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**The Future of Sustainable Business:
The Case for a "Green Economy" of Enterprises in Bulgaria**

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Abstract

The world is in constant motion, and businesses are adapting in the midst of the fourth industrial revolution. Sustainable development is a complex multifaceted concept, but its idea is one; namely, it must be ensured that economic growth allows maintaining a model that creates fair results for all humanity. This means that it is necessary to modernise the economy in order to move towards sustainable consumption and production patterns, to correct the broken balance, and to lay a sustainable foundation through the way of production, consumption, energy, and conservation. The transition to low-carbon, climate-resilient operations and sustainable enterprise development requires significant funding and investment, as well as a significant shift in the way the private sector is invested. The future of enterprises lies solely in the creation of environmentally friendly products and services increasing their sustainable development. This allows the introduction of "green innovations" and the improvement of the country's ecological condition.

Recently, in the scientific literature, the consequences of the activities of the enterprises, as well as the ways of dealing with the problems and the opportunities for a "green economy", have been discussed more and more often. In the present report, several main tasks are set: to make a literature review of the topic, and to establish the development of enterprises towards the transition to a green economy. The main methods used in the development are content analysis, method of analysis and synthesis, statistical data, and reports. In the scientific development, several main results were achieved - an in-depth analysis of the literary sources on the subject, the current state of the enterprises switching to a "green economy" in Bulgaria, and a model for switching to a "green economy" was also proposed.

Keywords: green economy, enterprises, sustainable development, economy, growth.

JEL Classification: L32, O13, Q01.

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1. Introduction

Sustainable development has been an important concern for the international community for decades. Despite the efforts of many governments around the world to implement environmental protection and green economy strategies, as well as international cooperation to support national governments, concerns about global economic and environmental development persist in many countries. This concern has intensified after the ongoing global crises: health crisis related to COVID-19, war between Russia and Ukraine, energy crisis related to high prices of gas, electricity, fuels, food crisis related to high inflation, etc. Today, as governments seek effective ways out of these interconnected crises for their countries, given the limitations of our planet, the green economy (in its various forms) is often seen as a tool that can be used to catalyse the development of national policy and international cooperation and the promotion of sustainable development. The green economy is seen as one of the most important tools for achieving sustainable development for private sector enterprises, which is characterised by its inclusive nature and ability to promote economic growth, employment, and poverty eradication, while ensuring the normal functioning of the planet's ecosystems. The private sector plays a major role in improving the level of green economy in Bulgaria. Most of them carry out many ecological measures and innovations in the field of production and protection of nature.

2. Problem Statement

Nowadays, the literature related to the environmental status of enterprises is vast. The literary sources used in this article are mainly from various European statistical reports, studies, and analyses. The European commission points out the need for sustainable growth, of construction of low-carbon, resource-efficient economy, for which a number of strategies are drawn up.

3. Research Questions / Aims of the Research

The main goal of this report is to establish the level and role of Bulgarian companies in investing and creating a "green economy".

4. Research Methods

The article presents the main results of scientific research and data analysis among Bulgarian enterprises on the state of the "green economy" in the country and in the European Union. The main research methods used in the development are content analysis, method of analysis and synthesis, intuitive approach, systematisation, and other statistical data.

5. Sustainable Development and Green Economy – a Theoretical Analysis

The green economy is a model of economic development that assumes a responsible attitude of man toward the Earth's resources. It aims to find a reasonable compromise between the growth of prosperity and the conservation of natural resources.

Recent literature has argued that ‘public opinion plays a key role in linking environmental initiatives from the private sector and government-led efforts, and in shaping political eco-initiatives.’ (Druckman, Valdes, 2019) The development of the green economy is driven by two main vectors: one driven by climate change policies and the other arising from growing competition from developing countries for access to increasingly scarce and expensive resources. An inclusive green economy must find a balance between economic prosperity, greater social cohesion, and better conservation and wise use of natural resources so as to preserve the well-being and that of future generations. It aims at the dematerialisation of enterprise production, i.e., to decouple economic growth from the use of natural resources and the generation of pollution and waste.’ (Agudo i Bataller, Narro, 2013). The green economy is part of the sustainable development of every enterprise or of the Bulgarian economy as a whole. The idea of sustainable development is elementary; it is necessary to ensure that economic growth allows maintaining a model that builds fair results for the whole world. Prerequisites are also being created for small- and medium-sized enterprises’ modernisation of the production models and the gradual transition to sustainable consumption.

It is a well-known fact that European integration and policies contribute to sustainable development that meets the needs and requirements of the current generation without affecting future generations and their ability to meet their needs. Furthermore, there are several urgent and essential challenges that put the well-being and economic prosperity of any country at risk, including Bulgaria. All of these challenges are complex and highly interrelated, meaning that addressing one challenge can have positive consequences for others.

Sustainable development means improving people's living standards through real choices, creating an enabling environment, and spreading knowledge, as well as through better information. This should lead to a situation where we ‘live well within the limits of our planet’ (Bourguignon, Allaud, 2019) through a smarter use of resources and a modern economy that serves our health and well being.

