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GREEN ENTREPRENEURSHIP

(Text Book)



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Green entrepreneurship does not imply only nature protection. It is more inclusive and operates in the ecosystem of green management. Here, "green" marketing, management, financing, and education play a key role, without their harmonious application, green entrepreneurship simply will not work effectively.

The educational manual presents the features of organizing green entrepreneurship, and in particular, the toolkit that makes it possible to carry out ecosystem activities parallel to traditional business and ensure green growth.

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Introduction

The term "green business" in the economic community started to be used actively at the beginning of the 21st century when the problems of preventing the risks of negative impact on the environment by economic activity became more obvious. Naturally, before that, environmental solutions were always at the center of public attention, when there were continuous questions about how to solve the problems of greenhouse gas emissions, effective management of harmful waste, and the use of renewable energy.

Currently, these questions were also transferred to the field of green entrepreneurship, where the traditional business in a pronounced way began to look for the edges of cooperation with the entrepreneurship directed to the preservation of the surrounding environment.

Green entrepreneurship does not imply only nature protection. It is more inclusive and operates in the ecosystem of green management. Here, "green" marketing, management, financing, and education play a key role, without their harmonious application, green entrepreneurship simply will not work effectively.

The educational manual presents the features of organizing green entrepreneurship, and in particular, the toolkit that makes it possible to carry out ecosystem activities parallel to traditional business and ensure green growth.

CHAPTER 1 GREEN ENTREPRENEURSHIP

ESSENCE AND FEATURES

1.1 From Business to Entrepreneurship

Entrepreneurship is a unique behavioral manifestation of humanity, which is aimed at the creation of material goods, or the provision of services. It was formed from the period, when people satisfying the primary needs of consumption, simultaneously sought to increase their property and economic capital. With that, the owners (entrepreneurs) undertake activities aiming to increase their economic potential.

The distinction between the behavioral manifestations of factories and entrepreneurs is emphasized as follows. As a rule, the first pursue the efficient use of limited economic resources, and the second also strives for economic benefits and additional results with these resources, using innovative ideas and implementing risky projects.

Thus, pharmacies "A" and "B" operate on the same street, with similar starting resources. The owner of the pharmacy "A" strives to make a profit in such a way, that he uses the resources he manages wisely, can pay off the sales costs, and timely pays off the tax and other credit obligations, without having any goal at all, to expand operations and improve its competitive positions in the market. Therefore, in this case, he acts as a disciplined businessman, but not an entrepreneur.

The owner of "B" pharmacy, on the contrary, is not satisfied with the existing limited management resources, he attempts to expand the business to increase the generated profit and increase the level of competitiveness of his business in the market. For this purpose, he opened an eye examination salon, a

department for preparing glasses frames, and a laboratory for preparing ointments, with the help of bank loans attached to the pharmacy store, hoping that these innovative programs related to sales would be justified and will increase dramatically the amount of profit.

Of course, by implementing such innovative programs, the owner of pharmacy "B" takes a risk, because some of them may not be economically justified and cause losses to the business. However, the other part of innovative risk programs can provide super profits and compensate for risk losses. Therefore, in this condition, the director of pharmacy "B" is no longer considered a classic businessman, but acts as an entrepreneur.

In the case of passive business, as a rule, searches for innovative projects are not carried out, and thus the economic activity is considered to be low risk. In the conditions of active business management, ideas are transformed into concrete economic results and ultimately sold, in which case the entrepreneur can not only dramatically increase his income, but also take risks for having losses, because in some circumstances the large-scale investments made in the generation of capital may not have the result that was planned.

The owner of the "A" pharmacy can buy cheap drugs in small batches, or with the condition of transferring the money to the supplier after a few months, and finally, in the case of slow sales, making an offer of low price, mitigating losses from sales. In the event of the implementation of the "B" pharmacy project, it is not possible to compensate for the losses in the short term, if the buyers refuse the service of the pharmaceutical laboratory, because the pharmacy equipment has already been purchased, and the sales hall has "sacrificed" for retail space. In the case of active management, in contrast to passive, a more sensitive approach to the management of the efficiency of economic activity is shown.

The owner of pharmacy "B" draws up a strategic development plan, that is strictly consistent with the implementation of the provisions of that document, increasing the level of profitability, the ratio of investments, and monitoring. The owner of pharmacy "A" is satisfied with such a level of income, when expenses are reimbursed, taxes are paid and a stable amount of profit is formed.

