

# Application Of Green Entrepreneurship Towards Economic Improvement (Literature Study)

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## ABSTRACT

Green entrepreneurship plays an important role in economic transformation towards a sustainable development model. This study explains the application of green entrepreneurship and its impact on economic improvement. The adoption of environmentally friendly business practices, such as renewable energy, waste management and eco-friendly products, has opened up new opportunities for sustainable economic growth. Through the creation of new jobs, improved resource efficiency, and stimulation of innovation, green entrepreneurship has helped improve the competitiveness of firms in the global market. Government policy support, both in the form of fiscal incentives and supportive regulations, has accelerated the adoption of green business practices. The positive influence of green entrepreneurship is also reflected in the consumption of consumers who increasingly prefer sustainable products and services. This creates new markets and drives economic growth in sustainable sectors, such as renewable energy and green technology. The importance of partnerships and collaboration between the private sector, government and non-profit organizations is also highlighted in this study. This collaboration accelerates the development of new sustainability-focused industries and creates more efficient supply chains. By considering environmental risks and building businesses that are resilient to climate change, green entrepreneurship has proven that environmentally responsible business practices can positively contribute to long-term economic growth.

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## 1. Introduction

Our environment is facing serious challenges. Many of the environmental concerns are caused by business and entrepreneurial practices that have not prioritized environmental sustainability in every production process, starting from the procurement of raw materials until they finally reach consumers (Kirkwood & Walton, 2010). Meanwhile, in Indonesia, we are witnessing an increase in the number of people starting entrepreneurship. If this trend continues, it could pose a major challenge to our environmental sustainability. Many entrepreneurs do not pay attention to aspects such as energy efficiency, waste management, or even environmental welfare in their businesses (Mathur, 2016). This can have a negative impact on water, air and soil quality, and can threaten the sustainability of natural ecosystems. The rise of entrepreneurship is positive in terms of economic empowerment, but care must also be taken not to increase further pressure on the environment (Nadiia et al., 2019).

Entrepreneurs should be encouraged to consider sustainability in their business models. In the face of environmental challenges, the concept of green entrepreneurship has emerged as an innovative and sustainable solution to restore and safeguard the environment that is increasingly threatened by human activities. Green entrepreneurship is a business that prioritizes action and innovation with sustainability in mind to reduce the negative impact that economic activities have on the environment. Green entrepreneurship is not just a concept,

but also a practice that considers environmental impacts in every process (Fadhillah, 2023). Governments and academia have taken lessons from this pandemic. They are planning for higher energy utilization from renewable (Ratnamiasih et al., 2022). The balance between sustainable development and profit is a condition that must be pursued but is rarely achieved. There is a paradox between the differences between desirable, interdependent, and sometimes conflicting business activities with sustainability goals such as environmental protection and social welfare (Yudawisastra et al., 2022).

One important aspect of green entrepreneurship is the wise management of natural resources and efforts to reduce overexploitation and find more environmentally friendly alternatives (Rahardjo, 2015). The goal of green entrepreneurship is to create a business that is not only financially profitable, but also benefits the sustainability of the environment and society (Romanowski & Gnusowski, 2019). In the scope of green entrepreneurship, profitability is not only measured in currency, but also in its contribution to the improvement of people's quality of life and its support for environmental sustainability.

Entrepreneurs who have applied the principles of green entrepreneurship make the environment a top priority in every aspect of their operations. They are committed to reducing their ecological footprint by adopting more environmentally friendly practices. These practices may include the use of renewable energy, sustainable raw material selection, and prudent waste management. In addition, they also actively raise awareness about environmental sustainability among their employees and customers (Fadhillah, 2023). Green decision-making implies that decisions are made within environmental constraints, with an emphasis on conservation of natural resources and improvement in the quality of life of consumers (Moini et al., 2014). Green entrepreneurs are said to combine the environmental, economic and social components of sustainability in a holistic manner and to have a different organizing logic than the more conventional entrepreneurs. Economic goals can be connected with environmental objectives by either removing environmental damaging processes or introducing innovative solutions to address environmentally degrading market imperfections or both (Sudyasjayanti, 2018).

