

## PROMOTING THE GREEN BUSINESS - A PILLAR OF THE SUSTAINABLE DEVELOPMENT

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### Abstract

The evolutionary trends of the economic and social environment are increasingly associated with new forms of the economic growth and development, focused on the attention given to the relation with the environment and the impact on this. This orientation is also supported by the sustainable development strategies, which are increasingly active for the national business practices. By this paper, we aim to bring together, in a common vision, the approaches that support a balanced economic growth, in accordance with the requirements of the environmental protection and the natural resources conservation. Through a qualitative empirical research, we identify the green businesses as a pillar of the sustainable development that supports the evolution of the business environment in a consolidated and balanced pace. The analysis, descriptive-exploratory, is based on synthesis and exemplification and follows the evolution of green business in the last 10 years, at European and national level, starting from the European experiences in the countries that have supported and promoted the mechanisms to strengthen the green business. The results of the study are materialized in a synoptic presentation of the national business environment oriented towards the green business, arguing the need to connect the strategic requirements of the sustainable development, Horizon 2030, with the specific objectives of any form of business: profitability and stability. Thus, we present a general dashboard that groups the most relevant areas in which green businesses in Romania have demonstrated their sustainability, considering both economic and social objectives, as well as the ecological ones. Although the means of promoting such businesses are not very visible, sufficiently transparent or strongly supported, we draw some conclusions which support the hypothesis that the future of a solid and sustainable business environment requires the reconsideration of the economy-environment relationship and promoting the symbiotic perspective on which the green business it is based.

**Key words:** eco-economy, green business, waste recovery, sustainability

Concepts such as eco-economy, sustainable economy, circular economy are relatively new and modern and they refer to a new type of economy that is developing without excessive environmental damage.

In the practical approach of these concepts, growth and development have different meanings, which allows finding of solutions to develop and maintain a solid and yet friendly economy.

Since the discussions regarding a definitive definition of the sustainable development are still open, the authors launch a question considered a starting point of the present paper research: how can we establish whether a project, an action, a company or a business determines and produces results quantified and considered as sustainable?

The economic environment, being in a large process of reorientation, requires a major reconsideration, since in almost all countries in the world it is acknowledged and aware of the severe deterioration of the environment with direct effects

on the social environment and life quality. Since the 1990s, the problem of greening the economy has been raised, purely theoretical at a first glance, but meant to find effective solutions to the global world problems.

The world economy has undergone, in a relative short time, through complex transformations, firmly felt both in terms of social welfare and the condition of the environment. We consider, in this context, that eco-economic support through green business is a reliable solution to both economic development and environmental protection. In order to transform the economy characterized, in some sectors as being “destructive”, into a new, “environmentally – friendly” economy, a major change in the mentality and the way of managing businesses are required, as a recognition of the fact that economic systems are dependent on environmental factors, especially through the resources used in the economic activities.

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In this context, the sustainable development specific issue can be materialized towards the green business sector, which is at an early stage in the companies on the national market. The authors start on the premise that environmental problems, more and more numerous and emphasized in recent years, have given rise to new markets and new opportunities for business enterprises located in the business environment positioned towards sustainable development. Essentially, the problems triggered by the economy-environment relationship are becoming opportunities for new businesses. Fundamentally, notions such as efficiency, productivity or profitability call for new challenges that current economic systems should manage.

## MATERIAL AND METHOD

The interrelated approach to the concepts of economic efficiency, profitability and sustainable development starts from a set of errors that have occurred as a result of unbalanced economic growth, to which many successful businesses around the world have contributed. These errors refer to: lack of constant follow-up of the company's mission, predominant short-term orientation towards profits, evaluation of economic benefits based only on annual financial results, frequent change of management, orientation of the company as a whole only on numerical and quantitative aspects, etc. (Lafratta, 2004). In addition, the world's population uses natural resources faster than they can be regenerated, and waste production is faster than the environment is able to assimilate.

The purpose of this paper is to identify and analyze the ways in which new types of environmentally friendly businesses can be developed, adapted to the problems currently facing both society and the environment, as well as economic systems.