It is important to point out that Europe has made significant progress in increasing resource efficiency, but much more needs to be done. Various European Union strategies and legislative acts, such as "Europe 2020/2030", the "Resource Efficiency Europe" initiative, and the Waste Framework Directive or the Seventh Environment Action Program are already being implemented in an attempt to create sustainability in key activities of the economy in a long-term transition perspective. Comprehensive implementation of these policies will provide numerous benefits to private sector enterprises. Less resources will be used per unit of output, and this will help protect and preserve the environment. At the same time, the

economy will benefit from fundamental innovations and higher competitiveness for European enterprises.

It is also necessary for the European Union to "provide knowledge" to small businesses, the economic opportunities of the transition to a low-carbon economy, efficient use of resources, and resilience to climate change. It is imperative in this transition to provide additional support, incentives and appropriate infrastructure to facilitate the creation of leading green enterprises. "A low-carbon economy will see the emergence of many new industry segments such as electric vehicles, energy efficiency solutions, water efficiency services, biomass generators, carbon capture and storage service providers." (EU, 2010)

Private sector initiatives are important drivers of the transformation of the green economy in many countries, including Bulgaria. It is necessary to build on the existing commercial and economic incentives for environmentally friendly business practices, including the development of standards and certification schemes, which help to increase the sustainable development of the country. The potential areas of interaction with the private sector and more specifically with SME's are extensive, for example:

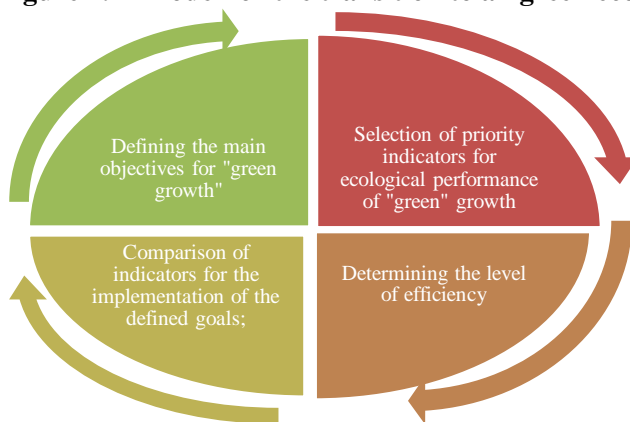
- Research and increasing information accessibility on sustainable practices and market opportunities;
- Capacity building of small businesses related to the green economy;
- Support for dialogue between producers and consumers committed to sustainable sources and eco-products;
- Actions to promote private sector investment in green sectors, including access to green finance by SME's;
- Encouraging the participation of the private sector in the development of policies to promote the transfer of green technologies;
- Development and alignment of green standards for certification, supply, and development of mechanisms to improve trade in "sustainable" goods;

In order to conduct an effective environmental policy of private sector enterprises and comprehensively assess the effectiveness of their "green" growth, a model for a gradual transition to a "green economy" is proposed. This model will make it possible to understand the level of current activities, the scale, and limits of their impact, and to process information on possible foreseeable risks in the most comprehensive way (pollution, waste, degradation of ecosystems, etc.). Important stages in building the model for the evaluation of effective environmental policy and the overall assessment of green growth can be (Figure 1):

- 1) selection of priority indicators for ecological performance of "green" growth;
- 2) determining the level of efficiency with their help, which will dynamically allow one to track what progress is being made towards achieving the goals of "green" growth;
- 3) comparison of indicators for the implementation of the defined goals;
- 4) defining the main objectives of "green growth" (target values of priority indicators).

When building a model for the development of the "green economy" in the long term, the main sectoral priorities can be proposed for analysis, as well as differentiated indicators in various strategies and programs that have not been synchronised over the years. The basic principle of modeling the situation in the development process of the "green economy" is defined as follows: the designed system must ensure a balanced interaction of the main priority "green" sectors that determine the essence of modernisation, such as ensuring technological progress for economic development and maintaining a favourable natural environment. The effectiveness of the implementation of the transition model to the "green economy" can be determined based on its goals, as well as the degree of results achieved, provided that the following sectors of the economy are introduced: energy (energy efficiency, partial transition to renewable sources of energy); waste disposal (reduction of anthropogenic impact); "green" technologies (BIO, Nano, ICT); production of ecologically clean food products (organic farming); "green" transport; "green" construction; clean water (rational use of water resources), forest and its protection.

Figure 1. A model for the transition to a "green economy"



Source: Systematisation of the author.

This model determines the effectiveness of the implementation of priority sectors of the economy in the transition to sustainable development based on the "green economy" in the long term. Based on this principle, the theoretical apparatus of design technology is used to analyse and calculate the environmental and economic indicators for the development of the "green economy" in the private sector. The effectiveness of the model is characterised by the socio-economic and environmental consequences of its implementation, taking into account the effectiveness of economic mechanisms to ensure the transition to a "green economy".

