

# Introduction to Entrepreneurship

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# Course Evaluation

**You received the evaluation  
link via e-mail.**

# Summary Session 13

# Environmental degradation and market failures

## Environmental economics perspective

- Various types of market failures create environmental damage
- Environmental assets (e.g., atmosphere) have characteristics which make them less amenable to market allocations
- Eradicating market failure leads to reduced environmental degradation and enhances economic and ecological sustainability



**Environmental  
degradation results from  
market failures.**

## Entrepreneurial opportunity perspective

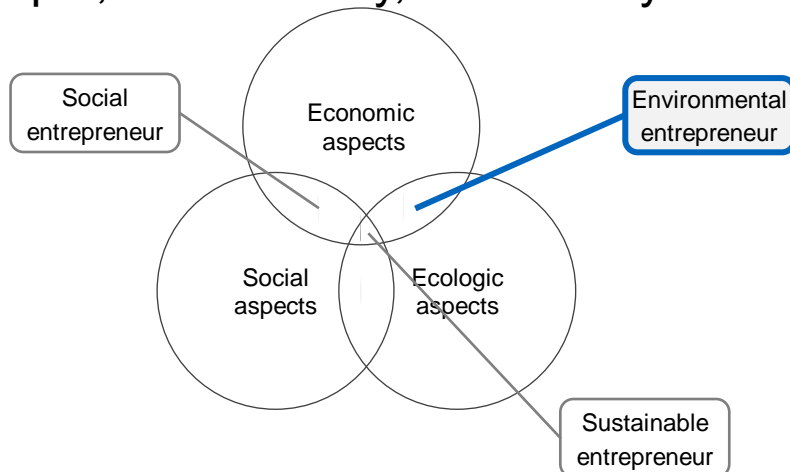
- Imperfect competitive markets as sources of opportunities for entrepreneurial action and economic profit
- Two sources of opportunities
  - **Exogenous shocks:** altered demand (i.e., taste or preference) or supply (i.e., new product or process technologies)
  - **Asymmetries in awareness:** different individual preferences (e.g., knowledge or alertness)



**Opportunities are  
inherent in market  
failures.**

# Sustainable entrepreneurship

“Sustainable entrepreneurship is the preservation of nature, life support, and community in the pursuit of opportunities to bring into existence future products and services for profit, where profit is broadly construed to include gains to people, the economy, and society.”



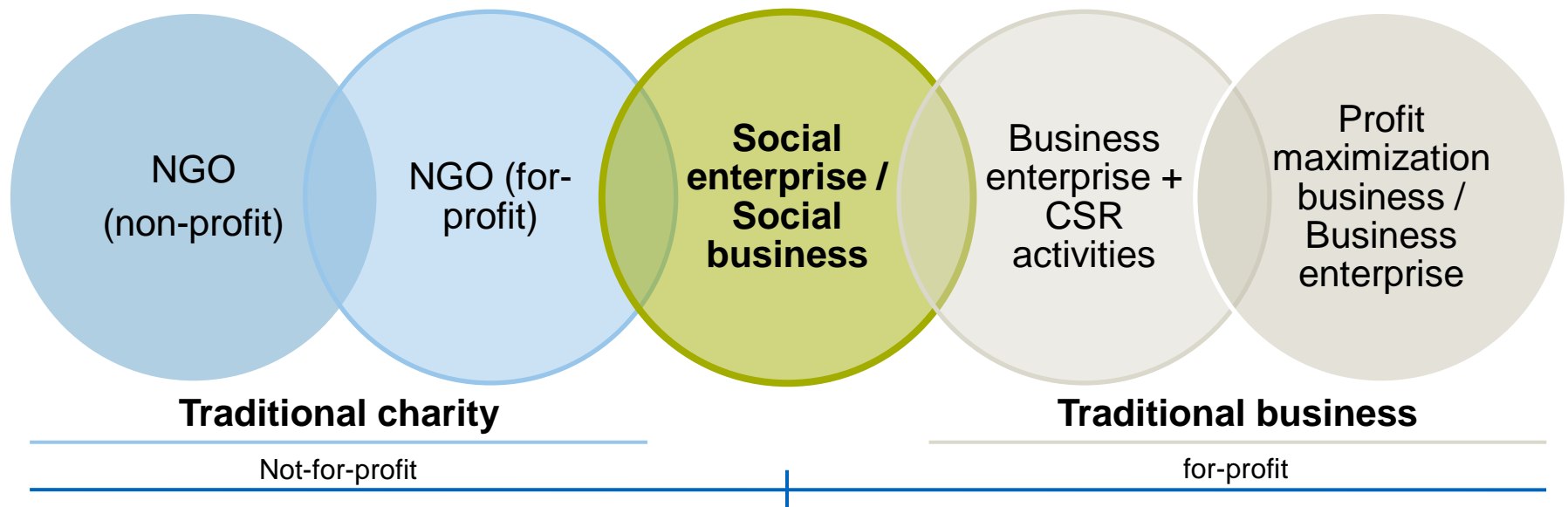
(Shepherd & Patzelt, 2011)

## Prototypical form of environmental entrepreneurship

Core motivation	Contribute to solving environmental problems and create economic value
Main goal	Earn money by solving environmental problems
Role of economic goals	Ends
Role of non-market goals	Environmental issues as integrated core element
Organizational development challenge	From focus on environmental issues to integrating economic issues

Source: Schaltegger and Wagner (2011)

# Social business, economic business, NGOs





# Social entrepreneurship business models

## Social by selling

- Organizations that make their **impact** through **what they sell** or to **whom they sell it**
- *Examples:* Grameen Bank (microfinancing), Aravind Eyecare

## Social by sourcing

- Organizations that develop their programs by **how they make their** products or services
- *Examples:* Fair Trade Businesses, Refugee integration

## Social by sharing

- Organizations that exist to share some or all of their profits with charitable organizations or causes
- *Examples:* Gates Foundation, Oxfam Shops, social or ethical investment funds

Source: <https://seattwincities.org/about/what-is-a-social-enterprise/>

# A typology of social entrepreneurs

## **Social bricoleur**

- Act on local needs with locally discovered resources

## **Social constructionist**

- Provide goods and services that governments, businesses, and agencies cannot

## **Social engineers**

- Create newer and more effective social systems

Zahra et al. (2010)

**Thank you for your  
contributions!**