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GREEN ECONOMY AND MICROENTERPRISES

Abstract. The article presents the general characteristics of the concept of green economy, the role of microenterprises and their essence through the prism of "green business," "green behavior," and the system of "green production." The purpose of the article is to determine the effectiveness of the green economy, assess the impact of business on the environment, and highlight the interaction of the state and micro-enterprises and their interdependence.

Several academic and scientific methods have been applied for the research. Thus, the method of comparative analysis was used to determine the main goals of the green economy and the role of microenterprises based on various government views, including environmental policy. The generalization method has been applied to assess the impact of business on the environment, taking into account previous research by specialized agencies.

The purpose of the article is closely related to the idea of drawing attention to enterprises that have a significant impact on the local economy and, of course, affect the social sector and the environment. Microenterprises are a key tool of a market economy, so they are the engine of sustainable development in various fields. In particular, if we consider such sustainable development goals as overcoming poverty and increasing employment, the development of microentrepreneurship plays a significant role in solving them. As a result of this development, a significant number of unemployed people with low welfare can get a job and a stable income by engaging in socially useful activities. In this regard, the gradual increase in the number of people engaged in micro-entrepreneurship can be seen as an important factor in ensuring sustainable socio-economic development, especially in low-income countries. A novelty of the study is the developed proposals to promote environmental sustainability among microenterprises and, as a result, the creation of new ideologies for new microenterprises.

Keywords: Green economy, green entrepreneurship, green business, microenterprises, microentrepreneurship.

A green economy is typically understood as an economic system compatible with the natural environment, environmentally friendly, ecological, social, among others. These attributes are the main conditions presented to the economy from the point of view of many supporters of the "green economy." This general concept may alternatively be described as the "greening of an

economy." Some fundamental criteria for meeting these conditions are using of renewable resources within their regenerative capacity, compensation for the loss of non-renewable resources by creating their renewable substitutes, limiting pollution within the functions of natural effluents and maintaining the stability and resilience of ecosystems.

Regarding the green economy, we may also say that it is not only a new sector or a new branch, but also a system that cuts across some of the most important economic areas, therefore, it is complicated to provide a shared definition of this phenomenon. The term "green" in the past had been used to indicate everything that had an environmental orientation. However, today choosing to use the term "Green Economy" means including a broader and more complex significance.

The essence of the green economy is the sustainable development of the economy with the coordinated development of both ecology and economy. Therefore, from the perspective of environmental protection, the development of a green economy will help guide traditional industrial society to realize energy revolution in the fields of production, circulation, and consumption, so that a country's extensive development pattern of "high energy consumption, high pollution, and high emissions" can be changed. From the perspective of economics, the "green transformation" can effectively promote "adjusting economic structure and stabilizing growth." According to the International Labor Organization (ILO), the development of a green economy can add nearly 60 million jobs to the whole world [1].

One important part of this possible future is that an emerging paradigm of "green entrepreneurship" is fusing an enthusiastic business sense with an increased cognizance of sustainability and other tenets of the environmental movement [2].

Evidence suggests that economic growth is inversely correlated with environmental sustainability, as many sectors, especially manufacturing, processing, and transportation, rarely account for environmental impacts in their business models [3]. Due to increased environmental awareness over the past decades, many economic sectors are recognizing the desperate need for more sustainable business practices [4]. However, the new generation of environmental entrepreneurs will require innovation to overturn prevailing economic institutions. This is particularly true of the natural resources sector, where resource-dependent communities traditionally struggle with persistent poverty [5]. Examining strategies for starting small-scale enterprises can reveal how such communities can harness the initiative of local entrepreneurs to create businesses that are at the same time environmentally sustainable and economically profitable [6].

Small-scale entrepreneurial ventures are one of the main sources of livelihood in poor communities, second only to subsistence agriculture [7]. For example, the Asian Development

Bank finds that in Asia, microenterprises (both within and outside microcredit programs) account for more than 60% of all enterprises and up to 50% of paid employment. Not surprisingly, since the 1990s, the term “microenterprise” has received significant attention within the development community [8].

