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Blueprint for a training program on business opportunity recognition in SDGs

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As a part of a larger research and development project, we aim to create a training program for both businesses and higher education institutions on effective business opportunity recognition in the United Nations' Sustainable Development Goals (SDGs). Achieving the SDGs could create 380 million jobs and unlock €10 trillion in business opportunities. Business leaders are called to develop new directions to embrace an economic model which is low-carbon, environmentally sustainable, and turn poverty, inequality and lack of financial access into new market opportunities for “smart, progressive, profit-oriented companies”. The SDGs offer a compelling growth strategy for businesses. The abundance inherent in SDGs will not materialize without private companies who would seize the market opportunities they open up. (Business and Sustainable Development Commission, 2017).

Higher education institutions of business and management play a key role in the training of future leaders. According to recent research (SDG Accord Annual Report, 2018), 40% of university students have heard of the SDGs and know what they are about, 32% have heard of them but do not know what they are about, and 25% say they have never heard of SDGs. The majority (91%) agreed that sustainable development should be actively incorporated in all universities and colleges.

Business opportunity recognition

Theoretical perspectives of explaining the entrepreneurial behavior of business opportunity recognition, such as causation, effectuation (Sarasvathy, 2001) and entrepreneurial bricolage (Baker & Nelson, 2005) show that there are various routes to recognizing business opportunities in the environment. The traditional model or perspective of entrepreneurship, or “causation”, posits that the entrepreneur decides on a predetermined goal and then selects between means to achieve that goal (Sarasvathy, 2001). Causation draws on economic thinking to describe how an entrepreneurial action is taken and relies heavily on advance planning. (Fisher 2012). Effectuation as an explanation to the entrepreneurial process emerged from studies of the decision making process in uncertain operating environments. Effectuation explains the entrepreneurial process of starting new business activities, taking risks (affordable loss) and adaption to changes in the environment. Learning by doing and continuous learning is an integral part of the effectuation process. (Sarasvathi, 2001). Baker and Nelson (2005) found that “companies engaging in bricolage refuse to enact the limitations imposed by dominant definitions of resource environments” and thus they argue that on understanding entrepreneurial behavior, a constructivist approach to resource environments is more fruitful than objectivist views. In contrast to the causation approach, in this model the entrepreneur relies on radical experimentation and solves problems as they arise instead of rigorous planning.

George et al (2016) synthesized the opportunity recognition literature. Their framework (Figure 1) suggests that influencing factors (prior knowledge, social capital, cognition, environmental conditions, entrepreneurial alertness, and systematic search) are related to opportunity discovery and/or creation, which leads the individual to evaluate and exploit entrepreneurial opportunities.

