SUPPORTING GREEN ENTREPRENEURSHIP IN ROMANIA - IMPERATIVE OF SUSTAINABLE DEVELOPMENT

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Abstract

In the contemporary context of sustainable development we suggest that it is a strategic importance for Romanian government the elaboration and implementation of a new strategy that should focus on the problem of green development of entrepreneurial activity. In the vision of this strategy which we propose in this paper, the green entrepreneurs are those persons who are able to create or conceive new businesses after an realistic observation or preliminary identification of new opportunities and business ideas. Also, green entrepreneurs have the capacity to assume the risks necessary to attract resources (financial, human, technological) in order to implement and trade these ideas. Thus, in the context of this strategy we can emphasize that the green entrepreneur’s motivation would range from pure economic opportunity (whereby the green nature is merely the best opportunity rather than a motive itself) to a simple desire to help or change the environment (whereby the entrepreneur could well be starting an environmental nonprofit).

Keywords: entrepreneurial activity; green entrepreneur; green entrepreneurial sector; sustainable development;

JEL Classification: M13, O31, O44, Q55, Q57

Introduction

Entrepreneurs are agents of change and renewal in the economy and, as such, are important actors in the transition towards a green economy. Entrepreneurial dynamics is fundamental for large scale transformation, as new firms bring new ideas to the market and challenge established patterns. New firms, created or run by green entrepreneurs, often exploit opportunities that have been neglected by more established companies and are a key driver of

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radical eco-innovations Green entrepreneurs are a highly heterogeneous group, with different motivations and strategic objectives. They combine to a different degree and in different market contexts financial and environmental motivations.

In the current post-crisis period romanian entrepreneurs exhibit certain specific vulnerabilities suffer due shock twofold: on the one hand, a sharp drop in demand for goods and services, on the other hand, a tightening of credit conditions. Thus we believe that the facilitating entrepreneurs access to finance is crucial for the adoption of green technologies and investments in sustainable business practices.[Berkery, D. (2007)] We can mention that it is also vital to support eco-innovation contribution of entrepreneurs. Financial constraints are extremely high for new entrepreneurs in the innovation process because they have no experience, and their access to internal financing is limited. Moreover in the case of green innovation it becomes opportune the measure of increasing risk premiums as a result of technological and market uncertainties particularly high.

In this way, the entrepreneurs can determine new directions and ways of action that can become efficiency and successful models in industry and the other economic sectors and branches. [Linnanen, (2002)]

The typology of romanian green entrepreneurs on the coordinates of entrepreneurial theory

While green entrepreneurs do have their share of differences from other business sector entrepreneurs, there may be more commonalities among all entrepreneurs in that they all share the same common goal: to build a profitable business. That means the entrepreneur must take on numerous roles outside their comfort zone. [Croston, G. (2009)]

Most successful romanian entrepreneurs will sustain that the success in their business was due to countless reasons - the people, the idea, the market, the partners, the competition, and just plain hard work [Cooney, S. (2009)]. So what do most romanian green entrepreneurs share in common? As a possible answer at this question we can mention that the successful greentrepreneurs tend to be focused on action over introspection, are inventive and innovative, and operate best when they are in charge. In addition we emphasize that the
greentrepreneurs were actually highly influenced by their environment, suggesting that entrepreneurial characteristics can be learned and heightened through education and experience.

The green entrepreneur’s influences will tend to come from a mixture of places, but may be based more on hard or soft sources. For example, hard or structural influences would be things like environmental regulations, a rise in funding for green businesses, increases in green consumers, growing market opportunities, and greater influence in the mass media of green themes [Croston, G. (2008)].

On the other hand, soft or socio-cultural influences are things like the prior personal experiences of the entrepreneur, his family and friends, his education, the organizations he belongs to, and the people in his personal network. These tend to create almost a passion for environmental or social causes, whereas the hard influences are much more data and factually driven.

Taking into account the suggestive arguments expressed in entrepreneurial literature we can identified four main types of green entrepreneurs that we consider adequate for Romanian entrepreneurs: innovative opportunist, visionary champion, ethical maverick, and ad hoc greentrepreneurs.

The first two types of greenentrepreneurs are motivated by hard structural influences such as market regulation or the growth of certain green consumers. The innovative opportunist is an entrepreneur that spots a business opportunity in the marketplace that happens to be green. The researchers give the example of an entrepreneur that developed a recycling operation for refrigerators after the EU passed strict legislation on recovery of Chlorofluorocarbons (CFCs). Other examples include companies creating wind farms, new energy-efficient lighting, and hybrid and alternative fuel vehicles all of which are likely motivated by new market opportunities from regulations, consumers, or similar market opportunities. The visionary champion shares the innovative opportunist’s identification of a market opportunity, but likely has set out to change the world and founded a business on broader sustainable principles.