The difficulty of Southeast Asian countries in taking an impartial position is also caused by a lack of understanding of the roots of the problem in Ukraine. As a country in the region that strives for neutrality amidst great power competition, having good relations with the West and Russia, Indonesians are forced to compare and contrast different media claims and reports and differentiate media framing from facts. The weakening of sovereignty at the global level symbolized by frequent foreign interventions from great powers initially lends some resonance to the framing of Russia's actions as a pre-emptive mission to demilitarize a neighboring country perceived to be on the verge of aggressive destruction of the nation. For countries like Indonesia that are geographically far from the epicenter of the war, recent divisions and political friction could derail some of the most critical aspects of the foreign policy agenda regarding the region and the world (Anwar, 2022).

It is in line with the circular economy model where the companies ought to own the higher responsibility to uphold the values of environmental and social sustainability and always to respond with stakeholders (Lahti et al., 2018). The model turns the economic orientation into the cycle of care for societies and ecosystems (Pla-Julián & Guevara, 2019). As a mode of economic development, the purpose of the circular economy prevents pollution and recycles the material or waste. It is relevant to the green economy that previously has emphasized tradeoff between the benefit of natural capital and reducing environmental risks (Nuringsih, 2021).

It is important to build business models with entrepreneurial practices that have environmental sustainability goals and focus on the mass market. Green entrepreneurship is no longer just a business but a kind of social activity aimed at protecting and preserving the natural environment. The success of sustainable development goals lies in the implementation of green entrepreneurship concepts by companies. Sustainable business practices can be a source of competitive advantage. This advantage can be seen from the value offered to customers and stakeholders. Sustainable business can provide a competitive advantage for the company. Sustainable business has a proposition as the value that the company offers to one or more customer segments, companies and their partner networks (Jolink & Niesten, 2015). Explaining that a sustainable business can provide a competitive advantage for the company.

Green entrepreneurship is a new type of entrepreneurship model that is run with a commitment to achieving environmental compatibility. Furthermore, green entrepreneurship is defined as the merging of business passion with sustainability and other principles of the environmental movement. Compatibility with the environment must be determined and defined in various circumstances. Organizational leadership and management provide and integrate resources and capabilities needed to produce goods and services sustainably. Sustainability responsibilities should be distributed across all levels within the organization to ensure the efficiency and success of initiatives implemented (Rosário et al., 2022). The motivation and

commitment competencies should be concentrated as they give the strength influence to the environmental sustainable entrepreneurship in Terengganu. Meanwhile, the environmental sustainability entrepreneurship in Pahang can be improved by increasing the motivation, commitment and management competencies. Besides, in Kelantan, the environmental sustainability entrepreneurship can be emphasized by encouraging the motivation and networking competencies (Zaleha & Aslina, 2019).

Green entrepreneurship is becoming a major force in the overall transition to a more sustainable business paradigm and development of economic and commercial systems. The framework for creating value is influenced by sustainability issues, towards the main goal of fulfilling social objectives (Koe et al., 2020). The green entrepreneurship approach not only contributes to sustainable business but to the organization itself. Sustainable business as a business that is open to change includes culture, structure, business processes and the products and services offered. Sustainable business can be used as a conceptual tool that contains a set of elements and company relationships that make it possible to generate income (Lotfi et al., 2018).

Literally, green entrepreneur can be interpreted as an environmentally friendly entrepreneur. Basically entrepreneurs are those who dare to innovate to make changes to the environment, in other words entrepreneur is not just someone who is committed in business midwife, but someone who can have a positive impact on the environment. Environmentally friendly entrepreneurs are said to be able to protect natural resources, lower operating costs through waste reduction and pollution, and contribute to societies with sustainable economic development, and provide new and different advantages to succeed in the market (Sudyasjayanti, 2018). Moreover, the heatwave phenomenon direct impacts on agriculture, economic, and human health. Thus, the maintaining of natural resources and anticipating disasters ought to be a trigger for entrepreneurs (SUPARTA & YATIM, 2019).

In understanding the framework, this study involves university students in Jakarta, Indonesia. This institution has executed the entrepreneurship program for over one decade, so it is sufficient enough to be involved in environmental issues. Along for conserving biodiversity, the nascent of entrepreneurs have to be careful with the green business. In the millennial era, students master fluently to information technology, thereby they are highly cultured digitally about pro-environmental behavior and green lifestyles. Even, as urban communities ought to more appreciate the environmental issues and make sure the way in overcoming the sustainability issues. For these reasons, an educational institution could arrange a learning system that accommodates the current environmental issues, thus it creates a visible outcome and promotes the student potential (Othman & Othman, 2019).