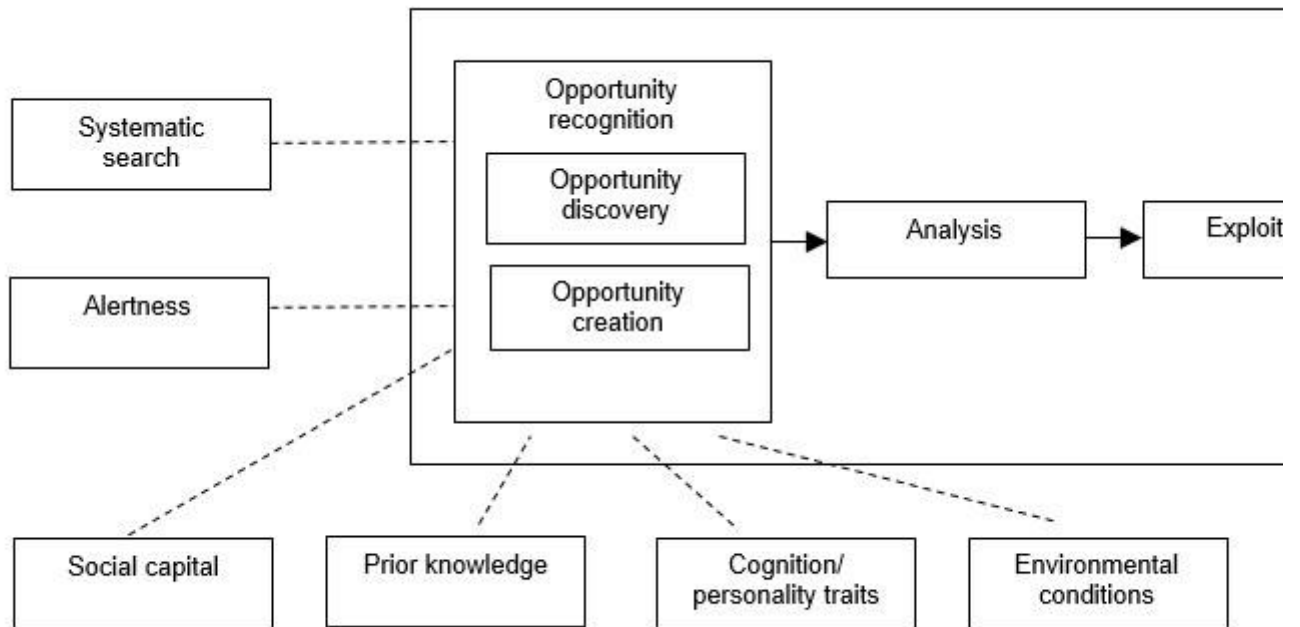


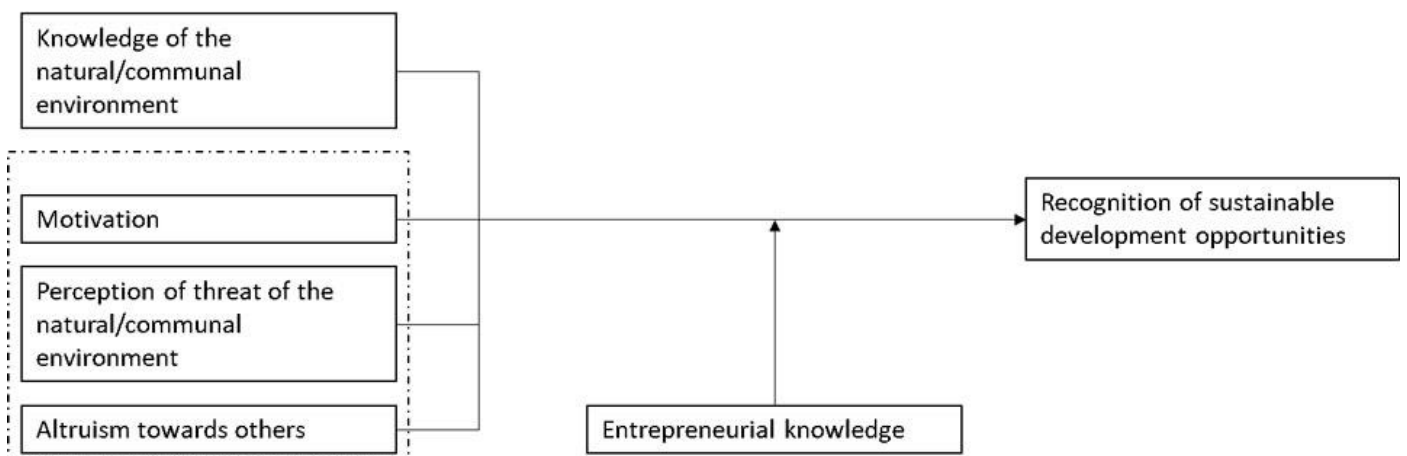
Figure 1. The opportunity recognition framework (adapted from George et al. 2016, 338).

Sustainable business opportunity recognition

Sustainable entrepreneurship is viewed as considering a triple bottom line approach of people, planet and profit introduced originally by Elkington (1994, 1997). In this respect, sustainable entrepreneurship considers the creation of environmental and social value alongside and equally importantly as the creation of financial profit.

Patzelt and Shepherd (2011) argue that merely entrepreneurial knowledge and economic motivation are insufficient in explaining sustainable business opportunity recognition. They introduce a model that considers knowledge of the natural/communal environment, motivation, perception of threat to the natural/communal environment and altruism alongside entrepreneurial knowledge as determining factors in the recognition of sustainable business opportunities. These key determinants are depicted in figure 2.

Figure 2. A model of recognition of sustainable development opportunities (Patzelt & Shepherd, 2011).



It seems that the greater the existing knowledge of the natural and/or communal environment is, the greater the likelihood that the entrepreneur will pursue sustainable business opportunities (Patzelt & Shepherd 2011, Hart 2005, Prahalad 2010). Further, it seems that knowledge of the existing natural or societal challenges, combined with a high degree of entrepreneurial knowledge makes this connection stronger and further facilitates the sustainable business opportunity recognition. The entrepreneurial knowledge alone is not sufficient to recognize sustainable business opportunities but knowledge of the natural/communal environment, perception of threat, motivation and altruism are further needed as antecedents to sustainable business opportunity recognition. Entrepreneurial knowledge is a moderator facilitating the transformation of the other types of knowledge and motivations into sustainable business opportunity recognition.

