



---

## NATURE AND CHARACTERISTICS OF GREEN ENTREPRENEURSHIP

T. Gevrenova\*

PhD student, Natural Resources Economy Department, Business Faculty, University of National and World Economy

### ABSTRACT

In response to problems with climate changes and scarcity of natural resources we are trying to convert traditional economic to sustainable one with different kind of green initiatives. But one of the solutions and may be the more effective one, will be the development of green entrepreneurship.

The first part of the report describes the prerequisites of creation and development of green entrepreneurship which includes need of pro-environment behavior of business and responsible thinking of users.

The second part of the report is a short view of existing literature about green entrepreneurship and existing term which describes this phenomenon in entrepreneurship. In this part are included three of the most famous definitions of green entrepreneurship which are basic in this area of entrepreneurship. The next part of the report describes the basic characteristics of green entrepreneurship. Green entrepreneurship is described as a common point of three different types of entrepreneurship – traditional, social and sustainable entrepreneurship.

In the last part of the report a thesis is developed of how green entrepreneurship can assist to solving the environmental problems and in the same time provide a profit for entrepreneurs.

**Key words:** entrepreneurship, green entrepreneurship, green economy, ecoeconomy, environmental business

### RELEVANCE OF THE TOPIC

The need of reduction of environmental impact by economical activities is already accepted by governments and society all over the world. In response of this need there are different measures taken by companies in order to become stable on the market. The number of standardized by ISO 14 000 ones has grown, as well as those using the EMAS system. Thus, there appears need the new-born start-ups to organize their activity completing the requirements of the aforementioned standards.

The governments of the developed countries focus much more now than ever on the environmental issues, applying higher requirements concerning pollution and waste management. In addition, different measures are taken such as the obligatory “green public orders” according to which products and services must comply with certain ecological requirements. On the other hand, society is,

too, interested in the production methods and the resources used in those processes. The quality of the products and their eco-friendliness has nowadays almost the same meaning for the customer. Introducing and popularizing eco markings helps people stay orientated amongst the wide variety of goods on the market and choose products that correspond to their needs.

Despite the measures taken until now, the results are not satisfactory. There appears the need for innovative products and services, as well as in the management itself, in order not only those processes to not affect the environment, but to enrich it. As the traditional model of a company could hardly be transformed, new “green” principles might be put to use in a whole new generation of start-ups aiming not only at profit but at nature too.

### SHORT VIEW OF EXISTING LITERATURE

The purpose of this report is to describe the core and the layers of the so-called “green entrepreneurship”.

---

\*Correspondence to: *Tatiana Gevrenova, PhD student, Natural Resources Economy Department, Business Faculty, University of National and World Economy, email: tatiana\_gevrenova@abv.bg*

Throughout the years many research-workers elaborate on the meaning of “entrepreneurship” and all other issues corresponding with this term. The majority of the economic theories define the entrepreneur as an innovative, risk-loving person who owns a certain business capital to manage. The economic branch though has not yet established an “official” definition fully implying the idea of “entrepreneurship”.

The concept of the entrepreneurship being the main moving force of the economy appeared almost two hundred years ago and it is even more popular nowadays. The “green entrepreneurship”, known as the future-orientated entrepreneurial branch, is also a phenomenon without concrete description. In comparison to other fields of economy, there is a lack of scientific research to define its framework.

Researches on the “green entrepreneurship” have started around the last decade of the past century. Commonly referred to as “green” (1), it is also called “eco-entrepreneurship” (2), “ecological entrepreneurship” (3), and “sustainopreneurship” (4). The growing number of literary resources on the matter, however, does not focus on the “green” idea itself, but on creating a wide-accepted definition of it and thus diluting its main purpose – preserving the environment. Isaak (5) defines the “green entrepreneurship” as a system which transforms the socially- and environmentally-engaged business by means of significant innovations<sup>1</sup>. Dean and McMullen on the other hand, describe it as a process of defining and discovering economic possibilities in order the failures in ecological aspect to be fixed<sup>2</sup>. Shaltegger (6) thinks of the “green entrepreneurship” (he talks about “eco-entrepreneurship”) as creating a value throughout “ecological innovations and products”. In addition, according to his opinion, the aforementioned need to be market-orientated and to express the entrepreneur’s motivation to stay “eco”. The Australian scientist Michael Schaper (7), known for his deep researches in the sphere of ecological business, summarizes a wide range of aspects to form a whole concept for the “green entrepreneurship”. According to his point of view, there are certain similarities between the “green” and the traditional entrepreneurship such as risk, innovation and profit. Yet, there exist considerable differences. For example, a “green” entrepreneur should aim at adequate and achievable goals, as well as at carefully

deliberated business plans. Schaper equalizes the importance of both positive effect on the environment and the profit from business activity. As a whole, the lack of a firmly established term for being a “green” businessman is perhaps due to the little empirical experience in that branch of economy.