In the case of active management, in contrast to passive supervision, there is a dynamic participation of entrepreneurs in managerial decisions. Passive businessmen are satisfied only with management decisions, that ensure the stability of business.

The owner of pharmacy "B" is a member of the Association of Public Pharmacists, he makes serious efforts in the drafting and consultation of the legislative project to provide tax exemptions for medicines prepared in the laboratories of pharmacies along the line of conduct in it.

Thus, entrepreneurs use new technologies, the latest methods of work organization, and marketing research, which lead to the rational use of production resources, consumption, and competitive pricing, resulting in more profit than ordinary businessmen. It is remarkable, that the entrepreneurs do not avoid risks, but consciously act in justified economic conditions, expecting additional compensation in the future.

Business occupies a special place in the process of economic management and, starting with the exchange of goods, has simultaneously passed through several stages, living its development until today (see Figure 1.1.1). When people had a surplus of certain material goods produced in their economies, the problem was set to carry out commodity exchange. At that time, the need for business skills was felt for the proper organization of commodity exchange. Businessmen began to enter into a

transaction and to cooperate in such a way, that the exchange of goods between them was as equal and appropriate as possible. Therefore, businessmen gradually moved their activity to the field of business, to organize a purposeful and reasonable trade-exchange.

However, when the problem was set not only to realize organized and effective product exchange but also to get additional results with the profit generated from economic management, the business shifted to its development in the second stage. Along with cooperation, businessmen began to compete and pursue private interests to seek profit from the sales made in the market. Therefore, at this stage, the main goal of entrepreneurship, from organizing the exchange of goods, was shifted to the formation of profit and the expansion of business capital, motivated to gain competitive positions in the market.

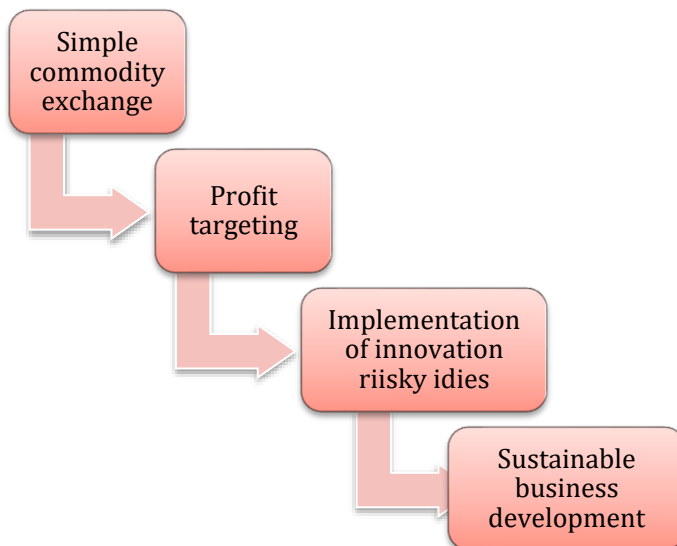


Figure 1.1.1 The stages of entrepreneurial activity development

However, ensuring a competitive position in the market could not be achieved, if the entrepreneurs did not constantly turn to innovations and, unlike traditional businessmen, did not take additional economic risks. This situation was clearly defined in the third stage of entrepreneurship development (see Figure 1.1.1), when business was combined with innovative risks and applied demonstrations of creative ideas, which, in addition to providing additional profits, also had the risks of creating economic losses. However, all this did not prevent entrepreneurs from taking risks and pursuing private interests, sometimes compensating losses at the expense of additional profits.

Entrepreneurship is currently entering a stage of stable development, which implies not only meeting the private interests of business managers but also evaluating the public attitude towards the results of economic activity. In this case, the creation of additional results by entrepreneurship includes not only private economic benefits but also those results pursuing public interests, which are aimed at environmental protection, the qualitative growth of human capital, and the social benefits of business.

On the other hand, when exploiting the resources of the business environment and pursuing personal interests, entrepreneurs give "justifications" in the sense, that business activities are accompanied by risks of compensation for damages and, therefore, the benefits of bypassing the requirements of efficient use of resources, the acceptance can be considered justified from their point of view. In this case, it is recorded, that profit-seeking entrepreneurship is characterized by potential risks, and entrepreneurs have the possibility of forming losses, especially when they apply innovative ideas.