In the final lines of this section we mention that the last two types of green entrepreneurs tend to build green businesses based on more on soft
influences in sectors that may not have the benefit of government regulation, subsidies, or a mainstream market pull. [Zamfir P. B. (2014)]. Instead, these businesses could well be in areas that could be described as niches and perhaps succeed because rather than in spite of that fact. The ad hoc greentrepreneur is referred to as an accidental greentrepreneur, someone motivated by finance and not values. The ethical maverick is more likely to be influenced by friends, family, and his social circle to develop a sustainable business.

The necessity of elaboration of Green Strategy for entrepreneurial activity development in Romania

In order to support the development of green entrepreneurship in the context of sustainable development we propose for Romanian Governement the elaboration of a green economic growth strategy, that consider the green economic growth as an instrument which ensure the economic development while preventing environmental degradation, biodiversity loss and unsustainable use of resources.

This orientative strategy should be aware that for obtaining a sustainable economic growth are necessary major changes in policies, institutions, economy and social values. The phenomen of green transformation implies the radical change of social norms and patterns behavior, the exploitation of new business ideas and consumption , and that existing institutions and undergo a radical rethinking conventions and a structural rethinking of existing institutions and conventions [Makower, J. (2009)]. In the figure below we represent a schematic view of our proposal Romanian Green strategy of entrepreneurial activity development.
Thus, all these fundamental changes in the current configuration of existing structures and institutions are determined by the transition to green development of entrepreneurial sector that can provide huge opportunities for green entrepreneurs. In the vision of this strategy we consider that the green entrepreneurs can create new openings in industries where industrial field
rapidly change as a result of transformations in the structure of social values, consumption patterns and reforms in the framework of legal and regulatory environment. Meanwhile green entrepreneurship provides the basis of new any green growth models such as innovation companies in the form of environmental solutions and high quality environmentally-friendly products, who substantially influences the national market. [Schaltegger, (2002)].

Green entrepreneurs in their quality of initiators of green business practices can be veritable patterns to follow for the entire business community. In this sense, we can say that the role of ecological models is to influence the behavior entrepreneurial general, that will determine effective spread of their new ideas and sustainable practices in the field. In this sense we can say that the new business models can contribute to systemic innovation if they are widely disseminated. The spread and their impact is influenced by institutional and economic framework conditions which provide the economic efficiency of new models. However, new business models themselves could be one of the factors of change in framework conditions and trigger emergence of new patterns of production and consumption.

Also, we have to add that the success of green entrepreneur highlights the economic benefits that results from green businesses, thus providing for entrepreneurial environment the motivation to act in the same direction.

Therefore green entrepreneurs can contribute substantially to the acceleration of environmental progress by replacing products, existing market structures and consumption patterns with high environmental products and services. [Sharper M. (2010)].

The development of green entrepreneurship activity involves an adequate institutional and private environment that favor both setting up of new companies as well as market exit, thus facilitating the process of setting and liquidation of companies which will lead to new innovations.

In the content of this potential Green strategy for entrepreneurial activity development we can mention that entrepreneurial environment should be a priority area for Romania's economic development, in particular by encouraging the entrepreneurial initiative, valorisation their competitive potential and consolidation of the institutional and regulatory framework.

In the contemporary context of economic globalization entrepreneurial sector as an element of maximum visibility for Romanian economic
environment have to pass to a superior stage, that of developing the competitiveness of on single market and in third markets.

The general objective of this strategy consists in support of entrepreneurial activity growth on the coordinates of sustainable development. Supporting the development of entrepreneurial activity based on increasing the production quality and eco-efficient business models provides encouraging innovation in entrepreneurial environment and in this way increase the competitiveness of romanian entreprises, especially on internal market.

At the same time romanian entrepreneurs are in direct competition with all the companies that offer products and services in global markets and therefore should be encouraged to use all opportunities to increase the competitiveness and business development.

Increasing the level of technological innovation in Romanian enterprises to improve the production quality and labour productivity that involves a vigorous public intervention to support them for the acquisition of new technologies that allow them the entry into the competition on international markets. The innovation encouragement in Romanian entrepreneurial environment is essential for economic growth and the creation of jobs and for solving the challenges related to of climate change, security, including security energy or aging of the population.