Business models around sustainable development goals

Schaltegger, Hansen and Ludeke-Freund (2016) define a business model for sustainability as “*a business model for sustainability helps describing, analyzing, managing, and communicating (i) a company’s sustainable value proposition to its customers, and all other stakeholders, (ii) how it creates and delivers this value, (iii) and how it captures economic value while maintaining or regenerating natural, social, and economic capital beyond its organizational boundaries.*”

Boons and Laasch (2019) argue that the concept of business models needs to be looked at from a process perspective, which is in line with the concept of sustainable development as a process. They emphasize four distinct characteristics for developing business models for sustainable development:

- Business models for sustainability require an inclusive process of negotiated social practices.
- The business model needs to be open and continuously accept and include input from its surroundings.
- All business models must compete with other business model despite their sustainability orientation.
- All business models are also environmentally connected to other business models and their consequential effects, either positive or detrimental to sustainability, need to be considered.

Table 1. Contingency framework on business model dynamics (Saebi, 2015).

	Environmental dynamics		
	Regular environmental change	Environmental competitiveness	Environmental shift
Type of business model change	Business model evolution (BME)	Business model adaptation (BMA)	Business model innovation (BMI)
Type of dynamic capability	Evolutionary changing capability	Adaptive change capability	Innovative change capability
Underlying capability dimension	Dynamic consistency	Customer agility, strategic flexibility, exploitation	Exploration, business model know-how, dedicated organizational units for BMI

Wadin and Ode (2019) use, test and extend the framework introduced by Saebi (2015) and presented in table 1. The table draws together the types of changes necessary in the business model and in the firm's dynamic capabilities with respect to the changes in the environment. The environmental dynamics are categorized into either being slow-moving gradual changes (regular environmental change), periodically changing competitive demands that can be at the most very intense (environmental competitiveness) and dramatic discontinuities and disruptions (environmental shift). Each require a different approach in terms of the business model change either through evolution or innovation as well as in the dynamic capabilities of the firm. As a result, companies need to be equipped to spot the different demands and build up their dynamic competences as well as tailor the required business model changes.

Conceptual framework

Based on the literature we generated a conceptual framework (Figure 3) to guide the development of the blueprint for the training program.