Therefore, inefficient use of resources for sustainable development. the acceptance of excess profits by the private sector is justified in its way.

However, from the point of view of the public, such an approach is not acceptable, because business activity in this case is considered from the point of view of public interests. In such a case, society is driven by the sustainable development of business and values entrepreneurship not only from the point of view of creating public goods but also from the point of view of continuing business and expanding the economic potential supporting it. The public is waiting for answers to such questions as: how are the natural resources consumed during the operation compensated? what is the efficiency of natural resource use? how are the damages caused to the environment as a result of the business prevented? to what extent do entrepreneurs contribute to changing the quality of the human capital used? finally, how to ensure the effectiveness of business management in terms of information transparency, participatory management, and the formation of qualified social capital?

The characterization of entrepreneurial activity has received many interpretations by both theorists and businessmen and yet, a universal economic definition of entrepreneurship acceptable to all has not been formed. In this regard, it is noteworthy to comment on the stages of development of the theory of entrepreneurial activity, which appears in "four waves". The "first wave", which was developed as far back as the 18th century, is based on the view of risk-taking by the entrepreneur. According to this concept, an entrepreneur is any person who has foresight, a willingness to take on business risk, as well as a future vision and strategy. Entrepreneur's actions are aimed at obtaining income and are accompanied by preparation to face economic losses

The "second wave" of the development of the theory of entrepreneurial activity emphasizes innovative distinguishing as the main characteristic of entrepreneurship. The founder of that

direction is Joseph Schumpeter, the greatest representative of world economic thought, who considers the entrepreneur as the core of the mechanism of economic development in his works. In his opinion, economic development is based on the special function of the entrepreneur, which is manifested by the desire to use the factors of production in a "new combination", resulting in progress and innovation. If the format of the function is changed instead of the number of factors, then an innovation is obtained. The entrepreneur in that situation is called "...not to do what others do and not to do as others do".

Thus, the first and second waves of the development of the theory of entrepreneurial activity were based on the one-factor role of entrepreneurship, which mainly directed the theorists to a one-sided discussion and interpretation of the main issues of entrepreneurship.

The multi-factor model of entrepreneurial activity is presented to entrepreneurs not only for testing new technological methods but also to choose them from all possible options, which will create an opportunity to provide the population with what they need most at the given moment in relatively cheap ways.

Therefore, the basis of the "third wave" of the development of the view of entrepreneurial activity is not the personal qualitative characteristics of the entrepreneur (independent decision-making, etc.), but the functions of entrepreneurship, with which he acts in a balanced economic way in the system as a regulator.

The current stage of the development of the theory of entrepreneurial activity can be described as the "fourth wave", the formation of which mainly targets the management of sustainable development to the activity of the entrepreneur. However, the terminological evolution of the essence of entrepreneurial and entrepreneurial activity is related to the development of scientific and technical progress.

1.2 Entrepreneurial Activities Features

Entrepreneurial activity is a form of active economic supervision and has several features that can be presented as follows:

- entrepreneurs do not have a special class status,
- demonstrate self-regulatory behavior,
- innovation is considered one of the most important tools,
- the activity is carried out to seek profit.

As we have already mentioned, the first feature is that the entrepreneur does not have a special class status and differs among businessmen only in his special management style, conditioned by the search for innovative ideas, investment, and execution with risky actions. In addition, the entrepreneur is an active participant in administrative decisions and has significant responsibility for their implementation.

Of course, management decisions can also be made by hired managers, who have only employment obligations under the contract and therefore do not pay special attention to the search for and implementation of innovative ideas.

The next special feature of entrepreneurial activity is distinguished not only by active management behavior and skills but also by self-regulation abilities. Self-regulation behavior is manifested in the following directions:

- development and generation of ideas,
- transformation and materialization of ideas,
in the form of goods or services,
- managing the implementation of ideas
decision making
- resources for the implementation of ideas
involvement,

- efficiency of resource use
evaluation and monitoring.

Entrepreneurs also show special activity in the stage of practical preparation for the introduction of ideas, drawing up a business plan, performing a SWOT analysis, and evaluating the strengths and weaknesses of the project implementation. Along with obtaining positive results, technological improvements are also accompanied by additional costs (losses), such as the purchase of expensive raw materials, and multifaceted equipment. Ensuring their exploitation, replenishment of qualified engineering and technical personnel, expansion of sales market circles, etc.