One of the simplest, but comprehensive definitions of sustainable development, formulated with the establishment of S.E.A. (System of Environment Administration) as a methodology for assessing the impact of socio-economic activities on the environment is: "a firm and determined management of natural resources and the conservation of the balance of various ecosystems". The debates on ecological issues were correlated with those on economic reconstruction. Unanimous views subscribed to the European Commissioner for the Environment's idea that "economic development in accordance with ecological principles will underpin many business models, being a priority on the agenda of many governments." (Dimas, 2009) Since we live on a finite planet, which has a limited amount of natural resources and a limited capacity to absorb waste, it is not possible for the economy to grow indefinitely. As early as February 2009, the head of

the European Central Bank, Jean-Claude Trichet, stated: "We live in a non-linear world in which classical economic models and theories cannot be applied, so future development cannot be fully foreseen." (Seager, 2009). It is absolutely necessary to identify the impact, respectively the eco-economic directions of the green businesses.

New types of business, based on ecological principles, generically called green businesses are considered alternatives and solutions for the transition from an economy based on an unbalanced growth to the eco-economy. Compatibility between wealth production and environmental pressure reduction has already become a general requirement which can be achieved, provided that specific rules of socio-economic conduct are followed. "Building the eco-economy is the biggest investment opportunity in history. Companies that have a new economic vision and include environmental aspects in business planning, will be winners" (Brown, 2002). At the O.N.U. Conference (1992), on the environment and development it was concluded that "the main cause of global environmental degradation lies in unsustainable patterns of production and consumption, especially in industrialized countries". Specialists from different areas of interest have reached a consensus and believe that an economy will be sustainable only if it respects the principles of ecology. Moreover, others believe that non-compliance with ecological principles in the economy inevitably leads to collapse.

The research documentation for this paper follows a set of basic elements that we correlate: the issue of sustainable development in a practical approach that we identify as reflected in the trend towards the ecological or green business environment. The research for this paper is based on chronological foray, data highlighting and interpretation. Information is used from reports on business environments with ecological potential, especially the business environment that highlights added value in terms of sustainable development, specifically those results that can be quantified economically and socially through sustainable development indicators. The research methods used are incursion, selection and synthesis, filled by highlighting the results related to the development of the business environment with ecological potential. The paper has rather a descriptive character, through the synthetic presentation of the impact results of green business in the socio-economic environment in Romania.

## RESULTS AND DISCUSSIONS

Starting from the question *of what green businesses are and how they can be evaluated from the perspective of sustainable development*, we

have documented the sources of ideas that can turn a traditional business into an eco-business.

The most relevant results indicated the following sources of inspiration for the development of the green business environment: ecological services, clothing and furniture from waste and recycled materials, repairs and reconditioning, catering with organic products, waste collection and processing, food waste composting, encouraging local and traditional production, manufacturing based on environmentally friendly materials, using plastic waste as a raw material for the fashion industry (H&M, Nike, Patagonia brands), establishment of ecological green spaces (synthetic turf, drought-resistant plants, use of permaculture principles), cleaning services of ventilation systems, handmade organic production (cosmetics and cleaning products), consultancy for sustainable development and waste management, agri-food production and trade ecological principles, composting of food waste for use in the agricultural industry, selective collection and recycling of reusable materials (paper, glass, aluminum cans, batteries, etc.), central heating with renewable energy, spaces and shopping centers based on eco-friendly technologies and eco-design (Park Lake Bucharest), ecological houses and dwellings, thermo-fleece insulation systems made of sheep wool or other raw materials coming from the zootechnical sector, etc.

The model countries with the most sustained eco-economic concerns and which, following their own experiences, have demonstrated the economic, social and ecological viability of eco-business, are: USA, Holland, England, Italy, France, Germany, Austria.

As early as 2006, the Romanian Ministry of Environment has considered the orientation towards waste management, appreciated as a great opportunity and particularly profitable, for which investments of over 8 billion euros have been estimated.