Sustainability enterprises ideally seek to integrate social, ecological, and economic objectives [9], but such concepts still remain abstract and theoretical.

There are numerous barriers to successful wide-scale implementation of green microenterprises that need to be addressed, including natural disasters such as floods and pest infestations, as well as market fluctuations and distortions that can seriously set back small-scale entrepreneurs. Furthermore, the success of such enterprises depends largely on marketing and the ability to get one’s goods to market. Currently, most microenterprises are dependent on their supporting NGOs to connect them to downstream buyers, and this dependency constitutes a vital weakness in the microloans model. It is therefore vital to develop strategies to allow entrepreneurs to find markets and promote their goods independently.

In particular, if we consider sustainable development goals such as overcoming poverty and increasing employment, the development of microentrepreneurship plays a significant role in solving them. As a result of this development, a significant number of unemployed people with low levels of welfare can obtain jobs and stable incomes while engaging in socially useful activities. In this regard, the gradual increase in the number of people who engage in microentrepreneurship (MEs) can be considered an important factor in ensuring sustainable socio-economic development, especially in low-income countries [10].

However, on the way to the development of MEs, there are also certain barriers, in addition to previous, the main one of which is the lack of adequate financial resources for many potential and existing micro-entrepreneurs to start and develop their business [11,12]. One of the main tools to cover the lack of these resources is microcredit [13]. Therefore, microcredit can be considered as one of the tools to ensure the sustainable development of microenterprises.

Assessing the impact of microcredits on the sustainable development of small businesses requires consideration of three factors: the efficiency of microcredit, its availability, and government incentives for this lending. In particular, concerning the efficiency of microcredit, it is appropriate to understand the quantitative value of various types of economic, financial, social, environmental, and other consequences that result from such lending. There are many of these consequences, and, accordingly, there are many indicators of the efficiency of microcredit. Therefore, it is crucial to choose in advance those indicators that will characterize the level of sustainable development of enterprises [14].

In addition, the groundswell of concern about the green economy was associated, in particular, with two perspectives. Some governments were worried about the potential for new constraints on growth and conditionalities from the part of other countries. Civil society organizations and social movements were concerned about the commodification of nature, privatization of the commons, and the corporate capture of the green economy agenda, notably their effects on environmental and social injustice and constraints on much-needed structural transformation.

Much had changed since the term green economy had been popularized as a smart solution not only for climate change (via low-carbon growth) but also for dealing with the triple crises-finance, energy, and food. UNRISD (United Nations Research Institute for Social Development) invited scholars and activists to debate the potential and limits of the green economy from the perspective of equity and social justice. While the participants in this inquiry were highly concerned about the social risks of market and corporate-led green economy transitions, they also highlighted the space that existed for redirecting transition paths through contestation, advocacy, and participation of subaltern groups in knowledge and policy processes, as well as in local resource mobilization, and building broad-based coalitions for change [15].

The UNRISD inquiry on social dimensions of the green economy revealed that such efforts are occurring and need to be enabled at various levels. These include the organized efforts of:

- communities to defend their livelihood and natural resource management systems, as well as gain control over resources at the local level;
- disadvantaged groups to have both voice and influence within governance or policy processes; and
- social movements to contest, advocate for change, and reframe policy agendas and common-sense understandings of what we mean by "development" [15].

Thus, analyzing the above, it is logical to conclude that the main role in the achievement and successful formation of a green economy in each country, regardless of whether it is developed or developing, is played by microentrepreneurship.

It is worth recalling that at its most basic level, the Green Economy is the clean energy economy, consisting primarily of four sectors: renewable energy (e.g., solar, wind, geothermal); green building and energy-efficient technology; energy-efficient infrastructure and transportation; and recycling and waste-to-energy.

However, nowadays, the Green Economy is not just about the ability to produce clean energy but also about technologies that allow cleaner production processes and a growing market for products that consume less energy, from fluorescent light bulbs to organic and locally-produced

food. Thus, it might include products, processes, and services that reduce environmental impact or improve natural resource use [16].

