funding. Therefore, knowing how much and when to invest time on finessing an idea, and when to stop, is a crucial aspect to learn as an entrepreneur.

With the model, Spinelli and Adams (2011) explain that opportunity recognition is established by focusing on the market readiness with aspects, such as, consumer trends and behaviour that are searching for new products and/or services. After identifying the perceived crucial patterns in trends and behaviour, the solution for the market

need can be developed while simultaneously establishing the service or product delivery system. Thereafter, the founder(s) must build a comprehensive understanding of market demand, market structure, and margin analysis to recognize key differentiating factors (Spinelli & Adams, 2011). As a summary of the first step of the model and opportunities, Spinelli and Adams (2011, p. 97) state that *“In short, the greater the growth, size, durability, and robustness of the gross and net margins and free cash flow, the greater the opportunity. The more imperfect the market, the greater the opportunity. The greater the rate of change, the discontinuities, and the chaos, the greater is the opportunity. The greater the inconsistencies in existing service and quality, in lead times and lag times, and the greater the vacuums and gaps in information and knowledge, the greater is the opportunity.”*

### **Resources**

When it comes to resources, many entrepreneurs maintain a common misconception that having every resource ready, especially money, is key for venture success; believing that money is the primary requisite is a mistake (Spinelli & Adams, 2011). According to investors and successful entrepreneurs having too much capital too early can be fatal for a new venture; money eventually follows high-potential endeavours and strong entrepreneurial teams. By executing creative strategies to preserve, marshal, and gain control of the new venture’s resources, the better chances are the operation will find success (Spinelli & Adams, 2011).

Essentially, by implementing strategies that emphasize lean-thinking and the principle of *conserve your equity*, new ventures can begin to maximize the value they create. One way of operating in such manner, as mentioned by Spinelli and Adams (2011) is *bootstrapping*, which has established itself as a typical mindset in entrepreneurial companies that look to minimize and control their existing resources to create the best possible competitive advantage. All in all, Spinelli and Adams (2011, p. 98) note that the ability to do more with less can be a powerful way to differentiate and compete

and that “*whether it is assets for the business, key people, the business plan, or start-up and growth capital, successful entrepreneurs think cash last*”.

### **The Entrepreneurial Team**

The importance and value of a well-functioning entrepreneurial team has been properly established over the last decades (Spinelli & Adams, 2011), as for example, collaboration and collective decision-making have proved to have a notable impact on new venture successes (Cooper & Daily, 1997; Hambrick, 1994). Furthermore, new ventures that are created collectively as a team have an easier access to resources and financial capital compared to solo entrepreneurs (Zhang & Yang, 2006).

The founder and leader of the entrepreneurial team has the responsibility to act accordingly to guide the new venture towards success. However, the team in its entirety must be in charge of the success of both personal and collective tasks. According to the model, Spinelli and Adams (2011) list ten crucial qualities of an entrepreneurial team, which are as follows:

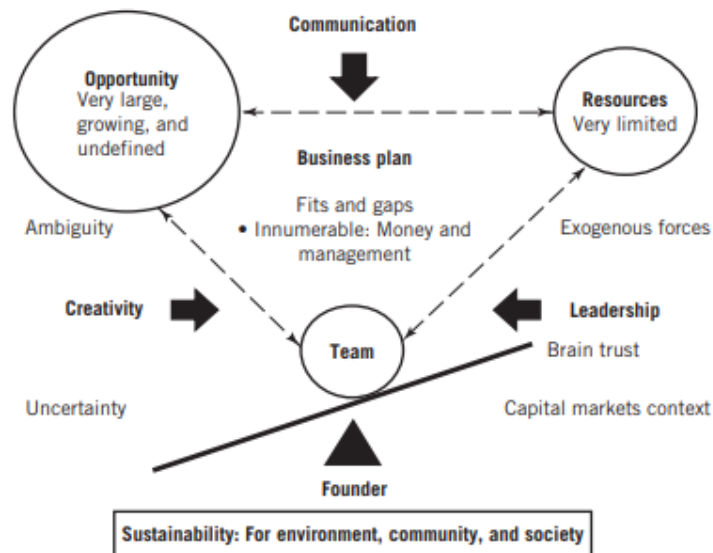
- *Relevant experience and track record*
- *Motivation to excel*
- *Commitment, determination, and persistence*
- *Tolerance of risk, ambiguity, and uncertainty*
- *Creativity*
- *Team locus of control*
- *Adaptability*
- *Opportunity obsession*
- *Leadership and courage*
- *Communication*

Nevertheless, at the end of the day an entrepreneurial team’s leader needs to be the one building the team, making the ultimate decisions, and creating a future for the

endeavour. By internalizing aspects of a coach who *learns and teaches, deals with adversity, expresses integrity and honesty, and builds culture*, a leader can expect positive results from the team (Spinelli & Adams, 2011).

### Importance of Fit and Balance

As mentioned previously when introducing the Timmons model, an important – and if not the most important – aspect to the model is establishing fit and balance between the main components (opportunity, resources, and the team). As a visual reference for understanding the dynamic would be to visualize the *founder* below the model balancing all three driving forces in a top-heavy triangular manner, similarly as to a juggler strives to maintain focus while performing. Opportunities, resources, and the team rarely match and for that reason knowing the weight and value of each component is essential. Many a time such balancing acts fail as companies fail to understand the dynamic and force too many resources on too poorly defined opportunities or vice versa, as demonstrated in *Figure 8* (Spinelli & Adams, 2011).



**Figure 8.** Imbalance in Timmons Model of the Entrepreneurial Process (Spinelli & Adams, 2011)

### **Sustainability as a Base**

Based on the recollections of their late colleague and co-author, Spinelli and Adams (2011) recall Timmons' ambitions and values to depict that the creator of the model did not only see the creation of new companies and jobs at core of the entrepreneurial process, but also the fostering of an ingenious human spirit and improving humankind. Thus, indicating the emphasis on sustainability as the base of the model. Social awareness has increased drastically regarding sustainability (Spinelli & Adams, 2011) and importantly, within the field of new venture creation (Diakanastasi et al. 2018).

According to Spinelli and Adams (2011), understanding the trend and importance of sustainability is essential to build a firm base for the firm and future success. Even though depicted in a simplistic form in the model, the role of sustainability as the basis for the new venture creation helps entrepreneurs and founders to think conceptually about the entirety of the complex creation process. Through continuous re-assessment and strategic revision, and taking all aspects of the model into account, ideas are more prone to turn into opportunities (Spinelli & Adams, 2011).

### **Importance of Timing**

Last, but definitely not least, future entrepreneurs and founders must recognize the rather obvious *importance of timing* of the new venture and entrepreneurial process. Spinelli and Adams (2011) emphasize that the key aspect to realize is that there really is no perfect time; being decisive in acting on an opportunity can make all the difference. Moreover, Spinelli and Adams (2011, p. 101) state that "*most new businesses run out of money before they can find enough customers and the right teams for their great ideas. Opportunity is a moving target.*"



tives and new systems of interdependent organizational activities (Zott & Amit, 2010). However, to achieve adequate level of innovation, which has the potential to establish new markets or acquire space in existing sustainable markets (Klewitz & Hansen, 2011; Belz & Binder, 2017), the innovation must be radical enough and preferably a result of an explicitly thought-out strategy (Noci & Verganti, 1999). Also, the business model in which the innovation is thereafter executed and developed depends on the entrepreneurial objectives and overarching vision (Sinkovics et al., (2021). Nevertheless, sustainability has emerged as a key strategy for new ventures (Spinelli & Adams, 2011).

The sustainable entrepreneurship process, and the entrepreneurial process in general, as well as the strategy formation of an enterprise, are tasks that can be initiated in more than one defined manner (Bygrave, 2004; Belz & Binder, 2017) and are affected by the constantly changing environment and other both external and internal factors (Spinelli & Adams, 2011). Also, all surrounding forces and both conscious and unconscious decisions eventually have an impact on strategy formation (Mintzberg, 1978), thus emphasizing the impact of even smallest of actions and decisions on the strategic direction. However, by reflection and realistic, moderate progression any entrepreneur or business endeavour can develop on gathered experience and knowledge while recognizing potential opportunities to attempt to take advantage of (Ott & Eisenhardt, 2020).

Lastly, building on the provided information on entrepreneurial processes in a sustainability-focused context, creating a balance between all major elements becomes partly more complicated (Spinelli & Adams, 2011). And as with any sustainable entrepreneurship process, developing the double and triple bottom line is a crucial step (Belz & Binder, 2017). As a result, when it comes to the Timmons model, the model does apply to a sustainability context, however a couple contextual changes are required. Potential opportunities can also be *social* and/or *sustainable* that are driven by mission and social need, not only by markets. Moreover, the importance of external stakeholders is highlighted as cross-boundary collaboration can be seen as paramount to sustainable

entrepreneurs (Spinelli & Adams, 2011). In regard to value creation, Spinelli and Adams (2011, p. 231) conclude that *“social ventures, while working toward a positive mission, must still deliver value for key stakeholders. What the value is and to whom will vary, but it is important that the social entrepreneur understand the interactions among brain trust stakeholders as well as the potential value derived from being associated with the venture.”*

### 3 METHODOLOGY

Following the literature review, this chapter continues to introduce the research strategy and methods used in this study, in addition to establishing a premise for the case selection process, data collection and analysis, and the reliability and validity of the research.