In 2004, the "National Waste Management Strategy" was developed based on the consideration of integrated waste management systems. According to the Romanian legislation, the manufacturing companies have the obligation to recycle 20% and to capitalize 30% of the quantity of packaging resulting from the production activity.

Thus, environmental protection has become a source of inspiration for one of the most promising areas of business: green business. Although the profitability of these businesses is recognized, the profit, which can be 5-10%, is gathered over time, a specific aspect of any

environment investment. However, at national level, a problem still facing the focus on the green business sector is the lack of investors associated with distrust in the profitability of such businesses. According to the European Commissioner for the Environment, Maritime Affairs and Fishery: "Companies competing for environmental awards are the real drivers of change and transition to a circular economy, proving that innovation, economic viability and environmental protection can work together. Green solutions can be incorporated into business models, regardless of size or stage of development, economic sector or country" (Vella, 2016). The most suggestive green business models in Romania were promoted by economic agents such as: Eco Rom Ambalaje S.A., Scandia Romania, Bio Energy (part of the ABBC group, with an investment of about 90 million euros in the cogeneration plant from Suceava) Recolamp, Argeșana, Bioflex and other companies.

Regarding the quantification of green business results, one of the most important methods of quantifying the ecological performance of an economy is given by the Environmental Performance Index (EPI) which allows the numerical quantification of environmental performance benchmarks and environmental policies of a country. This index was developed from the pilot environmental performance index stage, first published in 2002, to two other variants developed later EPI 2006 and EPI 2008.

Another tool for measuring green business performance is the Dow Jones Sustainability Index (DJSI). According to S&P Global, "the Dow Jones Sustainability World Index comprises global sustainability leaders as identified by Sustainable Asset Management (SAM). It represents the top 10% of the largest 2,500 companies in the S&P Global Broad Market Index based on long-term economic, environmental and social criteria. The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who have recognized that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios". For Romania, for now the most representative and complex tool for analyzing the performance of green business is the Green Business Index (GBI), a real barometer of environmental responsibility of Romanian companies and which monitors green initiatives in the Romanian business sector. The core of the instrument is the statistical indicators of sustainable development, in accordance with the proposals of the European and the National Institute of Statistics. The standardized reference

frameworks of this instrument are internationally applicable: ISO 14031, ISO 26000, ISO 16001. Another significant reference framework for measuring the eco-performance of green business is that of the OECD which has developed a system of indicators called green growth indicators, defining green growth as follows: "Green growth is about fostering economic growth and development while ensuring that the natural assets continue to provide the resources and environmental services on which our well-being relies. To do this it must catalyze investment and innovation which will underpin sustained growth and give rise to new economic opportunities."

According to studies conducted by management consulting firms on the economic and financial results of companies profiled on green or ecological business, it turned out that "green companies" recorded superior results compared to similar firms that did not adopt eco-friendly systems, management or compared to its own activity in the period when it did not base its activity on ecological principles.

## CONCLUSIONS

In the business environment, the concept of "green" means, first of all, efficiency and low consumption of resources, but also integrated community support in economic activities. Thus, companies are invited to review their sustainable practices, because a solid sustainability strategy is much more effective than measures to improve the image of companies, such as greenwashing. Thus, one dimension of the direction to follow is that of the accelerated development of the green economy, defined as an economic system that preserves and restores ecosystems and social welfare. Currently, Romania is one of the countries with extremely high potential in terms of business opportunities with ecological profile.

Sustainable development and green business are in a symbiotic relationship supported by one of the newest forms of economy: the circular economy which, although it is not yet of major interest in Romania, is increasingly visible in practice, some of the new businesses being oriented towards the reuse of waste as a raw

material for the new round of production or towards the eco-economic reconsideration of existing businesses. The approach in this paper called for studies and research that argue that the economy can be "reinvented" by capitalizing on opportunities to build green businesses, which are best incubated in the new circular economy - another fundamental pillar of sustainable development.

In conclusion, we believe that economies could benefit from a new relaunch by disseminating best eco-economic practices, stimulating innovation, developing new methods of efficient organization and management, investing in social and human capital, pursuing the protection and conservation of environmental factors, environment - all these being certain directions of sustainable development.

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