According to Schumpeter, an entrepreneur is an active business entity whose action is aimed at the realization of innovative goals. Therefore, in contrast to a businessman, who organizes his activity with a fixed management behavior, an entrepreneur is distinguished precisely by the fact, that he strives to introduce new ideas and implement innovative activities in the system of economic activity. As a rule, those scientific and technical novelties or rational-analytical proposals, the results of which are subject to sale, are considered innovations.

In practice, an entrepreneur is often considered a person, who has opened his own small business. However, not every new business can be considered an entrepreneur, if, for example, an individual opens a grocery store where there are supermarkets or other similar stores. Of course, he takes risks and in this case, can be considered an entrepreneur. What new thing was offered or what new consumer demand was created in such a situation? In this sense, by opening a new business, he is still an entrepreneur, but not a businessman.

In the case of McDonald's, of course, we are talking about entrepreneurial activity. Applying the concepts and methods of management, with the main emphasis on the attractiveness of the

offer, the production process and the sphere of provided services were standardized, a new type of market and a new circle of buyers were formed.

The best example of the history of entrepreneurship is the creation and development of modern universities, especially American ones. Today's universities owe their current competitive behavior to Humboldt, the founder of the University of Berlin (1809), who pursued two goals: to "take away" intellectual and scientific excellence from the French, as well as to consolidate the scientific knowledge of the French. potential and turn against themselves, particularly Napoleon Bonaparte.

About half a century later, a new type of university was created in the USA, which showed an innovative approach, operating based on private funding. At first glance, they were ordinary universities, but they provided educational services in new markets and environments, that is, for people who were on the way to reaching the desired level of their careers. Due to this factor, higher education became available to the middle class of the American society.

Therefore, one of the special tools of entrepreneurship is innovation. Innovative activity gives new quality to existing resources, increasing profits. A resource would not be considered profitable unless someone found a way to use it that would be of economic value.

Entrepreneurship as a special form of economic activity is also manifested in making risky decisions, which is not manifested among non-entrepreneurial businessmen. Entrepreneurship is radically different from the economic activity operating in the administrative-command system precisely in terms of its degree of risk because the latter allowed the activity of harmful economic entities that received state support, which was very specific to the Soviet Union economy.

Therefore, the presence of entrepreneurial risk is a great incentive for the successful development of economic activity, because by insuring themselves against bankruptcy, entrepreneurs strive not only to avoid harmful management methods but also to conscientiously fulfill their obligations to their legal partners.

The risk category has traditionally been discussed by economists. The definition of entrepreneurial risk receives different interpretations in professional literature. There is an opinion that the risk is the incomplete achievement of the intended results of the operation. The risk is also characterized by the amount of damages formed from the failure of the operation. In jurisprudence, the characterization of risk also has its place, when entrepreneurial risk is presented as a potential possibility (danger) of the outcomes of those events that cause unfavorable property consequences of the entrepreneur's activity.