#### 3.1 Research strategy and methods

The purpose of this study is to compare existing theory regarding sustainable entrepreneurship and new venture creation to empirical research conducted with Finnish sustainability-oriented new venture creations. Due to the complexity and variety that exists with different entrepreneurial processes, the decision to choose the correct research method remains crucial to establish a comprehensive enough understanding of the practices, behaviours, and other effecting factors impacting the entrepreneurial process. To help achieve the most comprehensive understanding, the aim of the research is to provide explanatory, rather than descriptive, findings that are guided by theoretical propositions highlighted by the research questions in hand (Yin, 1994).

With all aforementioned aspects in mind, a logical decision is to conduct *qualitative research*. As this study is focused on developing more insights into a specific phenomenon, the utilization of a qualitative approach can be justified as a correct approach (Ghuri, Grønhaug & Strange, 2020). Qualitative research approaches also look to establish an understanding of the entirety of a phenomenon instead of placing emphasis on different parts of the phenomenon separately (Yin, 2009). Furthermore, Miles (1979, p. 590) states that *“qualitative data are attractive for many reasons: they are rich, full, earthly, holistic, real; their face validity seems unimpeachable, they preserve chronological flow where that is important and suffer minimally from retrospective distortion; and they, in principle offer a far more precise way to assess causality in organizational affairs than arcane efforts like cross-lagged correlations”*.

Also, based on their research, Kuckertz and Prochotta (2018, p. 4) provide support for the decision to choose a qualitative approach as there still exists great research potential with qualitative methods, and especially within the entrepreneurship research context: *“Case study analyses are recognized as fundamental methods for entrepreneurial research, but are also still seen as a new and/or neglected method.”* Even though a case study analysis might not be seen as *the* newest and most neglected method, there still remains potential for fresh insights to be uncovered with qualitative methods. To conclude, Kuckertz and Prochotta (2018, p.6) state that *“the top research methods identified could be useful in two ways. Perhaps the methodological fundamentals revealed signal the direction novice researchers (and students) in particular might have to take to develop their individual method portfolio, or alternatively, the methods that we classified as new or neglected could be applied by experienced researchers to generate additional knowledge through the use of unusual methodological approaches in established thematic fields.”*

A *multiple-case study design* was chosen for this study. Even though single-case studies are valid and have their effectiveness in describing phenomena in a richer detail (Siggelkow, 2007), multiple-case studies can establish a more comprehensive base for building theory (Yin, 1994; Eisenhardt & Graebner, 2007). Baxter and Jack (2008, p. 550) note that *“if a study contains more than a single case then a multiple-case study is required.”* Also, multiple-case study designs are valid for studies that do not involve rare, critical, or revelatory cases (Ghauri et al., 2020) and allow for comparisons between findings to help understand if emergent findings are specific to one single case or consistent within all (Eisenhardt, 1991). Even though this study only contains two cases for comparison, Yin (2009, p. 58) states that *“the typical criteria regarding sample size are irrelevant.”* Thus, focus is better to be placed on acquiring adequate information research-wise rather than staring solely at the number of case companies included.

Lastly, to achieve adequate comprehension of the practices and behaviours effecting the entrepreneurial process, *critical incident technique* (CIT) is used within each case

interview. As originally explained by Flanagan (1954, p. 327) the *“critical incident technique consists of a set of procedures for collecting direct observations of human behaviour in such a way as to facilitate their potential usefulness in solving practical problems.”* Moreover, to justify the use of said method, Flanagan (1954, p. 335) stated that it *“does not consist of a single rigid set of rules governing such data collection. Rather it should be thought of as a flexible set of principles that must be modified and adapted to meet the specific situation at hand”*. Thus, through reflection on critical events during the entrepreneurial process, interviewees can highlight crucial incidents and accompanied behaviour.

### **3.2 Case selection process**

With multiple case study designs, Ghauri et al. (2020, p. 111) emphasize that *“it should be clear that every case must serve a particular purpose in the study. In other words, we have to justify the selection of each case. However, case study design is often flexible and can be modified with proper justification.”*

The case companies selected for this thesis and research are identified from within the Finnish business landscape. The companies chosen to be a part of the interviews all have products available and launched on the market, thus have gone through the ‘entrepreneurial process’ from start to finish (*go-to market*). Also, rather importantly, each company product needed to be seen as solution for an existing sustainability-oriented gap. However, the difficulty of finding correct companies for interviews became evident as more research was done on what sustainability-oriented companies existed within the business environment. Many companies with sustainable visions and business models exists, however their nascency and inexperience could be argued to count as not yet having crossed their ‘finish line’ into a more mature stage. Also, as a crucial aspect of the companies, the definition of sustainable entrepreneurship, had to be fulfilled: value should be created on all three levels (*economic, environmental, and social*).

Moreover, after identifying potential enterprises for interviews, the difficult task of booking and acquiring the interview was at hand. Getting contact proved to be a more daunting task than expected given the schedule for the study; answers accepting interview invitations were obtained through the assistance of mutual networks, while no answers were received from the remaining couple of inquiries sent independently. To obtain most complete insights, only founders or experienced employees were accepted as interviewees, as they possessed the first-hand experience and knowledge on what practices and actions have been most impactful and crucial in their company's journey.

As a result, eventually two companies accepted the offer to participate in interviews; see *Table 9*. Regardless of the small sample size for the study, due to the differences in their size, age, and industry, the companies offer differing perspectives and provide great basis for comparison of various practices in the entrepreneurial process. Where Company Beta has achieved international expansion and is available for most consumers, Company Alpha serves a more exclusive, 'premium' niche. Moreover, the founder of *Company Alpha* has extensive experience with entrepreneurship and as a result can provide additional comprehensive overviews into the entrepreneurial process.

<b>Case company</b>	<b>Founded</b>	<b>Industry</b>	<b>Product/service</b>
<i>Company Alpha</i>	<i>2019</i>	<i>Health &amp; Well-being</i>	<i>Tangible product</i>
<i>Company Beta</i>	<i>2016</i>	<i>Consumer goods</i>	<i>Online platform</i>

**Table 9.** Case company introductions

### **3.3 Data collection and analysis**

The conducted interviews and gathered data were organized to gain insights into how the entrepreneurial process had formed with each case company and to ultimately understand the crucial elements of the phenomenon of sustainability-oriented business endeavours. The data collection process consisted of gathering primary data (*in-*

terviews), in addition to utilizing secondary data (*company websites, new reports, etc.*) whenever it was available and seen to provide additional value, in order to establish an extensive enough and reliable understanding of each company's situation.

As the primary source of data, the interviews were conducted as *semi-structured interviews*, as they utilize open and closed questions while additionally following with questions of *how* and *why*. As a result, the conversation allows flexibility and the possibility of gaining thorough insights from the interviewee (Adams, 2015). The interviews followed the same structure (*Appendix 1*) in all cases and allowed for the freedom of digressing out of topic and providing insights into topics adjacent to the questions. The questions asked were direct reflections of existing literature and necessary in terms of understanding the phenomenon. Moreover, all interviews were conducted via online meeting platforms and recorded to be immediately transcribed afterwards.

As for the secondary sources, they included mainly of each case companies' website, various online publications, and news reports. Each source was explored according to necessity to validate information from the primary sources. Thus, through cross-checking material that were gathered from differing sources the study can present a more objective analysis (Eriksson & Kovalainen, 2015).

<b>Interviewee</b>	<b>Title</b>	<b>Date</b>	<b>Length</b>
<i>Company Alpha</i>	<i>Founder &amp; CEO</i>	<i>18.5.2022</i>	<i>47min</i>
<i>Company Beta</i>	<i>CEO</i>	<i>24.5.2022</i>	<i>43min</i>
	<i>Creative leader</i>	<i>24.5.2022</i>	<i>27min</i>

**Table 10.** Case company interviewee introductions

As for the analysis of the data, Beverland and Lindgreen (2010) note that both within-case and cross-case approaches can be utilized with *multiple case analysis*. Where within-case analyses generally focus on familiarizing oneself with each case separately, in cross-case analyses emphasis is placed on understanding the larger entity and the

underlying factors of each respective phenomenon (Eisenhardt, 1989). Through cross-case analysis research can achieve accurate and novel findings from existing data, however, to establish the premise for these findings, within-case analysis is required to clarify the emerging unique patterns from each case (Eisenhardt, 1989).

Therefore, in this study both company cases will be first delved into independently in an extensive manner to provide as much of valuable information as possible, after which emerged patterns in behaviour and existing practices will be compared to each other to investigate similarities and differences in the sustainable new venture creation process. Following and during the transcription process, interview data was grouped according to the main themes occurring from the interview questions. Based on those results, the material was then translated from Finnish to English and organized into chronological order similar to what the interview structure depicts. This allowed for an easy-to-follow and comprehensive group of data to utilize and present.

### **3.4 Reliability and validity**

When it comes to adopting the classic criteria of good-quality research, Eriksson and Kovalainen (2015) state that *reliability* and *validity* are the typically used criteria for qualitative research. Eriksson and Kovalainen (2015, p. 305) continue to explain that “*the question of reliability is related to the establishment of a degree of consistency in research in the sense that another researcher can replicate your study and come up with similar findings*” and that “*validity refers to the extent to which conclusions drawn in research give an accurate description or explanation of what happened*”.

