

An attempt to define “green entrepreneurship”

GREENT PROJECT

Defining green entrepreneurship and the green entrepreneur – short definition

For us at the GREENT project, the shortest definition of green entrepreneurship which encompasses its essential traits is:

*“**Green entrepreneurship** is the activity of consciously addressing an environmental/social problem/need through the realization of entrepreneurial ideas with a high level of risk, which has a net positive effect on the natural environment and at the same time is financially sustainable.”*

*“**Green entrepreneur** is someone who starts and runs an entrepreneurial venture that is designed to be green in its products and processes from the very moment it is set up.”*

Defining the green entrepreneurship – a longer definition

The first attempts to define the green entrepreneur and describe his/her characteristics are in the 1990s. Hall (2013) mentions that the term “green entrepreneurship” appeared for the first time in the book “The Green Entrepreneur: Business Opportunities That Can Save the Earth and Make You Money” by Gustav Berle (1991). Berle’s definition is short, quite poetic, morally focused and maybe quite accurate: “*Green entrepreneurship is taking responsibility to create the world we dream of.*”

As noted by Farinelli et al. (2011), a correct understanding and clear definition of green entrepreneurship models becomes especially important in a reality where big corporations prefer to invest in green marketing (creating a green image without real, measurable and strategically directed change in their business processes) rather than in green innovations.

We observe that very often the terms “**green entrepreneurship**”, “**eco entrepreneurship**” and “**sustainable entrepreneurship**” are used interchangeably. Although there might be some shades of difference between the three, for the purposes of the GREENT project we also assume that they can be used interchangeably. It is hard to imagine that green business can be only environmentally sustainable, without being socially (to create workplaces, meaning and social context) and economically (to be able to recover its costs and survive as an entity in the long run) sustainable, because it draws upon a holistic understanding of the connectedness of all dimensions.

Gibbs (2009) observes that sustainable entrepreneurship bases itself upon Schumpeter’s fundamental concept of “creative destruction” and today it has the potential to break the current economic model which exhausts the Earth’s resources without being able to substitute them with others or to leave them enough time to replenish themselves naturally. Sustainable entrepreneurship can turn into the driving force for the emergence of a new holistic sustainable system in the three dimensions – economy, environment, and society. Eco entrepreneurs are agents of change who destroy the existing conventional production methods, products, market structures and consumption models and replace them with new,

superior ecological products and services. So, it may not be too far-fetched to say, borrowing from Christensen's works, that they are "disruptive innovators".

Most authors mention the following characteristics as inherent to **green entrepreneurs**:

- They act as entrepreneurs, realizing ideas with a high level of risk
- They have strong internal motivation related to a heightened sensitivity to environmental problems
- They address an environmental/social problem/need consciously and this is at the core of their business activity
- Their business activities have a net positive effect on the natural environment and at the same time they are financially sustainable
- They consciously strive to contribute to a more sustainable future, contributing both with their social and environmental values.

We need to make a difference between greening the management of existing companies and the conscious creation of business ideas that are green at their core essence. In the first case, or the so-called accidental eco entrepreneurs, the companies operate in an environmentally sparing way but this is not a special focus or deliberate effect, it is a side effect. In order to distinguish between the two types of eco entrepreneurs, Isaak (1998) coined the term "green-green businesses" – those that put the care for the environment at their core and are looking to bring about the social and ethical transformation of their business sector. Such companies are starting to become the norm and not the exception all over the world. One of the dangers here is that the term "green entrepreneur" could remain a hollow phrase that means all and nothing at the same time, much like the term "sustainable development". The simple claim that the economic, environmental and social objectives are woven into the organizational logic and practices of the company does not give us an idea how (and if) this is achieved in reality (Gibbs 2009). The danger of dishonest speculation with the words "eco", "bio", "organic", etc. is always there and the only solution is a requirement for each company to publicly disclose detailed information about its production processes, the origin of its raw materials, the product life cycle, as well as its progress on its measurable goals for environmental footprint reduction. Companies that do not reveal detailed information on these issues to their consumers should immediately raise doubts and should be required to be more transparent in order to dispel any suspicion.

To sum up, green entrepreneurship can manifest itself in either of these ways:

- Softer forms of ecological modernization which keep the current economic structures and mechanisms, but a higher level of ecological effectiveness is achieved through better technologies.
- More radical forms of rethinking of the economic paradigm and achieving disruptive innovation. Examples of these are the LETS (local exchange trading systems), where goods and services are exchanged using local currencies or without currencies; or community supported agriculture, which enables farmers to receive solidarity funding from the community at the beginning of the growing season in order to guarantee access to fresh and clean food for the members of the community.

Defining the green economy

If we talk about the economy as a whole, probably the most useful definition would be the one of the United National Environmental Programme:

“A green economy is one where economic growth is accompanied by reduced carbon emissions and pollution, enhanced energy and resource efficiency, and maintained ecosystem services including biodiversity. Such an economy could address important global economic and development issues. These are support of economic growth while decoupling it from increasing use of natural resources; mitigation of and adaptation to climate change; creation of employment, promotion of the Millennium Development Goals, and poverty eradication. The green economy concept is not uncontested. One reason for this is the fact that the development agendas of industrialized, transition, and developing countries differ considerably. Industrialized countries are mainly concerned with overcoming the economic crisis, creating jobs, and addressing climate change. Transition countries have increased investment in energy-efficient economies, but their growth targets may outweigh these efforts. Green economy in developing countries is mainly linked to poverty, social security, and food security. Achieving a global green economy will require harmonizing these agendas, and the concept itself.”

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