The results of the study stated that to build a sustainable business, collaboration in building networks is needed. In addition to providing benefits, collaboration helps companies to optimize the functions of production, consumption and distribution of products. Sustainable business describes more value creation activities as a sustainable economic activity. A sustainable business model can be defined as a business model that creates, delivers and captures value for all its stakeholders without depleting natural, economic and social resources (Dyllick & Hockerts, 2002).

A sustainable business as one that is open to change including its culture, structure, business processes and the products and services it offers. The focus of green growth is to accelerate investment and innovation that will support sustainable development and provide new economic opportunities. The drive to achieve green growth leads to an economy based on technology and consumption patterns that create jobs and economic growth while reducing the impact on the environment. The formulation of this research problem is to understand green entrepreneurship, what are the benefits of green entrepreneurship, what are the descriptions of green entrepreneurship-based businesses, and the application of green entrepreneurship to economic growth.

## **2. Research Method**

The method used in this research is a literature study. The data obtained is compiled, analyzed and concluded. So as to get a conclusion about the literature study. Sources and methods of data collection by taking data in the library, reading, recording, and processing research materials.

## **3. Results And Discussions**

This research is a desk research by conducting a literature review related to green entrepreneurship. Using content analysis of previous research articles, the researcher conducted a study focusing on the underlying theories and antecedents of green entrepreneurial behavior variables. From various journals and articles related to green entrepreneurship and economic growth.

### 1. Understanding Green Entrepreneurship

Green Entrepreneurship is the process of creating value by identifying and addressing environmental issues for future generations. Green entrepreneurs use their creativity and business skills to develop new products, services and technologies that help protect the environment and improve people's lives. As more people recognize the need for sustainable solutions in entrepreneurship, there will be increased opportunities for green entrepreneurs to make a positive impact on the world. The understanding of green entrepreneurship reflects the recognition that business can be an agent of positive change in addressing environmental and social issues. With the adoption of sustainable business practices, green entrepreneurs contribute to the development of a more sustainable and just world.

### 2. Business Overview of Green Entrepreneurship

- a. **Renewable Energy:** Green entrepreneurial ventures in the renewable energy sector include solar, wind, hydro, biomass and geothermal power generation. These enterprises seek to provide clean and sustainable sources of energy to reduce dependence on fossil fuels.
- b. **Eco-friendly Products:** These companies focus on producing goods and products that have a lower environmental impact. Examples involve the use of recycled raw materials, durable product designs, and eco-friendly packaging.
- c. **Waste Management:** Green entrepreneurial ventures in the field of waste management seek to create solutions to reduce, recycle, and process waste in a more environmentally friendly way. This could involve managing e-waste, plastic waste, or organic waste.
- d. **Sustainable Transportation:** Companies in the sustainable transportation sector focus on developing environmentally friendly transportation technologies and services, such as electric cars, bike sharing, or efficient public transportation.
- e. **Organic and Sustainable Agriculture:** These businesses seek to reduce the impact of conventional agriculture by switching to organic farming practices, permaculture, or other sustainable farming systems that respect natural ecosystems.
- f. **Green Architecture and Construction:** Green architecture and construction companies focus on developing environmentally friendly buildings, using recycled materials, renewable energy, and smart building technologies to improve energy efficiency.
- g. **Environmental Education and Consulting:** These businesses provide consulting and education services to help companies and individuals transition to more sustainable business practices. They can provide sustainability certification, training, and environmental advisory.
- h. **Environmental Technology:** Environmental technology companies develop innovative solutions to address environmental challenges, such as the development of environmental sensors, energy management software, or applications to measure environmental impacts.
- i. **Sustainable Tourism:** Sustainable tourism businesses focus on reducing the impact of tourism on the local environment and culture. This includes the development of eco-resorts, ecotourism tours, and sustainable approaches to the tourism industry.
- j. **Green Banking and Social Investment:** Sustainability-focused financial institutions provide green banking products and services, as well as social investments that support sustainable projects.