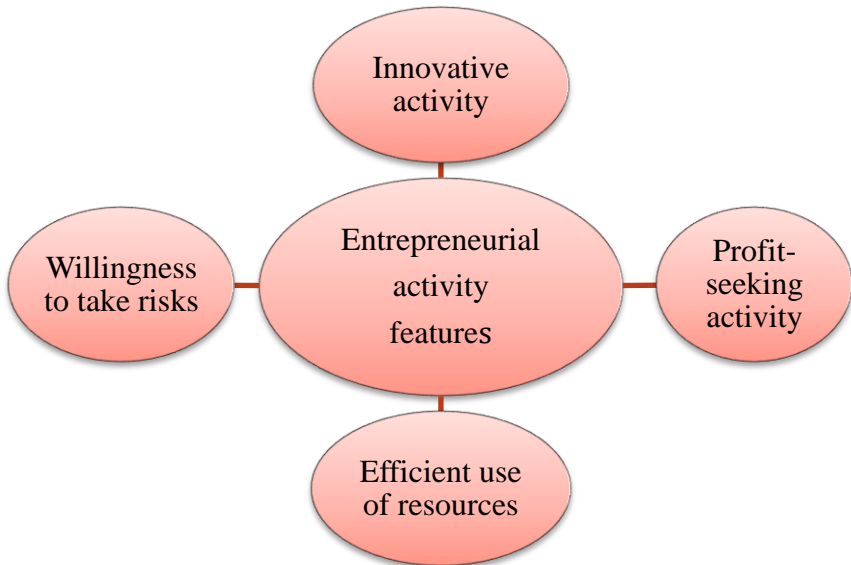


Figure 1.2.1 Entrepreneurial activity features

The next and most important feature of entrepreneurial activity is that it is a continuous activity seeking profit. If the trade at the beginning of entrepreneurship was just a pure exchange of goods, without the pursuit of profit, then the specialized entrepreneurs began to pursue profit by carrying out trade activities. Still, D. Ricardo described the entrepreneur as an economic agent, who can transfer economic resources from a sector with low productivity and profitability to a sector with high output and usefulness. In the professional literature, there is also an opinion, that profit is the payment, received for the risk of entrepreneurial activity.

It is noteworthy, that the earning of profit in entrepreneurial activity is continuous because the entrepreneur mainly sets before him the problem of the prosperity of the economy and not the formation of a one-time profit.

Summarizing what has been stated, entrepreneurial activity as an active economic activity is distinguished by many features (see Figure 1.2.1).

Therefore, entrepreneurial activity is the realization of the special abilities of an individual, when a rational combination of production factors takes place with innovative risk approaches.

1.3 Green Entrepreneurship Organizing Principles

Entrepreneurship has traditionally been considered a way to create material goods, generate additional profit, and improve people's well-being. Entrepreneurs always pursue private interests when carrying out economic activity, on the one hand, gaining profit in the competitive market and aiming to increase their entrepreneurial capital, on the other hand, by creating material goods or organizing services, contributing to the growing socio-economic needs of people satisfaction. However, by using entrepreneurial services, the population is already making a public demand to preserve the planet Earth, to take care of the surrounding environment, which is often neglected in the course of the business, that appears in the race for profit formation and, unfortunately, does not enter into the enterprise. within the framework of the goals of the owners.

As a result, the business mercilessly "devours" on its way everything, that contributes to the formation of super profits, not sparing people's health, harming nature, recklessly wasting natural resources, and polluting water and air basins with harmful waste. Therefore, in the striving for super profit, new requirements arise, the purpose of which is the organization of an enterprise, which makes it possible to use socio-economic resources in such a way, that they are transferred to future generations and thus the business becomes continuous as well. in the foreseeable future, having a stable development course.

Today, economic activity is dramatically shifting to the sphere of sustainable business. People are trying to implement management tools, that promote sustainable entrepreneurship. The scope of socially responsible investments is being expanded, and the formats of reports published by organizations are being

transformed to inform everyone how successful business activities are in terms of both private interests and public expectations. Both internal and external beneficiaries of the economic activity are already interested in the evaluations of the sustainable development of the organization, and if they are not encouraging, then risks of losing business partners and weakening of competitive positions in the market arise in the organization.

The problems of sustainable development were formed in the 70s of the last century when it became clear to the community of businessmen striving for profit that the relentless exploitation of the subsoil, and the pollution of the surrounding environment would cause catastrophic damage to the planet Earth, which will no longer be possible to intersect, or to re-establish even business, with the resulting super profits. It became obvious, that the activity contributing to the positive growth of people's socio-economic level at the same time contains negative environmental, social, and managerial risks, the mismanagement of which leads to irreversible damages and future instability. And the instability can be formed due to the merciless exploitation of natural resources, their absence, violations of environmental balances, as a result of the instability of the business society.

The concept of sustainable development at the initial stage of its formation was presented as "the exploitation of natural resources at the present moment in such a way as to create an opportunity for future generations to use these resources." In other words, initially, sustainable development was built based on the principle of intergenerational solidarity, when humanity, satisfying its current demands for natural resources, enables future generations to also satisfy their demands for using natural resources.

In such a case, resource-saving technologies, substitutes, and efficient approaches to natural use are used. From the

beginning, the source of inspiration for the implementation of these ideas was the process of using forest wood, when people were well aware that the damages of deforestation should be restored with new tree plantations, which will be a wood resource for the next generations.

In the simplest interpretation, in the case of sustainable development, we strive to transfer the Earth to future generations with the possibilities of natural use, that we once received from our ancestors. Naturally, in this case, stability is mainly related to ensuring a "stable level" of natural resources. Years later, the sustainable development of the business was practically considered by the international community in a broader context, which, in addition to effective land use, also included poverty reduction, access to education, "green energy" use, and climate recovery requirements.