According to this logic, some experts distinguish between "green production-oriented" companies which approach the issue of environmental sustainability primarily by greening their production process, and "green business-oriented" companies which produce a technology, a product, or a service by reducing the environmental impact of other subjects along the supply chain.

The low visibility of individual MEs may be an explanation for the inactivity of MEs because of their little exposure to the reputational risks that can motivate larger enterprises to focus on improving their environmental performance [16].

Because of the dominance and decision-making freedom of the owner-manager, small business behavior is often understood in terms of the psychological characteristics of the entrepreneur. In studies that have not just looked at attitude but also its relationship with practice, the formation of green strategies within small businesses is closely linked to the ethical principles of the business leaders. In particular, the owner–managers' levels of concern and awareness about their business's environmental impact have a direct bearing on how green the business is [16].

Therefore, "Green business" can be defined as a business that is committed to the principles of environmental sustainability in its operations, strives to use renewable resources, and tries to minimize the negative environmental impact of its activities. Several aspects of this definition require elaboration:

- A "green business" meets regulatory requirements for environmental performance, but takes specific steps to go beyond these requirements to minimize its impact on the environment.
- A "green business" may produce or deliver traditional or new product and services ways that minimize impacts on the environment.
- A "green business" strives to use resources and energy that have, in turn, been produced in ways that minimize impacts on the environment.

These businesses may have adopted a "green strategy" as part of their focus on a "triple bottom line" that includes not only financial performance but also social and environmental performance.

These businesses may have adopted a "green strategy" as part of their focus on a "triple bottom line" that includes not only financial The EU is leading the "Greening Economies in the Eastern Neighbourhood" (EaP Green) project in six countries, including Ukraine, on behalf of a consortium of international organizations. The project is working at government, and private sector levels (including SMEs) to: (i) mainstream sustainable consumption and production into national

development plans, legislation, and regulatory frameworks so that incentives are provided for development in line with policy commitments and good international practices, including those encouraged in the European Union; (ii) promote the use of strategic environmental assessment and environmental impact assessment as essential planning tools for environmentally sustainable economic development; and (iii) facilitate the greening of selected economic sectors (manufacturing, agriculture, food production and processing, construction) [17].

It should be noted that the sectors of Ukraine's economy in which small enterprises are most involved, in particular trade, services, and agriculture, are characterized by significant potential development. However, Ukrainian small businesses do not have adequate financial resources. Therefore, given the relatively high level of poverty and unemployment in Ukraine, microcredits can be seen as a means of ensuring the sustainable development of small Ukrainian enterprises. Under this development, it is expedient to understand "the development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Therefore, it is important to assess the current level of microcredit efficiency for small Ukrainian firms. This level is characterized by absolute and relative data obtained as a result of microcredits. Evaluation of these data, among other things, makes it possible to establish the conditions under which such lending is attractive to potential loan recipients. Also, evaluating the efficiency of microcrediting to small businesses helps identify factors that are detrimental to the level of this efficiency. In turn, such a study will make it possible to choose the best means of state support for microcrediting entrepreneurs. This support has become particularly relevant as a result of the spread of the COVID-19 epidemic, which has led to the termination of many micro-entrepreneurs and an increase in the unemployment rate. Therefore, there may be a need to strengthen government regulation of relations in the field of microcredits, in particular, the provision of state financial assistance. On the other hand, microcredits can play a positive role in overcoming unemployment caused by the spread of the COVID-19 epidemic [14].

For a shared vision, it is worth comparing the level of implementation and application of green economy policies in different countries. Globally, MEs account for 95% of the world's private enterprises and provide 60% of private-sector employment. These numbers are significantly higher when informal MEs are included. MEs are certainly the backbone of Caribbean economies, making up the majority of businesses; they contribute 40% of the Gross Domestic Product (GDP) and 50% of employment. They are also considered drivers of the private sector that "eases the burden on states" by creating jobs that states would otherwise have to provide. Many MEs are in the informal sector and are particularly important for poor and

vulnerable groups. They promote innovation, create employment and economic opportunities and deliver economic, social, and environmental benefits to our communities and countries [18].

