

**INNOVATIVE BUSINESS MODELS AND SUSTAINABILITY
ENTREPRENEURSHIP: CASE OF THE RUSSIAN ECOPRENEURIAL FIRMS**

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ABSTRACT

Introduction

Environmental problems, especially waste problem are the responsibility of the state, first of all. But in the developed countries the flexibility of the utilization system is attached to small recycling firms – ecological entrepreneurs (ecopreneurs). At the present time, a typical situation in the sphere of waste management in Russia can be characterized by total absence or minimum organization of waste selective collection (less than 5%) and almost total absence of recycling companies (Korshenko et al., 2015). Recycling companies themselves have to create a raw material market and a sales market using innovative business models. Although the literature on the entrepreneurship states that there are good openings for the entrepreneurs due to the transformation to the “green” business, ecopreneurial practices are considered to be under-investigated. The most part of the literature is focused on the identification of well-established entrepreneurs but the topic of business models received little attention. This paper investigates the characteristics of ecological entrepreneurship business models in the recycling industry in Russia.

Theoretical Development

The relationship between entrepreneurship and sustainable development has been addressed by various streams of thought and literature such as social entrepreneurship, sustainable entrepreneurship, ecological entrepreneurship and institutional entrepreneurship (Schaltegger & Wagner, 2011).

Schaper (2010) has argued that adopting a sustainable business framework may create new opportunities for entrepreneurs, including the reconfiguration of existing business models. So far, the literature on business models for sustainable entrepreneurship has received little attention (Jolink & Niesten, 2015). It need to be answered the following basic questions that shape the business model (Morris et al., 2005). (a) How and for whom will the firm create value? (b) What is the firm’s internal source of advantage and how will this provide the basis for its external positioning? (c) How will the firm make money, and how does this relate to the firm’s scope and size and time ambitions?

Jolink and Niesten (2015) have opted for those ecopreneurs that operate in the processing and retail of organic food and beverages (eco-products) in the Netherlands. They define the ecopreneurial business model and specify four varieties of this business model, which consist of different combinations of environmental scope and a focus on the mass market and profitability. Jolink and Niesten (2015) assumed that the distinguishing factor of the

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ecopreneurial business model is that it transforms disvalue into value, thereby creating greater customer value for environmentally concerned consumers. But in the literature, ecological entrepreneurship is understood as a wide kind of goods and services: from the development and sale of resource and energy-saving technologies, recycling, to ecotourism, the production of organic food and other products and eco-restaurants. It can be assumed that the business models, and the mechanism of transformation of negative consumer value may differ depending on the sector in which ecopreneurship is carried out. Recycling is a very specific industry, since waste itself is the source of the consumer disvalue. Given all of the above, our research question sounds like: *What are the features of business models of recycling firms?*

Research Design

Considering the research question, stage of the development of the theory of ecopreneurship, and importance of the context, we assume that case methodology are more suitable for this research.

The unit of analysis – business model. Population was specific. That is Companies engaged in wastes recycling in the Primorye Territory, Russia. The sample is theoretical (nonrandom), includes the cases of two companies. Data sources include interview, documents, open sources. The interviews were subsequently coded in order to facilitate comparisons and to find a pattern or structure in the data. The data were triangulated by a variety of means according methodology of case study.

Result and Conclusion

The resulting business model descriptions show how business is done by the ecopreneur, and how, and for whom, the firms create value (Zott & Amit, 2007). The companies cases show that in the ecological entrepreneurship value creation can be related to what the consumer value as well as to what they don't value. The wastes themselves are the source of the consumers disvalue. But in the case of wastes recycling the customers experiencing the disvalue and receiving the value transformed from it are quite different consumers.

Abilities for solving the clients' ecological issues due to the entrepreneurial thinking and social ideology developed as a result of the ecopreneurial practice (Jolink & Niesten, 2015) are the internal source of a firm advantages and the basis for the external positioning (Morris et al., 2005) of the recycling companies.

According to Jolink and Niesten (2015) classification of business models of ecopreneurship, business models of companies combine the features of an income model and a subsistence model.

So, we have drawn the following conclusions. The academic field of ecological entrepreneurship is only just developing. By combining the literature on ecological entrepreneurship with the empirical research on business models, we explore the mechanisms of value creation by green businesses, and make several contributions to the literature. First, we studied entrepreneurial practices in a specific and little explored form of ecopreneurship – in the recycling.

Second, building on Jolink and Niestens' (2015) schematic representation of replacing consumer disvalue by consumer value, we developed scheme of process of transformation of consumer value by the recycling companies. Thus, this study contributes to the conceptualization of the theory of ecological entrepreneurship.

Keywords: sustainability entrepreneurship, ecopreneurship, business models, recycling, customer value, customer disvalue, Russia

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