"Sustainable development" in the most comprehensive context was introduced in 1987 at the World Conference on Environment and Development. Such questions became so intense that already twenty years later, in 2002, at the conference in Johannesburg, which was later renamed "Rio 10+", a concept of sustainable development partnership was developed. In the next decade, the "green economy" was also targeted in the concept of sustainable development in the "Rio 20+" summit, when alternative energy resources will be used, greenhouse gas emissions will be reduced, and efficient eco-infrastructure services will operate. Finally, in 2015, the United Nations developed 17 sustainable development goals, which were adopted by 193 countries.

Regulations for sustainable business development ultimately formed the ideology of the "green economy". And the green economy cannot function efficiently without "green entrepreneurship". Perhaps, until now, there is no universal

definition of the term "green economy", but international structures, when presenting various interpretations in this direction, are guided not only by environmental but also by social, effective management, and reasonable resource use. approaches intending to secure the sustainable development of management (see Table 1.3.1)

In this sense, "Green Enterprise" basically focuses on investments, capital, infrastructure, employment level, and social and environmental positive results. It is defined as low-carbon, resource-efficient, and socially inclusive management, aimed at reducing environmental risks, handling limited resources, and sustainable development. It works with the structure of achieving employment and income growth, by attracting investments, through which the reduction of carbon emissions and pollution, the improvement of energy and resource use efficiency, and the preservation of biodiversity are realized.

Thus, "green entrepreneurship" cannot be aimed only at increasing profit through "green procedures". It should enable necessary structural changes in the composition of used resources, management methods, level and structure of consumption, export in the context of actions aimed at reducing emissions and losses, as well as climate change prevention.

Green entrepreneurship seeks to create more value year after year by introducing innovations in business while preserving natural systems and mitigating environmental damage with a special toolkit (see Figure 1.3.1). In addition, the green entrepreneurship process can be applied in whole or partly, depending on the scale of the business.

Table 1.3.1

Definitions of "green economy" according to international authoritative structures

Organization	Definition
United Nations Environment Program (2011)	The "green economy" leads to improved human well-being and social equity by reducing environmental risks.
United Nations Conference on Trade and Development (2011)	"Green economy" is a component arising from the goals of sustainable development, which leads to the improvement of people's well-being and the reduction of inequalities, without transferring environmental risks and ecological scarcity problems to generations.
International Chamber of Commerce, Green Economy Task Force	In the "green economy", economic growth and environmental sustainability mutually cooperate, supporting progress and social development.
EEA (2013)	Environmental, economic and social policies and innovations in the "green economy" make it possible to effectively use resources, improving people's well-being, preserving natural systems.

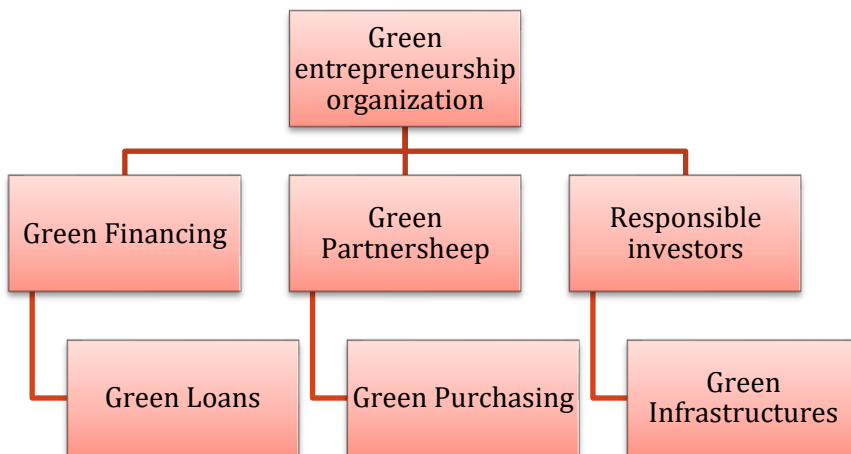


Figure 1.3.1 Green entrepreneurship toolkit

Case study

George started his entrepreneurial activity by running a food stall and paying attention to environmental activities as well. In particular, he installed a mini solar panel on the roof of the booth and, along with the traditional one, also used alternative energy for lighting purposes. In addition, he regularly collected the paper cups thrown into the trash from the coffee drink vending machine and sent them for recycling as waste paper. Years later, George expanded his business, becoming a middle-class food store owner. His inclinations of a "green entrepreneur" deepened and he also organized promotions for the sale of juices in plastic bottles, using circular business approaches. When customers returned 20 empty used plastic bottles to the store, they received one bottle of juice in return. When buyers preferred paper bags

instead of cheap polyethylene packages, certain discounts were applied for food purchases. As a result, George can get "green loans" from banks for business expansion, presenting the consequences of his environmental activities.