In order to achieve reliability in this study, proper justifications on methodologies and case selections were provided, the interview structure, process, and data is clearly explained, and interviewee anonymity and immediate interview transcription were held as highly important. Also, as for the validity of the study, it is highlighted through the extensive existing research on which the research question was built on.

## 4 FINDINGS

This chapter of the study introduces the findings of the conducted interviews and gathered data. First off, the within-case description and analysis will be presented, which is followed by a cross-case analysis. To establish a thorough enough analysis, the interview data will be presented to a comprehensive extent. Lastly, through comparison to existing perspectives on the topics by researchers, a comprehensive synthesis of the factors and practices assisting entrepreneurial endeavours will be provided.

### 4.1 Within-Case Description and Analysis

The following section will include introductions of each respective case company and present gathered interview data to provide insights into sustainability-oriented entrepreneurial endeavours and the possible antecedents that promote sustainable entrepreneurship. Thus, an understanding is established in what practices, experiences, and behaviours are emphasized during the sustainable new venture creation process.

#### 4.1.1 Company Alpha

Case company Alpha is a new venture existing in the *health and wellbeing industry* focusing on promoting the comprehensive wellbeing of both employees and customers, and individuals in general. Established in 2019, the company provides a product, mainly targeted for companies and various organizations, which purpose is to decrease stress levels and help individuals recover mentally through unique technologies and methods that are based on meditative practices and researched optimal mental recovery practices (Company website, 2022).

*“Ultimately the point of our product is to provide an analogical experience within our ‘digital’ reality that can assist in helping employees, and people in general, to*

*find value in pausing in the correct environment and recover from the constant mental strain that modern society causes 24/7/365. Our product is the solution for organizations that want to enable their employees and customers to have a moment for themselves every day to relax and unwind.”*

### **Reason for sustainability-oriented entrepreneurship**

In the case of Company Alpha, the CEO and founder has gathered experience from traditional and sustainability-oriented entrepreneurial activities prior to their current business endeavour. However, the ultimate motivation to involve himself with the theme of sustainability stems from personal values and experiences and from feeling a certain level of responsibility for the state of future affairs.

*“And in fact, I have experience from sustainable entrepreneurship also, as I ran and operated a circular economy-based start-up that attempted to fight the battle against fast fashion and the constantly increasing levels of consumption. However, the ultimate reason behind establishing this venture developed from personal struggles and experiences with burnout at a relatively early age. Additionally, after noticing to how large of a trend mental health and wellbeing has developed on global level, we understood that we need to develop a solution for this enormous issue.”*

*“At the end of the day, I believe that all variations of entrepreneurship should be based on a desire to develop some aspect of society towards a better direction. All business endeavours should to some extent attempt to relate to sustainability regardless of industry and/or practices. The entire scope of sustainability in the business, from the team to used materials to the final product and/or service, must be thought of. The entrepreneur has the responsibility of ensuring whether the endeavour can make the world a better place.”*

However, initially the business idea did not start off as thoroughly sustainable and the first stage plan did not include thoughts on how to attempt to create value on all levels. Still, as the opportunity was based on the social spectrum of sustainability, eventually it became more and more clear that bridging over to the environmental spectrum would be a self-evident decision, so that all levels of value could be focused on.

*“As for whether our new venture was a result of a planned initial sustainable opportunity or an emergent one eventually evolving into being sustainability-focused, the answer is both. The business idea did not stem from a strictly ‘green’, eco-friendly ideology, even though the product itself and its manufacturing process ended up including such aspects to a great extent. Initially, the idea developed from the noticed social needs and was seen a ‘eco-action towards the human element’.*

### ***Opportunity recognition and initial entrepreneurial steps***

Even though Company Alpha has only been operating for last three years, the original idea and concept for the business was born already five to six years prior to the first official brainstorming and business planning; stemming from personal experiences, but also from recognized wellbeing-related trends and consumer behaviour. Moreover, the Finnish market and business scene was pushing internationally interesting new ventures abroad at that time, which also helped spark the initial interest.

*“During that time, couple of Finnish-based companies were internationalizing rapidly with similar, non-consumer products, however in a completely different industry, which motivated us to investigate the now existing business opportunities. However, ultimately the noticeably increasing levels of anxiety, more hectic lifestyles, and the underappreciation of self-reflection and meditative practices caused us to embark on this business endeavour.”*

Following the initiation of the current sustainability-oriented business, a lot of time and effort was put into *how* and with *what* product and strategy the first steps would be taken. The general direction and vision of the business had to be established, in addition to creating a product and brand that would assist in bettering general society and sustainability-related matters. Initial victories and success were essential during first phases of the entrepreneurial process.

*“Thereafter, product development was initiated, and the primary prototype was developed, which was followed by the creation of the first marketing material. Through these initial actions, we were fortunate enough to be able to acquire and commit our first customer despite having no finished product available yet. Of course, this enforced our vision and provided great motivation for the future.”*

Moreover, having the possibility of utilizing existing networks, which could assist with the initial steps was detrimental in managing with upcoming challenges and for the general success of the company. Even with a strong vision and a rather simplistic product, external assistance played a significant role.

*“It required specific know-how to eventually develop the product into what we had visioned. And of course, we had zero experience with such technical knowledge, and overall, the planning and development phase turned out to be a lot more difficult and complex than expected. In the end, it must have taken three times longer and three times more capital to finish the prototype and final design.”*

*“However, fortunately we had quite an extensive network to utilize in the beginning: students and professors from our university and close contacts from the health tech industry, for example. As first steps, the initial design work was conducted through a bachelor thesis, however we quickly understood that the final design and concept would be too complex manufacturing-wise. Thereafter, a rigorous search for the correct concept designer, software developer, and other various technical experts was*

*executed to allow us to commence the prototype development. Bringing together a lot of various technical knowledge was a truly interesting tasks, however it was no easy feat, as our close to zero budget forced us to get creative and find ways of both motivating and selling our vision to all necessary collaborations.”*

When reflecting on past decisions and experiences, the founders of Company Alpha learned a lot during the entrepreneurial process, and especially during the start. Although remaining confident in the future value of the product was key, placing too much emphasis on having an overly courageous and comprehensive strategy and vision from the very beginning could have been a decision to be thought out more carefully.

*“When it comes to key lessons during the initial phases, I would say that remaining confident in our bootstrapping strategies was crucial. However, one impactful lesson revolved around the fact that we set a rather ‘strict’ vision and direction prior to even testing the overall concept in a smaller, easily executable manner. In hindsight, we maybe should have tested the impact of a less comprehensive solution to establish a more thorough basis and demand for the business model. But in the end, our initial success during already the prototype development phase pushed us towards a more ambitious path.”*

### ***Impact of personal values and behaviour on decision-making***

Personal values and behaviours of the founders had significant impact on the entrepreneurial journey of Company Alpha. As the opportunity was recognized largely through personal struggles and experiences, the overarching vision of the business was impacted greatly by the vision of providing the best possible solution for consumers and various organizations.

*"In general, every decision that we ended up making regarding the final product was based on personal values, observations, and most importantly, on the realization that such a product would be something that we would personally prefer to use whether in an office or public setting. I can proudly say that our personal values are visible in our product: only locally sourced, most premium materials are used in a way that holds sustainability at the core of the operation."*

Throughout Company Alpha's initial journey decision-making was heavily influenced by prior experience with entrepreneurship, knowledge of markets, and even a slight over confidence in the value of new innovative product. Believing in the product and being courageous was essential for the initial drive of the company on the road to success.

*"Maybe it was exactly that personal values and experience with entrepreneurship influenced our way of initiating with the opportunity. We fully believed in ourselves and the potential of our product to the extent that we set any type of 'Plan B' aside, which of course in hindsight can be seen as ill-considered decision-making. However, in my opinion, in such situations and with such opportunities one has to be overly confident and courageous and leave no room for doubt."*

### ***Influence of surrounding business environment and customer behaviour***

As for the impact of the surrounding business environment, Company Alpha was forced into quite the unfortunate situation, as was almost every company, due to the global pandemic (COVID-19) that heavily impacted the global markets and also changed the trajectory of societal norms to some extent.

*"The difficult market situation caused by the pandemic of course impacted our initial objectives, and unfortunately the pandemic slowed our growth down to quite some extent."*

However, regardless of the situation with global pandemic, the founder of Company Alpha recognizes the increasing importance of sustainable values – both social and environmental – and the solution they provide and believes they will continue to increase in popularity.

*“Although sustainability-related trends already exist, I would hope that these types of entrepreneurial feats and endeavours will become more common and continue to increase awareness of the looming issues facing society and our environment. Our business is based on recognized issues from the surrounding environment, and I would argue that more and more opportunities will present themselves as the general public and individuals start to place even more value on sustainable and responsible business practices.”*

Hoping for change, however, will not achieve anything at the end of the day. Entrepreneurs and founders of sustainability-oriented ventures must take responsibility and demand into their own hands by educating the public and providing them with information in an innovative and inspiring way. In general, attracting even the most progressive and innovative consumers to try and partake in the experience one provides is no easy task. Effort is required to invite the first customers in and to help them realize the value of a product and/or service.