Improving the regulatory framework for entrepreneurial environment, the simplification of input / output procedures and the reduction of market and administrative barriers provide a better regulatory framework for all romanian entrepreneurs as a part of the growth effort and the assurance of jobs started by EU through Lisbon Agend and EU 2020 Strategy.

Through this strategy, the Romanian Government will encourage entrepreneurial sector to benefit from the business opportunities arising from the implementation public investment in areas such as sustainable resource use natural preventing climate change and energy efficiency.

These projects are at the same time preceding, which can lead to access by Romanian companies to new markets, at European and international level where they can replicate successfully the results of sustained efforts at the national level in research and development field.

On the other hand the Government of Romania will sustain entrepreneurs and at the same time, the actors who support business
development in order to reduce the energy intensity of the technologies used by enterprises and their impact on the environment.

The innovation is key to competitiveness, especially in the conditions of globalization. Thus, for remain competitive, Romanian entrepreneurs should be innovative and invest the more in research and technological development so that adapt to the of changes occurring in the global economy and to be equipped to create environmentally-friendly products and services to commercialization [Drucker, P. F. (2006)].

The measures to simplify of regulations or measuring and reducing administrative duties in Romania will be coordinated with the the same type efforts of European Commission, aiming to avoid the occurrence of additional administrative barriers to those imposed by European rules.

Essential for successful achieving of objectives of administrative burden reduction is the systematic and efficient conducting of measuring actions of administrative costs imposed on entrepreneurial activity by the the regulations applicable to them.

In economic theory and practice is a universal truth that internationalized firms have a increased capacity for innovation, and the internationalization and innovation are key factors for stimulating competitiveness, which has an essential role in for economic growth and creating jobs.

Romanian entrepreneurs involved in international trade have a determinant role in reshaping the national economic landscape so that they can become an important instrument for increasing of national welfare.

In this context, we emphasize as a crucial direction of action the stimulation and amplification the capacity of enterprises to capture, create and retain more value in the country in a sustainable manner. This should be done by introducing or strengthening the efficiency and quality by encouraging of innovation and diversification of both export supply and of export markets.

Finally we must add that this strategy, is intended to continue the diversification and amplification of actions and instruments for entrepreneurship supporting, which it will lead to stimulation the creation of new productive enterprises in order to create new jobs for the development of entrepreneurial sector through the improvement their performance on global market.
Conclusions

Entrepreneurs are agents of change and renewal in the economy and, as such, are important actors in the transition towards a green economy. Entrepreneurial dynamics is fundamental for large scale transformation, as new firms bring new ideas to the market and challenge established patterns. New firms, created or run by green entrepreneurs, often exploit opportunities that have been neglected by more established companies and are a key driver of radical eco-innovations. Green entrepreneurs are a highly heterogeneous group, with different motivations and strategic objectives. They combine to a different degree and in different market contexts financial and environmental motivations. The businesses created by green entrepreneurs embody their environmental values, but also propose innovative solutions to existing and emerging needs, contesting established markets or opening up new market niches. In this sense, as they demonstrate the possibility to combine environmental performance with market targets and profit outcomes, green entrepreneurs can act as a role model and influence market competitors and other potential entrepreneurs, diffusing and scaling up new business concepts, thus contributing to the expansion of green markets. Green entrepreneurs, as innovative entrepreneurs in general, are embedded into socio-economic and institutional frameworks, business networks and support structures. In this strategy which we propose it highlights that innovation is a highly interactive and multidisciplinary process, which increasingly involves collaboration by a growing and diverse networks of stakeholders, institutions and users. Therefore, green entrepreneurial dynamics is a dimension of a complex co-evolutionary process, which involves interrelated changes in societal values and institutions, consumption patterns, technologies, linkages and knowledge networks, among others. Changes are required at the broader level to ensure markets and institutional structures are more supportive to green entrepreneurial activities. This implies that a carefully designed mix of policy instruments is needed to open up new markets and opportunities to green entrepreneurs and to tackle many of the challenges that new and small green enterprises meet to perform and grow. The green entrepreneur has a particular and indispensable role to play in the current context of sustainable development. In this conditions the green entrepreneurs are self-employed or working for organisations (as employees), they are often at the origin of radical
innovations. At the same time green entrepreneurs create companies and jobs, they participate in the renewal of the economic fabric. The economic activity of green entrepreneurs represents a real engine of sustainable development. Finally we consider that the green entrepreneurs must look for change, potential sources of innovation and relevant information about business start-up opportunities. Also, they must know and apply the principles that can enable them to implement innovations with the best chances of success.

References