Eventually, George manages to issue "green securities", to form the necessary capital to start a supermarket and the most widely applicable green entrepreneurship tools. In particular, the system of green purchases is put into operation, when additional payments are made to the suppliers when delivering the goods to the supermarket with trucks, powered by electric motors. Customers are offered sales discounts if they present receipts for charging their electronic vehicles in the supermarket parking lot. Continuing to expand his business, George also carried out "green securitization" by issuing bonds and providing financing for responsible investments, improving the area around the supermarket, and establishing an entertainment center, which was to be 90% green covering and have a social service orientation to vulnerable populations. Naturally, in this context, along with the expansion of the business, the Georges supermarket entrepreneurship included a whole set of green financing, partnership, and responsible investment implementation tools (see Figure 1.3.1).

Consequently, green entrepreneurship has three main characteristics:

1. Low level of negative impact of business on the environment. wise use of natural resources, growth with low emissions implies the development and application of such strategies that will contribute to the sustainable economic growth of the enterprise.

2. Resource efficiency, which contributes to increasing the efficiency of resource use, thereby extending their life and

reducing the environmental impact associated with their entire life cycle.

3. Social inclusion, when creating opportunities for the vulnerable classes of society to participate in the development processes of the green economy and to have an impact on them. Therefore, "Green Entrepreneurship" is a model focused on the harmonious coexistence of people and nature, with the main principles of its operations.

1. Principle of sustainability, based on which policies for environmental, social, and economic development are developed.

2. A principle of justice, that promotes equality in the distribution of natural resources between generations and between generations.

3. Principle of dignity. which respects the rights of employees and actively supports the development of new, "green jobs and careers". It contributes to the self-development of employees.

4. The principle of a healthy planet, by which entrepreneurship preserves the integrity of the environment, the wise use of natural resources is ensured.

5. Principle of inclusiveness, which ensures participatory decision-making in green entrepreneurship for all stakeholders.

6. The principle of effective management and accountability, when not only the sustainable progress of environmental, social, and economic measures is recorded, but also the beneficiaries are presented with a report on the fulfillment of obligations undertaken in the field of "green development".

7. Principle of flexibility, which promotes the harmonious and interconnected activities of different models of green entrepreneurship development, aimed at cultural, social, and environmental issues.

8. Principle of resource efficiency, which aims at zero emissions and production waste, as well as considers renewable energy and resource recovery as a priority for resource use.

9. Principle of generations, by which investments in the "green economy" are made to ensure the well-being of current and future generations.

"Green entrepreneurship" implies long-term business planning, when resources used to create any value do not disturb the simple and natural rules of "coexistence" between man and nature. Therefore, the business organized according to such principles is able, while preserving nature, to be as human-centered as possible, to ensure well-being (higher quality health care and education, safe work, social equality), to promote the process aimed at reducing negative impacts on the environment, as well as curbing ecological risks. "Green entrepreneurship" provides an opportunity to create sustainable livelihoods by creating "green jobs", thereby increasing the availability of sustainable infrastructure and services.

Case study

In practice and among theoreticians, green entrepreneurship is traditionally perceived as environmental protection, social justice, and resource efficiency, bypassing the financial aspect of this activity. However, in addition to ensuring sustainable development, green entrepreneurship can also be targeted at increasing the profit of organizations.