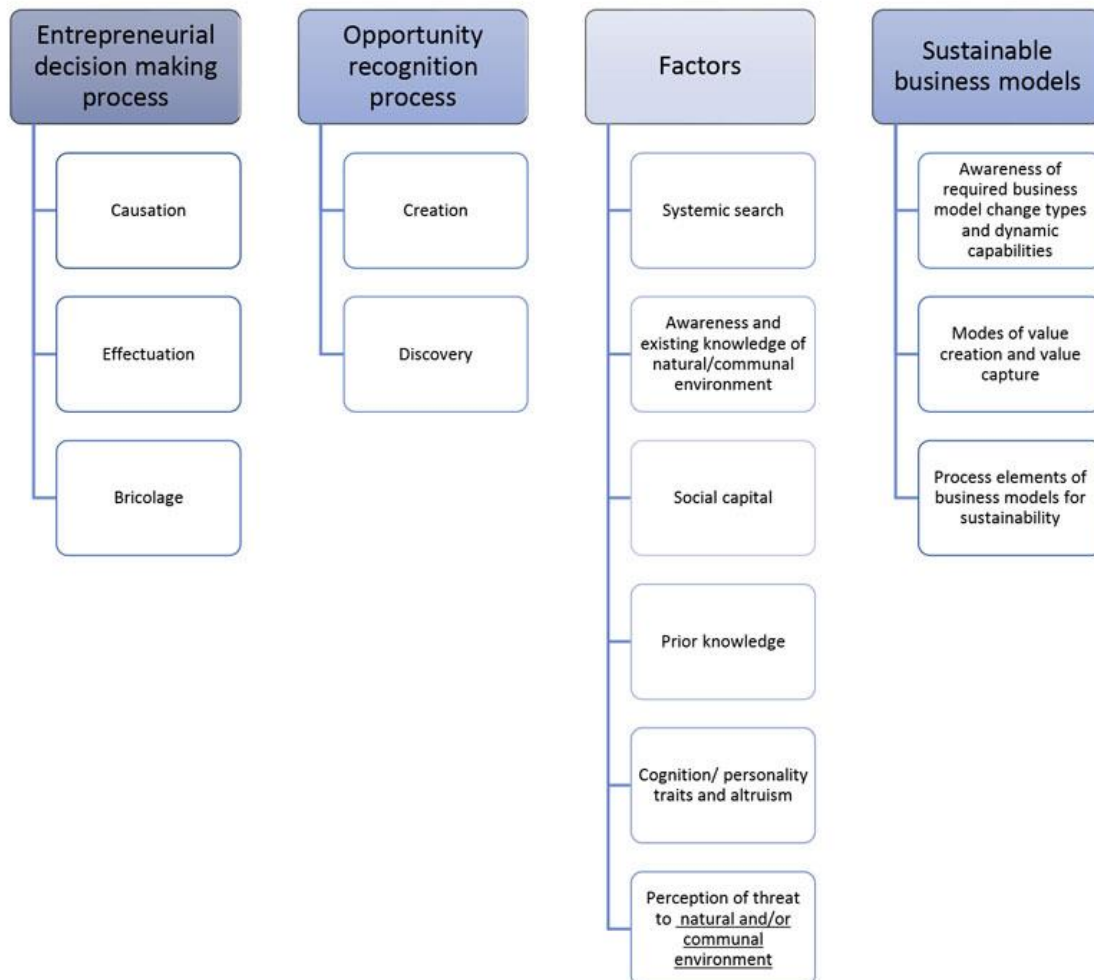


Figure 3. Conceptual framework for training program development.

Out of this conceptual framework, we have striven towards the practical application in the format of training program outline (Table 2). Each topic is linked to a competence being learned and a specific learning objective is listed for each topic.

Table 2. Effective training program outline on business opportunity recognition in SDGs for businesses and higher education institutions.

	Topic	Competence-based learning objective
The role of the environment in the opportunity recognition process	Stable environment and discovery of opportunities (causation)	The learner is able to analyze the environment to understand whether it requires discovery of existing or creation of new opportunities.
	Complex and changing environment & creation of opportunities (effectuation & bricolage)	
Resources	Existing resources as a source of entrepreneurial opportunity	The learner is able to engage in systemic search for existing resources and utilize them while seeing resource constraints as a source of creativity.
Action	Action as a mechanism for overcoming resource constraints	The learner is able to innovate mechanisms to overcome resource constraints.
Social capital	Community as a catalyst for venture emergence and growth	The learner is able to systematically analyze the applicability of and activate his/her social capital for the opportunity recognition process.
Awareness and personality traits	Awareness and personality traits as a factor of opportunity recognition	The learner is able to realistically assess his/her personality traits and level of awareness in the opportunity recognition process.
Knowledge of natural/ communal environment and sense of urgency	Dynamics of environmental change and its implications for sustainability	The learner understands relevant environmental and communal challenges and their change dynamics and is able to evaluate the rate of change and urgency.
Business model change types and dynamic capabilities	Different environmental change types require different business model change approaches and different dynamic capabilities; sustainable business models are contingent	The learner is able to identify the required business model change types and related capabilities as a response to different environmental change dynamics.
Motivation and altruism	Motivation and altruism play a role in sustainable business opportunity recognition.	The learner is able to appreciate changes in the natural/ communal environment and is motivated to

	Topic	Competence-based learning objective
Modes of value creation and value capture	Value can be created with or for the target group and either through market mechanisms or through the mission.	pursue solutions to those challenges. The learner is able to differentiate between different value creation and capture categories especially from the viewpoint of for-profit businesses.
Process approach to sustainable business models	Certain process elements, such as inclusion and competition, are essential in the creation of successful sustainable business models	The learner is able to identify and build the required process elements to ensure success of the sustainable business model.

Discussion and conclusions

In this conceptual paper we have identified the key elements of an effective training program on business opportunity recognition in SDGs and created a blueprint of such a program. This paper focused on the first module of the training program only which deals with the basics of business opportunity recognition regarding social challenges. The specific SDG challenges with most business potential as well as examples of successful SDG opportunity utilization cases are dealt in different modules of the training program.

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SDG Accord Annual Report (2018) refers to a research carried out in March 2018 with 3543 responses on students studying predominantly in the UK, Austria, Bangladesh, Cyprus, Denmark, France and Germany about their awareness and interest in the SDGs.

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