*“An important aspect to consider during the entrepreneurial process is to educate the public and customers. Help them understand what the value is and why you are providing certain new and innovative products and services. Without trying to teach the consumers and various institutions, changes in behaviour are really hard to accomplish. To achieve this change, we focused on marketing that included collaborations with various partners, partook in different events and fairs, and utilized certain individuals from the ‘influencer’ field. However, ultimately in the context of our product offering, the most important actions involved meeting and inviting key deci-*

*sion-makers from various organizations to come test the product and 'educate' these individuals face-to-face."*

### ***Value creation and competitive advantages through sustainability***

Many opportunities remain still to be identified with sustainability and responsible business practices. Even though the process and business endeavour can create additional pressures and be more complex, achieving a valuable product and/or service and competitive advantage is attainable for anyone interested in investing enough time and effort. By looking through the current market situation and possessing an innovative mindset great business potential can be untapped.

*"Based on our market research and through benchmarking, we have understood that our product is unique and one-of-a-kind on the international market. So, yes, I truly believe we have been able to create value and a competitive advantage through sustainability-oriented business. Through the use of various product-specific technologies and premium materials, we have been able to develop features that have been proven reduce stress levels and increase recovery. Even though the product might be visually easily replicable from an outsiders perspective, our competitive advantage is created through the atmosphere within the product and the technologies that enable it."*

Also, emphasis should be placed from the start on creating a comprehensive base on which every aspect of the business and its future competitive advantages can be built upon.

*"If any competition were to arise in the future, in my opinion, we still have the upper hand with differentiation. The vision was to achieve premium quality, both on a technological level, but also with manufacturing. No plastic is used, only finest local-*

*ly sourced material is accepted. Moreover, we want to emphasize the use of local expertise and giving back to the surrounding environment based on used materials. Of course, more costs are involved with such actions in comparison to the 'most efficient' manufacturing practices, but that is an aspect we carry with pride with our brand. Ultimately, we want to represent the 'the happiest country in the world' and the culture that revolves heavily around nature, personal space, peacefulness, and tranquillity."*

### **Critical incidents during the entrepreneurial process**

As for the critical incidents during the entrepreneurial process of Company Alpha, a lot of moments highlight the decision-making and practices during the initial phases. Knowing what your company wants to provide and in what form, understanding how to incentivize external stakeholders and establish relations with them, and learning how to best interact with sales and marketing and research and development are all important aspects to internalize. And of course, the changes in the global business environment due to the pandemic were critical moments, however by maintaining a close reach to all aspects of business, such as, sourcing and manufacturing, levels of uncertainty could be controlled more efficiently.

*"Out of the hundreds of critical events, I would probably highlight the **product prototype development phase** as one of the impactful ones. Initially, the idea was to create something rather abstract and futuristic design-wise, but we quickly understood that with such a design the manufacturing of our products would evolve into a too complicated process. As a result, we had to abandon our initial, 'ideal world' concept to a more simplified one that supported and allowed for company growth. Essentially, we had to understand and **decide on manufacturing** an actual product rather than creating a 'pieces of art'.*

*“Resources are crucial in the initial stages, we understood that. However, a critical incident during our entrepreneurial path was to learn to **provide enough value and ensure a promising future for the involved stakeholders** in our endeavour, even when we might have not had enough available resources to convince potential customers and partners. Incentivising key stakeholders and learning how to do so was a difficult task, which requires comprehensive understanding of your product and markets it is heading towards. Nevertheless, sometimes failure is inevitable, and in such situations the best you can do is to get back up from ground zero and find another way to compensate and create mutual understanding. **Clear communication and proper managing and marshalling of resources** is truly important.”*

*“Therefore, **sales and marketing** as a whole plays a significant role in an upcoming entrepreneur’s path. In addition to gaining the support of external and internal stakeholders, focus must be placed on **iteration and gathering feedback**. Through customer and consumer insights you can gather data on what works and why; through our entrepreneurial process we did this but could have executed more extensively, especially after minor setbacks.”*

*“**Product testing** was immensely important for realizing the value of the product, but also to create a strong basis and validate the effectiveness for customers. Through measuring recovery with different technologies, we received positive feedback that supported our value promise that our product was able to help individuals recover faster and decrease mental strain.”*

However, closely tied to the decision-making and running of the business endeavour is the building of the correct team with correct knowledge. Through inspiration and collaboration one can enable committed colleagues and a culture that looks to innovate and strive for success. Even without a great number of resources, entrepreneurs can incentivize and motivate people to join a sustainable and responsible mission and collectively reach new heights and be proud of the impact made.

*“One crucial aspect that comes to mind is that you have to **surround yourself with correct individuals** who you enjoy collaborating with and who are driven by similar values, understand the ‘ideology’, and are able to compensate various gaps with their knowledge and experiences. Even though one might have a great opportunity on their hands, without proper resources and a team the equation cannot result in a positive outcome. As is the case with other stakeholders, being able to **incentivize your team with limited number of resources available** is of great importance.”*

*“During our entrepreneurial path, we have experienced our fair share of various setbacks and unfavourable moments. All in all, after beating your head around the bush for too long without any response from another side, one needs to quickly **reflect and recognize on what might have gone wrong** and what decision needs be made to turn the situation around. Strategies that might have worked well in the beginning might not work for everyone, and more importantly, fresh perspectives and approaches should be welcomed more proactively.”*

*“When thinking of our journey so far, there might be certain aspects that we could have executed differently. Regardless, we would have not changed or sacrificed the sustainability premise of our product for a more profitable solution. At the end of the day, we need to **feel proud of what we have created and brought to the market**, and not focus too much on the bottom line during the initial steps of entrepreneurial process. Of course, there was an option to source and manufacture abroad with less costs, but in addition to creating more complex dynamics into the business, the overall theme of sustainability would have been breached resulting into a product that did not fit our vision. The **development and innovation process should be kept in-house** at least during the first stages, so that you have real-time information on what is happening and you yourself can be present in decision-making.”*

#### 4.1.2 Company Beta

Case company Beta is a sustainability-oriented venture existing in the *consumer goods industry* focusing on reducing unnecessary consumer goods related waste. By connecting consumers with discounted products directly through an online platform, the company can and has impacted sustainability related issues significantly since their establishment in 2016. Additionally, over the last year the company has commenced a plan to internationalize and reach over to markets outside of Finland.

*“We operate an online webstore from which we sell products (mainly daily consumer goods) directly to consumers, which we purchase and source from manufacturers and importers. The goods, which have initially been deemed ‘not suitable’ for whole sale and use in general, are given another chance to be consumed rather than being disposed of as waste. The overarching mission of our company is to decrease the level of consumer goods related waste that is enabled by current economic systems. The more we grow, the more positive of an impact we can have on general society and the surrounding environment. As a data-driven company, we are able to realize our impact quite effortlessly. Moreover, we are currently in a truly interesting phase of our journey. Over the last five years we have grown well within Finland’s borders, however our sight is already set on advancing into international markets, and in fact, a couple of months ago we entered our first international market in Europe.” (CEO)*

#### ***Reason for sustainability-oriented entrepreneurship***

In the case of Company Beta, the CEO joined and took responsibility of half of the sustainability-oriented new venture through coincidence while still in university. Although he did not possess prior experience with entrepreneurship, the opportunity to work with sustainable and responsible business was truly tempting and he recognized the increasing interest in the overarching trends influencing the business model.

*“The journey began from a happy coincidence while I was still studying in university, as I took part in a project that was executed and presented to the company, where the now-founder of our company used to work. After the presentation, I was contacted by the now-founder of our company, and after some time of discussion and creating trust amongst one another, we had established a mutual agreement on the direction of the business, and eventually I stepped aboard. For the first year or so I was the only full-time employee managing almost every aspect of the business. However, nowadays my role and responsibility mainly revolves around creating a culture, which supports one another and provides the opportunity for each employee to achieve ownership of the tasks that they work with daily.” (CEO)*

### ***Opportunity recognition and initial entrepreneurial steps***

Company Beta has been operating for the last six years, but the idea and concept for the business model was first thought-of by the original founder many years prior to the establishment of the company. The opportunity recognition was a result of witnessing first-hand the amount of waste created through various warehouses, supply chains and logistically interconnected industries. Eventually through extensive market research, a product and service was introduced to the Finnish market. The start of the new venture process was a burdensome time; however, a lot was learned from the struggles and a lot was achieved within a relatively short period of time.

*“During his prior work experience, the company founder had worked closely with various logistics related tasks and witnessed first-hand the amount of waste that was and is created from all industries heavily involved with transporting produce; this was the initial spark that inspired the idea and concept for our company. Thereafter, benchmarking was done to understand the current market situation with similar concepts on an international stage. Eventually, the decision was made to follow the path that we are currently on, and to focus our attention on the megatrend of*

*sustainability and corporate responsibility, in addition to the increasing interest on online consumer goods stores.” (CEO)*

*“At the start of the entrepreneurial process, our operations were rather small for a while, and we worked from our founder’s garage shipping out a couple of orders per day. However, as we started to gain some wind in our sails, we were able to out-source our warehouses, focus more on scaling digital marketing, and creating more supplier relationships. At the end of the day, there must be market demand for something in order to fully take advantage of an opportunity, and fortunately enough, our timing seemed to be rather perfect. However, this does not solely explain our successes.” (CEO)*

During the initial phases of our venture creation process, great emphasis was placed on creating a supportive and inclusive culture, in addition to a culture of innovation and testing. And eventually, by combining these cultures the founders were able to establish an entrepreneurial culture within Company Beta, which was driven both by data and personal values.