If India is taken into account, Bangladesh's economy is dependent on its 7 million microenterprises, which provide 56 percent of all jobs [19].

The notion of green economies seems to have gained momentum in both developed and developing countries. For South Africa, the transition to a green economy presents a mix of challenges and opportunities. This stems from the fact that South Africa faces myriad socio-economic realities that force the country to maintain a generation of industries that contribute directly to the production of greenhouse gases in order to reduce unemployment, poverty, and inequality.

The green economy in South Africa is viewed as a path to sustainable development based on its potential to address the interdependence among inclusive economic growth, social protection, and natural ecosystems. It is defined as a "system of economic activities related to the production, distribution, and consumption of goods and services that improve human well-being over the long term, while not exposing future generations to significant environmental risks or ecological scarcities." Developing a green economy implies decoupling resource use and environmental impact from economic growth. The green economy is characterised by substantially increased investment in green industrial sectors, supported by enabling policy reforms [20].

As for China, on the one hand, the government-centered financing mode has promoted renewable energy industry development the early stage, but it cannot be adapted to the requirements of sustainable development (Zenget al., 2014); on the other hand, the direct financing channels are not yet developed, "green credit" is still the main channel of green project financing and the main force to build green financial system [1].

According to the World Bank, MEs play a considerable role in the private sector, particularly in emerging economies where formal MEs alone contribute up to 60% of total employment and up to 40% of national income (GDP). The importance of MEs is even higher when informal businesses are included.

As with every young start-up enterprise, but even more so for MEs in developing and emerging countries, the risk of business failure is high. Besides challenges such as access to financing or technology and a lack of adequate business management skills, developing and emerging economies' ecosystem often obstructs business development. The barriers are even more pronounced for eco-inclusive MEs as they are pioneering new business models that challenge conventional perceptions of business.

Eco-inclusive MEs need recognition and the international community's support to accelerate their businesses and multiply the number of value chain beneficiaries and contributors.

Governments, development organizations, and financial institutions need to ensure that tailored financial instruments are available to successfully close the early-stage funding gap for MEs. Policies and green economy strategies need to acknowledge the contributions of SMEs and actively work to multiply these [21].

Conclusion

Green MEs are drivers of integrated development solutions – enabling job creation, poverty reduction, environmental sustainability, and resilience building.

In general, green business is created to meet the needs of the community in products and services that have less impact on the environment and improve its status. The ideas of green business development are based on community awareness of the importance of environmental issues, which, on its part, creates a demand for environmentally friendly products and services.

MEs are ideal for driving inclusive and resilient green economic transformation as they: effectively reach economically marginalised groups such as rural communities, women and youth; provide social benefits through local employment; are resilient, innovative, and can respond quickly to risks and opportunities due to their small size and flexibility; and encourage stewardship of natural resources upon which local livelihoods depend.

Thus, green economies are defined as economic systems that take into account holistic remedial measures incorporating economic, environmental (including ecological), and social challenges that stop or reduce economic activities and growth. Central to the green economy is the desire to improve people's lives by combating climate change, energy insecurity, and ecological instability.

A green economy is a resource-saving and environment-friendly economy. It is an economic form with low resource consumption, less environmental pollution, high added value of products, and intensive production methods, which means that consideration must be given to the two dimensions of "green" and "economy."

The development of a green economy cannot rely solely on enterprises' renewable energy investment behavior; the constraints of financing behavior should also be considered. Specifically, it is necessary to combine the green credit policy of the government and financial institutions to maximize the promoting effect of renewable energy investment on the green economy.

So, the government should establish a series of incentive measures to support and encourage investment in and financing of renewable energy. Financial institutions should construct a reasonable and effective green financial system and control the green credit volume in the optimal investment range so that we can guide and encourage more social capital into green industries by policy support measures and innovative financial system.

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