### **GREEN ENTREPRENEURSHIP**

The concept for the “green entrepreneurship” derives from the combination of the main characteristics of the entrepreneurship itself – innovation, risk, a brand new business idea, and the ecological and social engagement of those who do business. Therefore, in literature being “green” is associated with being “social” for ecological issues which are, too, social ones. Other authors believe that “green entrepreneurship” is actually sustainable entrepreneurship. In other words, it is one of the three most important components of the sustainable development and an intersection of traditional, social and sustainable entrepreneurship.

To sum up, the “green” entrepreneurship is an economic activity whose products, services, methods of production or organization have positive effect on the environment. This effect could be a result of the following:

- Offering products or services the consumption of which leads to a change in the consumer’s behaviour, reducing the negative effect on the environment;
- Equalizing the ecological and the economic goals of the company;
- Introducing innovative ecological solutions to problems connected with production and consumption of products and services;
- Developing business models which, when applied to use, might lead to a sustainable economic development;
- Discovering new possibilities on the market which are in connection with the demand and new way of living of the society.

Entrepreneurship is considered to be the moving force of the economy, assuring economic growth, technological and organizational innovations, and new workplaces. Training staff to work in the field of “eco-entrepreneurship”, as well as finding ecologically engaged people who have developed a plan for solving an environmental issue, is the key strategy for the success of the “green” idea. All types of eco-friendly business are many and thus, it could reflect on people’s lives in different ways in order to encourage them to think “green”.

**GOOD PRACTICES**

Good example of green entrepreneurship inspired by green ideas, good education in environmental area and enthusiasm of young and creative people is Inedit – Spanish consultant firm.

Inedit started his activity in 2009. It is part of the research group Sostenipra (Sustainability and Environmental Prevention), which also brings together researchers from ICTA-UAB (Institute of Environmental Science and Technology) and IRTA (Institute of Agrifood Research and Technology) which are international reference centers in their work areas. In 2011, Inedit established a subsidiary company in Mexico (focused on sustainable architecture services and ecoinnovation).

The team of Inedit is complied with professionals in area of environmental sciences. Inedit work in applied research in the field of sustainability and environmental prevention. The firm offer services of ecodesign and ecoinnovation, and apply tools for the quantification of the sustainability of products, processes and systems.

Inedit offers environmental consultancy services to help organizations to:

- Make an environmental assessment of products, services and systems.
- Identify opportunities for savings and improvement.
- Gather quantitative information for being used in environmental communication and/or for environmental certifications implantation.
- Positioning and access to new market niches.

Inedit provide consultancy services to assess the sustainability of:

- Life cycle analysis of sustainability
- Environmental, social and economic assessment of the life cycle of a product, service or organization to make them more sustainable and cost-efficient.
- Calculation, mitigation and compensation of the carbon footprint

- Quantification emissions greenhouse gas emissions associated with a product, service or organization.
- Calculation of the water footprint
- Quantification of water flows associated with the life cycle of a product, service or organization.
- Environmental projects - development of diagnosis reports and studies to minimize risks and maximize opportunities in the environmental field.

With their work the team of Inedit offers consultant services which can change behavior of large mount of producers and government organizations.

**CONCLUSION**

In conclusion, “green entrepreneurship” could be defined as a new type of commerce which is equally profit- and nature-orientated, and might possibly solve ecological problems throughout its business activity.

**REFERENCES**

1. Berle, G. *The Green Entrepreneur: Business Opportunities that Can Save the Earth and Make You Money*. Blue Ridge Summit, PA: Liberty Hall Press, 1991
2. Schaper, M., The essence of Ecopreneurship. *Greener Management International*, 38 – Summer, 2002
3. Keogh, P. D., & Polonsky, M. J. Environmental commitment: a basis for environmental entrepreneurship? *Journal of Organizational Change Management*, 1998
4. Dean, T. J., & McMullen J.S. Toward a theory of sustainable entrepreneurship: Reducing environmental degradation through entrepreneurial action. *Journal of Business Venturing*, 2005
5. Isaak, R. The making of the ecopreneur. *Greener Management International*, 38, 2002
6. Schaltegger S. A Framework for Ecopreneurship. *Greener Management International*, 38 – Summer, 2002
7. Schaper M. Making Ecopreneurs: Developing Sustainable Entrepreneurship, Ashgate, 2005