*“Young, ambitious talents, who are constantly learning and looking for new, innovative ways of developing parts of the company have been an important aspect of our company’s growth and success. Also, building a culture in which we all have been able to flourish has been crucial; these two aspects go hand-in-hand. By giving ownership and allowing each employee to decide on their respective function’s direction has enabled a lot of innovative thinking and success. At the end of the day all decisions are to some extent data-driven and optimized (automized measures, etc.), but our company values an entrepreneurial culture and mindset, and in fact, one could describe all our employees as individual entrepreneurs within their function.” (CEO)*

*“As a supportive function for data-driven decision-making, enabling a culture of testing and innovation has also been key. We have been promoting an atmosphere of*

*continuous learning and innovation. There really is no reason to continue measuring various actions if no improvements are attempted to be made. Even though lot of focus has been placed on creating our company culture and sense of ownerships with functions, I see that the role of management and leading with example has been important to enable these quality outcomes and overall trust.” (CEO)*

However, as with any business endeavour, mistakes and challenges arose during the entrepreneurial process. For example, when it comes to resources, bootstrapping was executed for too long and a more courageous approach for reaching success could have been implemented earlier.

*“Nevertheless, we have also experienced some mistakes. For example, when it comes to resources, I believe that we should have been more confident and courageous in looking to acquire funding and building a team at the early stages. In hindsight, working as the only employee for one year was not maybe the best decision company progress-wise and we could have raised capital faster to achieve a more rapid early growth – we ended up bootstrapping for an unnecessarily long time.” (CEO)*

### ***Impact of personal values and behaviour on decision-making***

The values of the founders are established into the business model and overall company practices. Sustainability and responsible business can be defined as the cornerstone of Company Beta. A lot of decisions are made based on data, however the human element and personal values are valued to a great extent.

*“The values of the company founders are definitely present in all day-to-day actions to a great extent. Sustainable and responsible practices are important for both the original founder and I, and the underlying reason why we even embarked on this business endeavour. All in all, our company values are based on our own ideologies*

*and reflect aspects that are crucial for us both in and outside of work. Thus, even though data is used as a premise for decision-making, our own beliefs and visions play a significant role in directing us towards a future of success. By giving ownership to our employees and trusting them to work to the best of their abilities, we can rely on that our company vision is being work towards as our culture enables the alignment of key values. And of course, both I and the entire team strive for success and ambitious targets, which then transfers into our decision-making.” (CEO)*

### ***Influence of surrounding business environment and customer behaviour***

The interest in the Finnish business landscape has been highlighted in many a case over the past years. As more business endeavours have been able to reach international markets, naturally an intrigue towards the Nordic market has increased significantly. Moreover, consumer behaviour has slowly began to shift towards being more sustainability and responsibility based. Analysing and understanding these changes is crucial.

*“The surrounding business environment has affected us tremendously. Finland has a great start-up financing scene, and it has created opportunities for start-ups with capital intensive growth plans. In addition, consumer behaviour has steadily been moving towards more sustainable ways of shopping and therefore those factors have helped us to create a business case in a very competitive market. Through analysing our operations and the market, we have been able to maintain balance despite external pressures. It is important to understand the company's main growth factors and analyse and understand them throughout. This can allow the company to manage through even the toughest of times. ” (Creative leader)*

Furthermore, as the global pandemic has been impacting businesses and society over the last two years, Company Beta was also impacted by the changes to the global mar-

ket situation and societal norms. However, luckily enough as one of the fortunate enterprises who saw positive opportunity amidst all uncertainty.

*"Moreover, the global pandemic was rather instrumental in boosting in our growth. During 2020, demand increased dramatically with online shopping, and especially with daily consumer goods, and eventually within that year we tripled our turnover and reached a great deal of new customers. And in general, when thinking of timing, we entered the market at a perfect moment as the online consumer goods stores were beginning to gain popularity as we first entered the market in 2017. Furthermore, the global pandemic boosted the industry by threefold compared to its anticipated trajectory. Had we established ourselves five years earlier or five years later, we most probably would not be here in our current position." (CEO)*

### ***Value creation and competitive advantages through sustainability***

Trusting solely on a product's success due to the product being related to an ongoing megatrend will not yield long-term profitability if every other aspect of the business is not planned and thought-of carefully. Sustainability and responsible business do maintain a lot of value and competitive advantage for companies, especially going into the future; however, it will require efforts into differentiation and building the company from the group up with enough emphasis on all key elements.

*"A lot of emphasis is placed on strategy and questions, such as, what competitive advantages are created or should be created in different functions, when should we expand abroad and to what markets, and when should we look to raise more funding. As we are dealing with sustainability, which is a megatrend, demands have increased and so has competition to some extent, also. Nevertheless, the competitive advantage of our business is established into the cornerstone of our company: well-thought-of basic principles, decision-making based on data, and a knowledgeable,*

*ambitious team. Moreover, with a scalable sustainability-oriented business model and use of efficient and optimized software and technology we are able to provide value for consumer, but also on an environmental level.” (CEO)*

Not only do customers, but also investors see value in sustainability-oriented ventures. Creating a positive impact has become associative with value creation, but still at the end of the day the business must be able to remain competitive, as with any enterprise.

*“If you are involved in sustainable and responsible business, you cannot achieve success without differentiating and providing a unique product. Solely trusting on the trend to guide you will not work. But of course, investors can see additional value in your company due to the positive impact you are creating. However, the business and strategy must still be extensively thought out to attract talented individuals and to establish itself as potential, future-proof business endeavour.” (CEO)*

### **Critical incidents during the entrepreneurial process**

As for the critical incidents during the entrepreneurial process of Company Beta, many moments underline the importance of surrounding oneself with the correct team and talent. Through collaboration efficiency increases and more innovative thinking is given a platform.

*“In my opinion, the critical aspect of our success has had to do with how we have been able to **build our team and company culture**. From the founder acting on the initial opportunity to him hiring myself as the first employee and sharing the responsibility of the business endeavour. Without sounding too arrogant, the almost **solo efforts I made during the first year** were crucial for the company’s long-term success. Of course, we are surrounded by a talented leadership team these days, however each one of them is from my closest circle of friends and it was my responsibility*

*to a great extent to gather the correct minds to work together. For example, the **introduction of our chief marketing officer** was a key moment as we started to drive our digital marketing practices to the next level.” (CEO)*

*“From a business development perspective, I would say that the largest bottleneck was encountered during the initial steps of this business endeavour. As **we did not possess a necessary number of resources to hire more employees**, we should have raised funding more rapidly to enable faster growth through extra pairs of hands. Also, with our business, developing and establishing the supplier side relations was a complicated and burdensome task; it took us quite a while to develop to an optimal level. And now within our new market expansion, we are facing similar challenges that are slowing down growth.” (CEO)*

*“When reflecting on the critical incidents during our company’s path, I would probably highlight the following: **value of early hires**, the **global pandemic (COVID-19)**, **acquiring growth equity** from investor partner, **entering a new market**, and creating a scalable way of entering more in the future. (Creative leader)*

Being able to critically reflect on what has happened and understand the impact of decision is essential when traversing a dynamic environment. Settling on one way of running operations will most probably end up being the wrong decision; agility and anticipation can end up being a company’s best friends.

*“Regarding the impact of these incidents on balance and general practices, all the incidents – with the exception acquiring an investor partner – had significant impact and change for the company operations. The **previously thought out best-practices were either challenged** by external events or internally. We had to rethink our operations to be able to adapt to the change. Our business model did not change, but there were lot of operational changes, and new practices for the growing company had to be created. You need to be able to make radical changes if needed. It be-*

*comes nice to operate things in the way you have done them previously, but then you face the risk sacrificing the company's growth potential." (Creative leader)*

As for the constantly changing environment that surrounds us, the global pandemic played a significant role in providing a growth boost for the Company Beta.

*"With the **global pandemic** that started in 2020, we recognized an immense opportunity to focus on and scale our customer base to the next level. And as a result, over the first initial months of the pandemic we over-emphasized and **heavily increased our marketing spend** to reach and acquire as many new customers as possible. Thus, this critical incident was one that was externally driven, and which boosted company growth significantly." (CEO)*

Additionally, critical moments in the Company Beta's path has been establishing proper connections and relations with the crucial external stakeholders. Through rigorous sales work and convincing, the company was able to acquire the largest supplier and logistics organizations to collaborate.

*"**Convincing and acquiring our largest suppliers** was no small feat. Without any brand recognition and only armed with an innovative idea, we were forced to get creative and sell our concept in ways that would benefit both parties in the long run. Even though volumes might have been low at the start, the potential was visible, and within the first year we had acquired all major players to collaborate. Nowadays, we work closely with practically every larger supplier in Finland and even receive in-bound inquiries after establishing ourselves on the market." (CEO)*

*"And of course, having done **extensive work to acquire partnership** and collaborations with the largest suppliers was essential for our growth from the very start. All in all, there are no magic tricks to succeeding with this sort of bottlenecks; it requires hard sales and marketing work plus persistence." (CEO)*

Bringing an innovative solution and service to the masses is never easy. First off, it will require financial assistance to even develop the service into correct quality. Moreover, then consumers needs to be inspired and attracted towards the product all the while educating of its core value and necessity.