For the selection of priority indicators for ecological performance of green growth of enterprises, means to analyse all individual elements showing the state of ecological production. Through this, the level of efficiency of the achieved results is determined, and all the obtained indicators are applied for comparison. Target setting is the final element of the model and can include targets such as zero or minimal net

greenhouse gas emissions, reducing production emissions, and decoupling economic growth from resource use (this target actually means "decoupling"), households to be provided to the maximum, liberalisation of the market occupied by the enterprise, eco-friendly standards to be the basis of the creation of the organisation, etc.

According to Safonov (2020), achieving greener economic growth requires both green innovation policies and supporting targeted industrial and environmental policies to create demand where traditional externalities are not fully reflected in market prices. The challenge is to bring innovation and environmental policy together in a well-balanced mix of administrative support for cutting-edge innovation, bridging the innovation gap, technology implementation and diffusion, and domestic technology implementation. Diffusion of green technologies can be accelerated by policies that increase their adaptability (e.g., promotion of science and engineering education) and trade and industrial policies (local arrangements and technology transfer).

The stimulation of innovative activity toward a green economy can be ensured through appropriate changes in tax, competition, and trade policies, financial incentives for "green" innovations, and control over the use of natural resources. It is necessary to achieve a situation in which productions associated with environmental pollution or excessive consumption of energy, water, and other resources become unprofitable. Then, private sector companies that invest heavily in green technology will be able to reap real dividends from it, due to the advantage over competitors in the cost of the final product.

6. Development of the "Green Economy" in Bulgaria

The Bulgarian economy is one of the most resource-intensive in the EU, lagging behind the member states of the community in terms of the application of the circular economy principle and in the implementation of eco-innovation activities related to the green economy. In the National Plan for Recovery and Sustainability of the Republic of Bulgaria until 2030, three main components are assigned: low-carbon economy, biodiversity and sustainable agriculture. The economy consumes on average 3.5 times more energy resources to produce a unit of GDP than the average energy consumption in the EU. In the last twelve years, a significant increase in the share of renewable energy sources in the gross final energy consumption has been recorded, and in 2019 the achieved share (21.6 %) is more than double compared to 2008 (10.3 %). According to this indicator, the country continues to perform better than the EU (the average value achieved for the EU in 2019 is 18.9 %), and the level of the indicator remains significantly above the national target under the "Europe 2020" strategy (16 % in 2020). The Green Deal's ambitious targets for gradual decarbonisation, as well as their projection in national strategy documents, imply significant additional efforts to increase the share of energy from renewable sources in gross final energy consumption. "At the same time, the ever-increasing development of renewable sources and the related inconsistency in the production of electrical energy require an increase in the adaptability of the operational

management of the electrical energy system to ensure the necessary flexibility, security, and quick action in its management." (Project Bulgaria, 2022)

In order to stimulate Bulgarian enterprises, it is important to implement the so-called energy taxation. It is a budget tool that can also be used as a tool to stimulate the choice of greener energy. Energy taxation policy is one of several instruments that can be used to achieve climate goals. Other instruments are legislation setting targets (for example, effort-sharing legislation on mandatory annual targets for greenhouse gas emissions), regulatory standards (for example, for vehicle emissions), and financing schemes (for example, for energy investment efficiency).

The role of small and medium-sized enterprises in the development of the "green economy" in Bulgaria is enormous. It is well known that they are the driving force of the market, they are the source of innovation and ideas. It is necessary to consider more carefully the models and tactics for environmentally friendly production and consumption. There are companies in the country that have the capacity to switch to ecological production and have done so. Also, a large percentage of SME's are gradually introducing eco-standards for production and consumption. The work to halt global warming and the loss of ecosystems and biodiversity that threaten the prosperity, prospects for sustainable growth, and life itself on this planet must be unceasing. Inequality and territorial disparities remain widespread despite progress. Dealing with these phenomena is important for building a just society, but also for preserving and strengthening social cohesion and for ensuring social and political stability within and between EU member states.

7. Conclusion

Finding ways to a green economy is a global and European opportunity to overcome international economic problems, accompanied by a gentler attitude toward the depleted environment. Frugal consumption of raw materials, sensible agriculture, and modern waste management can be highly profitable. A technological economy can be ecological if it analyses and invents. Based on what has been said so far, the following conclusions can be drawn:

First, the "green economy" is the future of business activity. The "green economy" is not simply a sectoral adjustment between emerging and other more traditional sectors (generated by the technological push towards a low-carbon economy). It includes the ecological modernisation of production and consumption patterns in order to integrate the objectives of increasing the added value of enterprises and their environmental sustainability in terms of material savings, energy efficiency, work organisation, and also worker-employer relations for improving the productivity of all factors.

Second, for the implementation of an effective environmental policy and a comprehensive assessment of the effectiveness of "green" progress in the private sector, a model for a consistent transition to a "green economy" has been developed, which establishes the level of current activities, the scale and boundaries, etc. transition to a "green economy".

Third, in order to comply with all the requirements and for the enterprises to have ecological production and consumption as quickly as possible, it is necessary to implement certain tax measures. Also, in our opinion, if the procedures are followed, there will be financial advantages for the results.

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