### 3. Benefits of Green Entrepreneurship

- a. **Environmental Stewardship:** Green entrepreneurship strives to reduce negative impacts on the environment. By using environmentally friendly business practices, such as the use of renewable energy, recycling, and efficient waste management, companies can help maintain ecosystems and reduce their carbon footprint.
- b. **Technological Innovation:** A focus on sustainability encourages companies to create and adopt new technologies that are environmentally friendly. Innovations such as renewable energy, more efficient product design and recycling technologies help spur the development of sustainable solutions.
- c. **Energy and Cost Savings:** Many green entrepreneurial practices focus on energy efficiency and better resource management. By adopting more efficient technologies and processes, companies can reduce their long-term operating costs and improve their competitiveness.
- d. **Good Corporate Image:** Sustainable business practices can improve a company's image in the eyes of consumers. More and more consumers are concerned about the environment, and businesses that have a commitment to sustainability tend to be more desirable.
- e. **Regulatory Compliance:** In some cases, implementing green business practices can help companies meet increasingly stringent environmental regulations. This can reduce legal risks and provide a competitive advantage.

- f. **New Job Creation:** The growth of the green entrepreneurship sector can create new jobs in areas such as renewable energy, waste management and other green technologies.
- g. **Raising Public Awareness:** Green entrepreneurship can also play a role in raising public awareness of environmental issues. Actively engaging consumers and communities in sustainable business practices can help increase understanding and support for sustainability.
- h. **Business Paradigm Shift:** Green entrepreneurship can drive a paradigm shift in the business world, making sustainability a key factor in business decision-making. This can create a more environmentally responsible business culture.

#### 4. Application of Green Entrepreneurship to Economic Growth

The application of green entrepreneurship can have a positive impact on economic growth in several ways. Here are some aspects that show how green entrepreneurship can contribute to economic growth:

- a. **Job Creation:** Business development that focuses on sustainability, such as renewable energy, waste management, and organic farming, can create new jobs. This increase in employment contributes to an increase in income and consumption levels, supporting economic growth.
- b. **Technology Innovation and Development:** Green entrepreneurship fosters sustainable technological innovation and development. Companies that create new solutions to environmental problems can create new industry sectors and stimulate economic growth in those sectors.
- c. **Resource Efficiency:** Green business practices tend to be more efficient in their use of resources, including energy, water and raw materials. This reduction in wastage can result in lower operating costs, improve a company's competitiveness, and contribute to economic growth.
- d. **Increased Competitiveness:** Companies that adopt green business practices can increase their competitiveness in the global marketplace. Consumers and business partners are increasingly looking for environmentally friendly products and services, so companies that meet sustainability standards can attract more customers and investments.
- e. **Formation of New Industries:** The implementation of green entrepreneurship can create new sustainability-focused industries, such as renewable energy, green technology or eco-friendly products. The growth of these sectors can provide new opportunities for investment, jobs and economic growth.
- f. **Increased Green Consumption:** Green companies can influence consumer behavior by providing environmentally friendly products and services. This increased awareness can drive consumer demand for more sustainable products, creating new markets and increasing sales.
- g. **Government Policy Support:** Governments that support sustainability by providing incentives and supportive policies, such as green taxes or subsidies for renewable energy, can accelerate the adoption of green entrepreneurship and promote sustainable economic growth.
- h. **Increased Resilience to Environmental Risks:** Businesses that integrate green business practices can become more resilient to environmental risks, such as climate change or resource scarcity. Sustainability can help companies better manage these risks, which in turn supports long-term economic growth.
- i. **Improved Supply Chain Sustainability:** Companies that implement green business practices often extend sustainability into their supply chains. This can create synergies between the company and its business partners, resulting in a more efficient and sustainable supply chain.
- j. **Improved Community Welfare:** Green entrepreneurship can provide direct benefits to local communities through social programs, skills training, and participation in community development. This helps to improve community welfare and support local economic growth.

#### 4. Conclusion

Based on the literature study on the application of green entrepreneurship to economic improvement, it can be concluded that green entrepreneurship has great potential to be a driver of sustainable economic growth. In conclusion, the application of green entrepreneurship has a significant positive impact on economic growth. Sustainability is not only an ethical responsibility, but also a key factor in shaping a sustainable and inclusive economic model. The important role of the government, support from the private sector, and community participation are necessary to achieve sustainable economic growth through green entrepreneurship. A suggestion for future research is to explore the factors that influence the successful implementation of green entrepreneurship and its impact on economic growth. Research can focus on further analyzing government policies that support green entrepreneurship, either in the form of incentives or regulations that encourage

sustainable practices. In addition, it is important to explore the role of the private sector and effective business strategies in integrating sustainability aspects. Furthermore, research can delve deeper into the community's response to green entrepreneurship initiatives and how their active engagement can be enhanced. By combining these perspectives, future research can provide more comprehensive insights and implementable solutions to strengthen the positive impact of green entrepreneurship on sustainable economic growth.

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