*“When thinking of resources and financing, critical incidents that come to mind have to do with our successful **acquiring of capital and funding**. First from angel investors on three different occasions in early 2018, end of 2018, and end of 2019. And lastly, during spring 2021 when we acquired an extensive investment from a larger Nordic growth equity investor.” (CEO & Creative leader)*

*“**Marketing practices** have been a long learning experience. Initially, we focused our efforts solely in the digital space and from a rather number-heavy optimization perspective. Since the beginning, we have been great at optimizing marketing and analysing each decision, but only after bringing our creative leader on board we have realized the importance of a creative perspective and touch. Thereafter, the content of our marketing material has been made as interesting as possible, be it smaller adverts or larger campaigns. As a result, these days our marketing efforts pull in impressive results.” (CEO)*

*“As we operate in the consumer and customer acquisition business, our primary objective revolve around attracting and reaching the masses. In order to motivate consumer to test our service and fall in love with it, we have to focus on building our brand recognition, and essentially, **educate the public** on what we are and why we do what we do.” (CEO)*

And lastly, as testament for well-thought-out business and innovative practices, the expansion outside of Finnish borders can be seen as one of the significant critical incidents.

*“With our **first expansion abroad**, all aspects of the endeavour have gone well. However, the most important aspect would be to define our best practices and processes in foreign markets, and to see how such expansion could be executed even more efficiently and smoothly.” (CEO)*

## **4.2 Cross-case analysis**

After conducting the within-case analysis, the cross-case analysis follows. Various methods of execution are available for how cross-case analyses can be carried out. However, in the context of this study, the most suitable method involves the comparison of the cases and identifying the similarities and differences between the two companies' paths and practices. And as Eisenhardt (1989, p. 541) points out *“this tactic forces researchers to look for the subtle similarities and differences between cases. The juxtaposition of seemingly similar cases by a researcher looking for differences can break simplistic frames. In the same way, the search for similarity in a seemingly different pair also can lead to more sophisticated understanding. The result of these forced comparisons can be new categories and concepts which the investigators did not anticipate”*.

### **4.2.1 Sustainable entrepreneurship antecedents**

When it comes to the premise for the comparison of the two case companies, we must remember a couple key aspects. In the context of sustainability-oriented enterprises, the companies to some extent represent both ends of the spectrum; Company Alpha provides a premium, niche product mainly focused for various organizations, whereas Company Beta seeks to serve the general public with a daily-use service and solution. The first provides solutions attempting mainly to impact the social aspect of sustainability, whereas the latter focuses on the environmental side.

Both company founders and CEOs found inspiration for their existing business endeavour through observing ongoing trends and recognizing an opportunity in serving a solution, which could fix a sustainability-oriented gap. Although prior entrepreneurial experience did assist and influence the behaviour of the founder of Company Alpha, the CEO and founder of Company Beta could rely on and learn from the original founder's industry experience through extensive collaboration. However, prior experience in entrepreneurship does not end always in better immediate results. Over-confidence and a more aggressive approach can have its positive results, but also impact negatively in the long run.

Both business ventures were established and highly influenced by personal experiences within each respective industry and sustainability-oriented gap; a passion and interest in bettering the future is clearly highlighted. The products and services both companies provide reflect their founders' values and are solutions both founders would have utilized already prior had they been given the opportunity. Nevertheless, due to the increasing interest of the Finnish business landscape, and especially with new ventures, possibilities to have a positive impact have become more realistic and achievable. Then again, a dynamic environment alongside an uncertain global situation can cause heavy damage, or in more rarer occasions, impressive profits, as was the case with Company Beta during the global pandemic.

Emphasis on educating the public should not be neglected. Both companies have understood the importance of marketing activities in correct forums and spaces. The surrounding environment and consumer behaviour can change, however usually rather slowly. Thus, all additional pushes should be welcomed from a new venture perspective. Still, as has been seen over the last two years, societal norms can turn around and be shaped to unexpected lengths allowing for various opportunities to be unravelled.

#### **4.2.2 Sustainable business model and value creation antecedents**

As is the case with both case companies, the initial opportunity was recognized by both founders many a year prior to initiating the sustainability-oriented venture itself. First-hand experiences with each respective sustainability-related gap helped understand the value of a possible solution that could improve the situation. Then, after following the increasing interest in each respective gap, both companies realized their opportunity as the market was developing into a stage where the theme of sustainability and responsibility were becoming larger, all-encompassing trends. Thus, timing was truly important. And even though Company Alpha within their planning phase did not start as sustainable on all levels, the founder was quick to realize that focusing also on environmental aspects could benefit the company well.

Moreover, extensive market research into possible threats, strengths, and business potential in general, was vital for both companies. But also, planning and establishing a comprehensive base on which to create value and grow cannot be undermined. Having an eager, ambitious team that was committed to attempt to create truly sustainable value was essential for both Company Alpha and Beta. Initial success and losses were important experiences to better define the strengths of the business and to know where to focus going into the future.

Networks and their importance in the beginning of the new venture creation process was crucial for Company Alpha, as was for Company Beta. However, the founder of Company Alpha was able to utilize prior university relations and other networks to obtain assistance with more technically difficult aspects of product development. In the case of Company Beta, more effort was needed to acquire necessary relations to properly initiate business, and during the first stages, a lot of hard work was required. By bootstrapping both companies were able to create first initial value that enable later successes, although understanding when to conclude a more minimal resource strategy would be necessary.

Sustainability-oriented ventures have great potential going into the future. Both Company Alpha and Beta founders agree that creating value and achieving competitive advantages through sustainability has been and is possible. Nevertheless, any new venture looking to take advantage of the current state of affairs must understand that the process requires lot of effort and time, in addition to a certain 'calling' to find success. Customers and investors have come to see the value of sustainable business practices and many an opportunity still remain to be benefitted from. As the sustainability and responsibility continue to increase in popularity, both companies realize the need for differentiation and providing unique value even within a unique market; you must remain competitive regardless of primarily focusing on having a positive impact.

#### **4.2.3 Critical incidents during the entrepreneurial process**

As was evident with both case companies, the initial phases of the sustainability-oriented new venture creation included various critical incidents, which shaped the companies' paths. First and foremost, the building and commitment of the correct team and a can-do culture was vital for both companies. Not only did a talented team allow for innovative thinking, but also enabled each team member to focus fully on their respective skillset assisting in achieving the ultimate objective. By bringing in new talents with an outside perspective on operations can have impressive results, as was the case with Company Beta. Also, both companies highlighted the importance of thorough focus on creating genuine relationships with external stakeholders. As a difficult task, both companies recognize the challenge but also highlight the necessity and potential value and benefits when done correctly.

When it comes to encountering bottlenecks and facing challenges, both companies understand the importance of critical reflection, for example, when making decisions on resources and funding. In the case of Company Alpha, decisions on final product design were critical; eventually a more rational thought was preferred to an overly dramatic, yet genuine idea. In addition, a culture and appreciation of product testing

and continuous innovation was presented by both Company Alpha and Beta. However, settling into certain tracks can have great negative effect on new venture performance, and practices and routines should be constantly renewed to keep operations agile.

Decisions regarding financing and resources were critical incidents with both companies. The decision to bootstrap and have control of existing resources was vital in the initial phases for both case companies. However, taking a too minimal approach too far might slow down growth and progress also, as was seen with Company Beta. Acquiring funding is and will be crucial for any new venture, at the correct time, and Company Beta has reached great heights (expansion abroad) when comparing to Company Alpha who was more drastically impacted by the global pandemic. However, due to the significant difference in product offering direct comparisons do not tell the entire story.

Moreover, both companies emphasize the importance of sales and marketing efforts that tie well into incentivizing external stakeholders. Conducting proper marketing has been truly valuable for Company Beta, and for Company Alpha also, however with more specific focus on smaller groups and spaces. Being able to educate and entertain the thought of why a new innovation can better the life of a consumer and organization is a difficult task requiring great efforts and persistence.

Ultimately, the two case companies operate in two truly different spaces. By only looking at the product offering of both ventures, one can recognize and argue how much of an upper hand Company Beta has over Company Alpha; an online solution that serves the entire population versus a physical and more premium, niche product targeted mainly for organizations. Nevertheless, both sustainability-oriented ventures in their initial stages of the entrepreneurial process pose similar processes and practices, and most importantly, have pride in the businesses they run and operate.

The behaviours of the founders in each critical incident, which reflected one another to a relatively great extent, varied slightly depending on the situation. With more entre-

preneurial experience also came more courage to act on initial plans, however from a perspective of a beginning sustainability-oriented new venture, it would be advised to take enough time to have extensive clarity on what is the ultimate goal and how do you get there step-by-step. Down below, *Table 11* summarizes the critical incidents and factors of the entrepreneurial process of both companies.

