



“Green Entrepreneurship”: An actual reality or a convenient alibi?

by Chara Kotsani and Yannis Tsakos *, April 2009

The latest developments in the global technology markets; the devastating effects on the environment; the increasing pressure from consumers for better quality and more environmentally friendly products; the enhanced role of NGOs in the global economy; the gradual weakening of the traditional role of the state; the increased contribution of the stakeholders to business ethics and corporate governance; all have led to the emergence of a new enterprise concept of “green entrepreneurship”, as a pragmatic action in support of the environmental dimensions of the foundations of sustainability. It has become clear that gradual evolution of and radical changes in society have differentiated the model of corporate responsibility.

Today, politicians, entrepreneurs and investors have realised that environmental protection is to everyone's advantage. «It is a matter of survival and not just of well-being», reads a unanimous declaration, showing a grasp of the importance of the issue. The competitiveness agenda and a progressive environmental agenda have finally found common ground for growth. Modern enterprises know that their future profitability depends on issues such as resource efficiency, public trust and the capability to develop technologies that will meet the challenges of the future.

On the other hand, stakeholders are already present and waiting. A constantly rising percentage of consumers does not only choose a product based on its environmental performance, but is also willing to pay more to support companies that demonstrate environmental and social responsibility. Voters and consumers rebuke or favour politicians and businessmen through their votes or consumption preferences, depending on how they address environmental concerns.

The concept of “being green” is now intertwined with business. Companies are encouraged to adopt the concept of «triple net effect» by undertaking voluntary social and environmental responsibility actions, alongside their financial operation. All these aspects are combined harmoniously toward more productive and profitable enterprises in relation to sustainability and responsibility. It is a competitive advantage in today's business, since it interlinks principles, values, social and environmental initiatives and cultural issues, constituting a conscious commitment to sustainable development.

Furthermore, in the latest Environment Council conclusions (March 2009), “green” measures suggested under the European Economic Recovery Plan (EERP) were clearly welcomed. The modernisation of Europe’s infrastructure takes full advantage of the potential of “green” investments, through the increase of energy efficiency in buildings and the facilitation of the uptake of “green” products and services with a high potential for cost-efficient saving of energy and natural resources.



However, the decision for taking the “green” road ahead still lies exclusively with the entrepreneur; measures towards “green” business cost. It is indeed a long-term investment, in the sense that it is not imminently refundable, aside from providing an improvement to the company’s image that can possibly attract new clients and that being apparent only in environmentally conscious target groups. Standing still than going “green”, does not really pose any danger for the entrepreneur, since this has been the common practice in business until recently. Adopting “green” strategies though, does appear to give added value, which is reflected in terms of development and profit.

Acquiring this value is subject to certain conditions for implementing green entrepreneurship; design, organisation and integration into the corporate framework are necessary for effective results. The process identifies two distinct dimensions. The internal aspect concerns actions developed within the company to address management and human resources development, health and safety, and management of natural resources. The external dimension relates to actions concerning the local community, business partners, suppliers and customers, public authorities and NGOs.

In order to be both practical and pragmatic in incorporating the alleged new “green” deal in everyday decisions, the management has to commit to principles, such as the rational use of energy and natural resources; continuous training and human resources development; improving conditions of social cohesion, growth and employment; effective participation in local society; provision of services on the axis of quality – environment – society.

“Green” actions though, do not only relate to decision makers; employees need to relate to company practices on environmental issues; consumers need to pay attention to the environmental credentials of market products and services; members of the local society, in which companies operate, need to examine whether common principles and values are shared. This process aims at defining and securing the manner in which a society coexists with its own components in a harmonious and sustainable form.

In this aspect, “green entrepreneurship” is viewed as an integrated part of corporate social responsibility. It retains, though, its particular orientation towards the environment, being also apt for independent implementation. In a current market overview, corporate social responsibility seems to be the strongest lever of modern marketing on which new business sectors are built, already reaping several benefits. The motive, be it profit or consciousness, is not to reprehend, as business is always business. Still, the implementation of an efficient “green entrepreneurship” scheme encompasses the integration of technical, business and communication skills, in order to provide for a long-term and sustainable investment.

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