Chapter 10

Nascent Entrepreneurship and Sustainability on the Beverage Sector

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ABSTRACT

This research analyses the nascent entrepreneurship and sustainability on the beverage sector through the financial performance of the new emerging business of Portuguese companies. It explains the economic and financial results of new and older companies and discuss the best strategies adopted by them. Most companies are small, characterized by the same selling products: natural mineral water and spring water, flavoured water and soft drinks. Indeed, the research address the sustainability challenges, demands of major investments in sustainable businesses that will provide triple bottom line. The research adds knowledge and transfer to the society, because it is unusual research about entrepreneurship in beverage sector through the new demands on the market reality.

INTRODUCTION

Entrepreneurship has been progressively considered as a significant tool for economic growth and innovation across economies, regardless of stage of economic development and is essential to obtain a strong and rich economic structure, regarded by high well-being levels (Saiz-Álvarez et al., 2014). The creation of a country’s wealth and dynamism depends upon the effectiveness of its companies and this, in turn; depend on the abilities of its entrepreneurs and managers. Entrepreneurship is nowadays at the principal subject of many policy questions associated to science and technology, sustainability, poverty,
human capital, endogenous resources, employment, regional and comparative advantages (Zoltan et al., 2008) and has been known as a major channel for sustainable products and processes, and new ventures are being apprehended as a solution for many social and environmental concerns (Hall & Lenox, 2010; Pacheco et al., 2010).

The relevance of entrepreneurship and sustainable development has been widely discussed in the literature (Marshall, 1890; Knight, 1921; Schumpeter, 1934, 1949; Drucker, 1985; Reynolds, 1992; Thornton, 1999) and documents of international organizations, such as: European Union [EU] Strategy 2020, both being reflected as solutions to guarantee the future development of the whole society. According to the EU Strategy 2020, entrepreneurship, sustainable development, competitiveness and innovation are key elements to overcome the global sustainability challenges (Stefanescu & On, 2012). The EU Strategy establishes the path which should be followed by the European countries, considering the current development level, particularities of the economic environment, the legal framework (European Commission [EC], 2010). The role of entrepreneurs is often emphasized in debates about sustainable development, the United Nations [UN] initiative “Supporting Entrepreneurs for Sustainable Development” (Supporting Entrepreneurs for Sustainable Development [SEED], 2015), aiming to develop practical tools to support social and environmental entrepreneurs to rule and motivate new entrepreneurial ventures to deliver social and environmental benefits (SEED, 2015).

In the world, the most dynamic countries are dependent of the quality and quantity of their entrepreneurship, mainly when fiscal policies are limited, consumption is reduced, and investment (both foreign and domestic) is unwilling. As a consequence, the labor market is negatively affected in terms of higher unemployment and poverty generation. Thus, it will be important to analyze the financial performance of emergent business (Coduras et al., 2016), especially, in countries that are severely affected by the financial crisis, such as Portugal.

The international economic crisis affected the national economies, in diverse aspects and with different strengths. So, it is important to evaluate its impact on the social-economic phenomena, as well as, the beverage sector which is very competitive (Stefanescu & On, 2012). It is essential that beverage companies respond to challenges in an innovative way, allowing the efficiency and effectiveness of their business activities, help to maintain and improve natural, social and financial resources (Lozano, 2011; Rifkin, 2014; Srivastava & Statler, 2012). In this perspective, it is clear that companies that exploit natural resources, like the bottled water industry are in turn affected by an external environment increasingly more complex and changeable, depending on political, social, economic and environmental factors that influence their progress (Arlow & Gannon, 1982; Aupperle et al., 1985; Griffin & Mahon, 1997). The water industry is an important economic sector in Portugal (Portuguese Association of Natural Mineral Waters and Spring Waters, 2016). So, it makes sense to explore recent developments in this market, which reflect of last changes in society due to the increase of water consume. In the present research, the authors explore the financial performance of the nascent and old companies in bottle water industry.

Methodologically, this research was divided by a theoretical analysis based on the literature review to contextualize nascent entrepreneurs, in general, and, sustainable entrepreneur, in particular. Furthermore, an empirical analysis based on the exploratory statistical analysis of the beverage companies sector, in the last ten years, because it is rarely investigated. The financial performance of companies is supported by the international accounting standards.

The structure of this chapter is organized as follows. Section 2 presents a literature review about new venture creation, nascent entrepreneurship and sustainable entrepreneurship. Section 3 describes the
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