Company Alpha	Company Beta
<i>Critical incidents and aspects</i>	
<ul style="list-style-type: none"> <li>• Surround yourself with correct individuals</li> <li>• Product prototype development phase</li> <li>• Decision on sourcing and manufacturing</li> <li>• Provide enough value and ensure promising future for involved stakeholders</li> <li>• Clear communication and proper marshalling of resources</li> <li>• Sales and marketing</li> <li>• Educate the public</li> <li>• Iteration and gathering feedback</li> <li>• Reflect/recognize on what might have gone wrong</li> <li>• Product testing</li> <li>• Global pandemic</li> <li>• Feel proud of created end-product brought to market</li> <li>• Development and innovation process kept in-house</li> </ul>	<ul style="list-style-type: none"> <li>• Value of early hires and correct team</li> <li>• Global pandemic</li> <li>• Acquiring growth equity</li> <li>• Entering a new market</li> <li>• Multiplied our marketing spend</li> <li>• Build our team and company culture</li> <li>• Solo efforts made during the first year</li> <li>• Introduction of our chief marketing officer</li> <li>• Convincing and acquiring our largest suppliers</li> <li>• Marketing practices</li> <li>• Educate the public</li> </ul>

**Table 11.** Comparison of identified critical incidents and factors

### 4.3 Synthesis

To summarize, the reason behind this study was to answer the proposed research question revolving around *the process and formation of sustainability-oriented new ventures*, in addition to the described sub-questions. Based on the conducted interviews and analysed data, a thorough analysis can be presented on the antecedents for a successful new venture creation process. Ultimately, regardless of the space and market in which a sustainable new venture exists and operates, even when product

offerings differs drastically, certain practices and decisions are seen to be universal and as highly impactful.

As is established in the literature review, all levels of value creation – *economic*, *environmental*, and *social* – should be integrated into the business model and strategy of new ventures in a manner that would not compromise the opportunity from others in the future (Cohen & Winn, 2007; Katsikis & Kyrgidou, 2009; Schaltegger & Wagner, 2011). However, all levels of value do not necessarily have to be thought of and considered to a great extent immediately. Following the opportunity recognition, it would be recommended to focus on the initial aspect of sustainability, the basis of the potential business model whether *social* or *environmental*, and allow time for planning how to bridge the gap to the other side of the sustainability spectrum. Although, business endeavours initiated from environmental aspects of sustainability can be argued to automatically provide social value to some extent, whereas with social aspects it requires more emphasis on how to positively impact the environment.

Sustainability has emerged as a key strategy for new ventures (Spinelli & Adams, 2011). However, as increasing amounts of business endeavours begin to rush to the market, one can quickly recognize true competition from those that have not done extensive enough market research and strategic planning. As stated Klewitz and Hansen (2011) and Belz and Binder (2017), a reactive approach to shifts in the market will not suffice in most cases; only through radical enough innovation can new ventures establish themselves into an existing market, or alternatively, create an entirely new one.

In general, new ventures have a tendency of innovating and developing their business models accordingly, but the recommended planned, explicit approach should attempt to be as disruptive as possible in combination with innovative thinking (Noci & Verganti, 1999); Zott & Amit, 2010). At the end of the day, reactive strategies can also foster and bring unique value to the markets, however when looking to achieve long-term success, the more innovative and radical the product and/or service, the better value it can look

to continuously provide in the future. Hence, reactive and implicit strategies tend to result in only moderate innovativeness (Klewitz & Hansen, 2011). Of course, a lot depends on the entrepreneurial vision and in what market and industry the business model is utilized (Sinkovics et al., 2021), but still the primary initiative should be to develop a truly innovative and never-before-seen idea.

When it comes to the sustainable entrepreneurship process, many options exist on how the endeavour can be started (Bygrave, 2004; Belz & Binder, 2017). Whether the opportunity is recognized out of a *social* or *ecological* problem, no *one-size-fits-all* solution exists as venture creation processes do not tend to follow rational patterns of behaviour (Baron, 2007); entrepreneurial endeavours rely heavily on the founder(s) values, personal experiences with entrepreneurial activity, and the current surrounding business environment and atmosphere. All these factors can be influenced by various external and internal forces, thus it would be ill-considered to argue that one approach is better suited than another (Spinelli & Adams, 2011). Moreover, even minor differences in behaviour and experiences – conscious and unconscious – can impact the strategic formation and direction of a business (Mintzberg, 1978). Recognizing personal behavioural patterns and reflecting critically on past decisions can be truly crucial moments to understand on what approach realistically would suit the business the best, not what is seemingly appropriate based on prior experiences that might not offer a valid comparison (Ott & Eisenhardt, 2020). The humbler and more thought out the approach, the better the result in terms of future-proof business longevity.

Furthermore, when reflecting on the necessary balance of sustainability-oriented new ventures, the task of managing all crucial elements – *the team, resources, and opportunities* – certainly does become more complicated (Spinelli & Adams, 2011). The premise of developing a sustainability-oriented business model, which is intriguing enough to attract external stakeholders to both commit and invest, can be challenging. However, arguably the case would be the same with a traditional, normal business model. Nonetheless, more comprehensive planning is required when considering the

necessary development of triple bottom line solution (Belz & Binder, 2017) and the additional efforts required to educate both internal and external stakeholders of the innovative new product and its unique value.

Also, as per the Timmons model of the entrepreneurial process, potential opportunities can also exist as social and/or sustainable allowing a more increased number of possibilities in the realm on entrepreneurship (Spinelli & Adams, 2011). However, timing and execution-wise such opportunities require more precise initiation to establish oneself at a correct time: not too late or not too early. Being driven by personal mission and/or social needs, and not only by the surrounding market, the value of external stakeholders and cross-boundary collaboration can be recognized as a crucial factor in sustainable new venture success (Spinelli & Adams, 2011). With limited resources and doubtful outsider perceptions, the challenge of acquiring correct partners and relations can be burdensome. However, to achieve initial successes great effort must be placed on extensive market research and understanding the product value and uniqueness. Having to thrive independently, especially at the early stages, can lead to less optimal long-term results. During the initial stages of the entrepreneurial process, assistance and boosts from external stakeholders can be detrimental. Thus, networks and prior acquaintances can evolve into truly invaluable assets for sustainable entrepreneurs.

At the end of the day, sustainable new venture must attempt to deliver value regardless of the sustainability-related objectives that are being pursued. Truly so, an increased social awareness of sustainability and new venture creation has been noticed (Spinelli & Adams, 2011; Diakanastasi et al., 2018) and the underlying value of serving social or ecological problems is arguably thoroughly important, however, to continue developing and providing value also in the future, decisions have to be made that support the primary ideology while simultaneously enabling longevity and positive results for the business. Of course, how that value eventually is projected can vary on the individual and situation, but nevertheless it should collaborate side-by-side with the mission of fixing a sustainability-oriented gap.

## 5 CONCLUSIONS

As we head towards the next quarter of a century, and develop as societies in conjunction with technological advances, increasing amounts of opportunities will become available for the next generation of entrepreneurs. However, as the general sentiment continues to drastically increase towards developing and improving both social and environmental aspects directly impacting daily lives and business, entrepreneurs, society, and decision-makers have to a great extent the responsibility of breaching the gap between the sustainability and climate change objectives set by the United Nations General Assembly (2015) and the Intergovernmental Panel on Climate Change – *halving emissions by half by 2030* (IPCC, 2022).

Regardless of how small and irrelevant of an impact it might seem for some currently, the changes happening amidst sustainable entrepreneurs, and sustainable business in general, have the possibility of truly impacting and transforming the way in which individuals consume and perceive the world at large. By enabling this shift towards more responsible business ventures and providing sustainable alternatives, a change can be made – as is already evident from this study. Based on the aforementioned observations, the topic and interest for this study emerged

### 5.1 Summary and discussion

The purpose of this study was to research and establish an understanding of what critical incidents, experiences, and behaviour influence the processes and strategy formation of sustainability-oriented new venture creation. In assistance to the primary research question, three sub-questions were thought of to help provide more in-depth insights that revolved the topics, such as, defining the characteristics and opportunities of sustainable entrepreneurs, strategy formation development in entrepreneurial settings, and identifying the practices impacting the entrepreneurial process and new venture creation.

As the first phase of the study, the motivation for the research was explained and the gaps in research were established. Following the *Introduction*, the study continued to delve into the *Literature Review*; the chapter was divided into three separate theoretical segments. First off, research regarding sustainable entrepreneurship was introduced, in addition to focusing on strategy formation in entrepreneurial settings and sustainability-oriented innovation and business models. The segment emphasized the increasing interest in sustainability from both the academic and institutional perspective, explained the value and role of entrepreneurship in providing responsible and sustainable value in the future, and presented insights into the existing barriers for sustainable entrepreneurs (Zwan & Thurik, 2017). Moreover, emphasis was placed on the emergent nature of strategy formation (Mintzberg, 1978), alternative market approaches for sustainable endeavours (Belz & Binder, 2017), and the importance of radical innovations through explicit strategies (Noci & Verganti, 1999).

Secondly, new venture creations were discussed and explained, after which the segment continued to delve into more detail about entrepreneurial processes and presented the Timmons model, which was used to guide the conducted interviews and empirical research. In this part of the literature review, focus was placed on explaining the importance of the current research on new venture creations, as they have come to account for large amount of new product innovations (Diakanastasi et al., 2018) and assisted in understanding concepts, such as, flat organizations, passion for innovation, comfort with change and chaos, and team driven efforts and decision-making (Spinelli & Adams, 2011). Furthermore, entrepreneurial processes – with the Timmons model receiving most focus – were introduced to establish an overall understanding of various possible alternatives for initiating business endeavours.

Lastly, after establishing the theoretical basis for the study, a synthesis on sustainable new venture creation was showcased. Through the combination of the two research streams various insights into sustainable entrepreneur processes are established. Firstly, all levels of value – economic, social, and environmental – will have to taken into ac-

count following the initial opportunity recognition and business model innovation, and innovation in general, is essential (Zott & Amit, 2010). Nevertheless, only proactive strategies can be recommended as they allow for most radical innovations, which are able to disrupt existing markets, or alternatively, create new ones (Noci & Verganti, 1999; Klewitz & Hansen, 2011; Belz & Binder, 2017). Secondly, the entrepreneurial process can vary with every case due to the complex nature of balancing the surrounding environments, personal values and behaviour, and desired strategic direction, market, and industry (Spinelli & Adams, 2011). Lastly, building on the prior, the entrepreneurial process in a sustainability context requires additional efforts; the value of external stakeholders is highlighted and creating a unique value that is understood by the general public establishes itself as a rather burdensome challenge and bottleneck (Spinelli & Adams, 2011).

## **5.2 Theoretical and managerial implications**

Through conducting semi-structured interviews with sustainability-oriented venture founders, the goal of this study was to establish the most comprehensive insights into what practices and behaviours effect the sustainability-oriented entrepreneurial process. The identified gaps in sustainable entrepreneurship and new venture creation research provided a considerable opportunity and great motivation for investigating the phenomenon in greater detail. By comprehensive comparison of significantly different sustainability-oriented business ventures, a better understanding of the practices, values, and behaviours impacting the entrepreneurial process were identified.

Personal values and prior experiences have a significant impact on the initial trajectory of sustainability-oriented new ventures. When it comes to sustainability-related business endeavours, the underlying factor influencing the opportunity recognition and exploitation has to do largely with first-hand experiences and struggles with the sustainability-related gap that the venture seeks to solve. Thus, a theoretical contribution has been provided for Diakanastasi et al. (2018), who were keen on identifying factors

leading to viability and sustainability with new venture creations. Also, the entrepreneur's characteristics and behaviour have rather significant on the venture growth and progress. Prior experience and knowledge can present itself as more aggressive and confident behaviour compared to others with zero to no experience. Hence, providing value for Shaver and Scott (1991) who recognized the mental processes of entrepreneurs as important to understand, in addition to Kuckertz and Prochotta (2018) who raised awareness of understand entrepreneurial behaviour; especially their intentions, actions, and decision-making.

Based on the empirical results from this study, sustainable entrepreneurial processes commence from an initial opportunity recognition, which is usually based on observed trends, but also from prior experiences with the sustainability-related gap. However, the opportunity might take a long time – even years – before being concretised and taken on. In such cases, it has been understood that the timing has not been optimal and correct, however the opportunity has remained active in the mind of the would-be sustainable entrepreneur. Therefore, the problem at that time has not presented a worthwhile-enough opportunity to embark on. Thus, theoretical contributions are provided for Belz and Binder (2017), who raised the question of does every problem present an opportunity and whether sustainable entrepreneurship processes start always from sustainable opportunity recognition.

Collaboration and networking have significant impact on the sustainability-oriented innovation of small and medium-sized enterprises. Klewitz and Hansen (2011) emphasized understanding the learning process and collaborative aspects in such activities, and as a result of this study, one can argue that utilizing relationships and networks can have drastic positive impact on venture growth and progress. Through collaboration with acquaintances that possess, for example, technical knowledge or other expertise, and an interest and willingness to provide for a positive impact, a lot of value can be created with minor effort. Also, collaborative practices can compensate resource scarcity and provide significant benefits for sustainable ventures. Such unique characteris-

tics of SMEs, as technically accomplished acquaintances and/or knowledgeable mentors, can assist in pushing the discussion away from resource scarcity to unique capabilities regarding sustainability-oriented innovation, as emphasized by Aragón-Correa et al. (2008) and Klewitz and Hansen (2011).

A clearer understanding of the new venture creation process has been established within this study, as suggested by Mets (2014) previously. The process differs drastically based on the industry, market, and entrepreneurial vision and strategic direction, in addition to the various external forces. Nonetheless, based on the conducted cross-case analysis, a lot of elements and practices remain similar regardless of the sustainable venture type. For example, to simultaneously answer the question raised by Belz and Binder (2017), sustainable enterprises can attract funders due to following a *triple bottom line approach* and by providing additional social or ecological value. However, such an approach remains much more complicated to plan and execute properly due to the much more complex nature of realizing value on all three levels.

An interest in understanding particular sets of processes and their value in *born-sustainable firms*, which in this context relate to sustainable new venture creations, was raised by Knoppen and Knight (2022); especially focusing on different sectors or business models. The empirical research from this study resulted in identifying various similar practices between sustainable ventures, even though operating in different spaces and serving different customer segments. The value of early hires and building the correct team cannot be emphasized enough; without collective decision-making and innovation a venture faces less than optimal expectations going forward. The people matter the most. Also, educating the public and placing enough effort on sales and marketing practices will be crucial; a new, innovative product will definitely face certain levels of resistance from consumer unless proper communication and comprehensive information on the product and/or service is provided.

Moreover, product testing and enabling a culture of innovation will enable out-of-the-box ideas and help maintain an agile approach to all business endeavours; the dynamic environment surrounding the business can shift the tide of consumer behaviour faster than expected. By being flexible, agile, and ready to make critical decisions as a company, the better chances you have of finding long-term success and balancing all crucial elements of the venture. At the end of the day, timing can be everything and even minimal changes with external or internal forces can tip the scale and cause imbalances in venture performances. And of course, a true passion and interest towards the sustainability-related issue is necessary; without it no venture can possess enough motivation to continue through all inevitable failures and challenges.

### **5.3 Suggestions for future research**

When reflecting on future research regarding sustainability-oriented new ventures, couple of suggestions come mind. Based on this study, further research could be beneficial to be conducted on the influence of the team on sustainability-oriented ventures decision-making and strategic direction; to what extent can individuals other than the founder(s) influence the ultimate objectives. Moreover, even though various similarities were identified within this study, more value still remains in understanding other aspects and practices of sustainable ventures; perhaps focusing on similar products and/or ventures operating within the space and market.

Additionally, great insights into the process and strategy formation of sustainability-oriented new ventures could be established by researching products and/or services from various industries regardless venture nascency, for example. Lastly, researching the connection between opportunity recognition and venture initiation timing, focusing on a certain phase of the entrepreneurial process, or focusing solely on either sustainable ventures providing physical products or services could be of great interest.

## 5.4 Limitations

This study holds its limitations as do most studies in general. The first and foremost issue at hand has to do with lack of the research sample size. Initially, the plan was to include at least four cases in order to provide the most comprehensive understanding of the phenomenon in hand, however, due to time and schedule constraints and not being able to attract enough companies to participate in the interview, the sample size came up slightly too short. Nevertheless, the case companies that agreed to be interviewed and allowed for the comparative analysis, were able to enable a comprehensive enough understanding of the entrepreneurial process due to their differences in size, age, and industry.

Moreover, even though two companies were successfully interviewed, more personnel could have been included in the interview process. However, with the first company, it only employed four employees of which only the founder had reliable insights to share. Whereas with the latter company, more employees are employed, however due to acquiring insights from the two eldest employees the insights of other would not provide additional value. Although providing valid contributions, due to being such a grand topic at the end of the day, the study possesses limitations of not providing perhaps the most specific information on various incidents and aspects.

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## Appendices

### Appendix 1. Research interview questions

<p><b>1. Would you quickly mind introducing yourself (your role, your career and experience) and your company?</b></p>
<p><b>2. For what reason did you start striving for a sustainability-oriented new venture creation?</b></p> <p>a. Start-up result of planned actions through an initial sustainable opportunity or an emergent opportunity that evolved the venture into being sustainability-focused?</p> <p>b. How would you describe the starting point of the venture? (Timmons Model imbalance)</p>
<p><b>3. What have you done to balance opportunity, resources, and a team on top of sustainable values? (Timmons model)</b></p> <p>a. What routines or practices have assisted in maintaining balance + helped towards market launch?</p>
<p><b>4. How have personal values and behaviour impacted the process e.g., decision-making on business model + strategy?</b></p>
<p><b>5. Can you describe the 3-5 most critical incidents during the new venture creation process (start to “finish”) that impacted the business model and/or strategic direction? What effect did they have on the balance and routines and/or general practices?</b></p> <p>a. What was learned, what were the key lessons?</p> <p>b. Did the business model evolve during these situations? If yes, how?</p>
<p><b>6. How has the surrounding business environment and consumer behaviour assisted decision-making and business model development?</b></p> <p>a. What actions or routines have been beneficial in ‘maintaining balance’ with external pressures?</p>
<p><b>7. Has a sustainability-oriented business model allowed to reach competitive advantages and create value via sustainability? If yes, how? If not yet, what potential do you recognize?</b></p> <p>a. What sacrifices had to have been made to pursue sustainable business vs. going the ‘traditional’ route?</p>