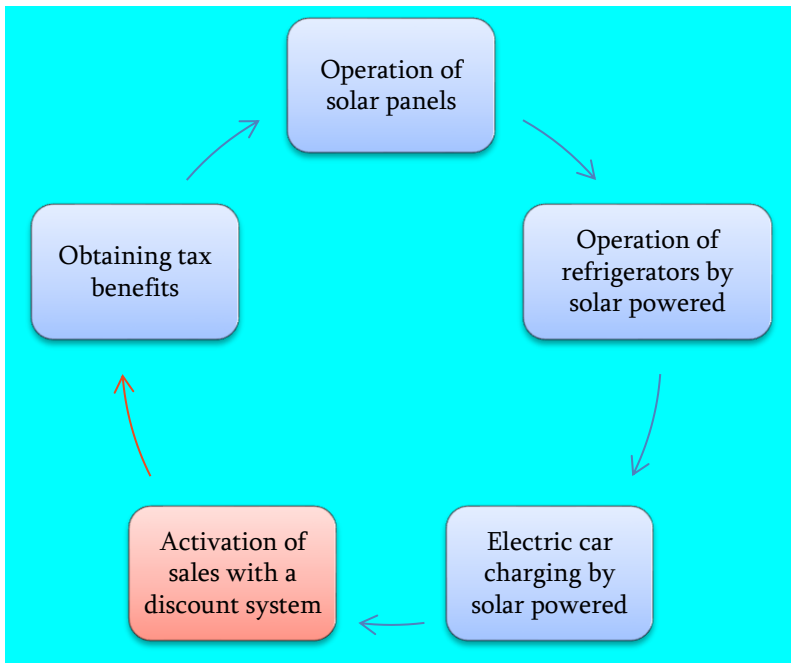


Figure 1.3.2 Demonstrations of business value building around solar energy by a supermarket

In this way, the shareholders of the "Miraculous" supermarket make a decision, in addition to traditional commercial activities, to organize a green enterprise, and not only to ensure a good reputation of the business among the public, but also to get additional profit from green activities. The motivation of this idea is the use of alternative energy, for which solar panels will be installed on the roof of the supermarket, around which a number of consequences of the internal value of the business will be formed (see diagram 1.3.2).

➤ solar energy will be used in the refrigerator of the supermarket, reducing the commercial costs of the business,

➤ With electric charging points installed in the supermarket parking lot, solar energy will be sold to shoppers shopping in the supermarket who have come shopping with their own electric cars.

➤ In order to install solar panels, the supermarket will take advantage of green lending privileges.

➤ the supermarket will also benefit from property tax privileges for buildings using solar panels,

➤ the supermarket will also take advantage of the profit tax privileges provided by the state to organizations working with alternative energy.

➤ in order to promote the consumption of alternative energy among buyers, they will be given a certain discount in the case of purchases from the supermarket, if they present a receipt for recharging an electric car in the parking lot of the same area.

The owners of the supermarket claim to pay back the investment costs of the solar panels within a maximum of 4 years. Therefore, a decision will be made regarding the feasibility of installing solar panels on the roof of the supermarket building and the business feasibility of the green initiative, making calculations based on the information provided below.

1. For the installation of solar panels, the supermarket will receive a 5-year green loan for 150 million drams. The annual preferential interest rate of the loan is 9%, and it will be repaid in one go at the end of the 5th year.

2. The annual net profit of the supermarket, 200 million drams, will increase by 5% as a result of reducing the operating costs of refrigerators using solar energy.

3. The revenue from the annual charging services of electric mobiles in the parking lot of the supermarket is planned to be 12 million drams.

4. When shoppers charge their electric vehicles in the supermarket parking lot, they will receive a 7% discount by showing the charging receipt at checkout.

5. In the case of launching the discount system, the supermarket will have an additional sales turnover of 80 million per year, with an 11% sales profit.

6. The property tax of the supermarket building is 0.8% per year for the building's value of 400 million drams, which will decrease to 0.2% in the case of installing electronic panels on the roof.

Calculations of the economic feasibility of green entrepreneurship.

- annual additional benefits from green business;

a/ annual increase in net profit as a result of reducing the operating costs of refrigerators using solar energy = $200 \times 0.05 = 10$ million drams

b/ the annual additional profit of the supermarket from sales promotion with discounts = $80 \times 0.11 = 8.8$ million drams

c/ annual revenue from electric car charging services in the parking lot = 12 million drams

d/ annual saving of building property tax = $400 \times (0.08 - 0.02) = 24$ million drams

- annual supplementary expenses from green enterprise.

e/ loan interest = $150 \times 0.09 = 13.5$ million drams

f/ Purchase discounts provided to owners of electric cars = $80 \times 0.07 = 5.6$ million drams

- annual net benefit from green business = $10 + 8.8 + 12 + 24 - 13.5 - 5.6 = 35.7$

- the years of the investment component of green entrepreneurship.

$$= 150 : 35.7 = 4.2 \text{ years}$$

Since the 4.2 years of the investment term exceeds the 4-year requirement of the investment term presented by the supermarket owners, no decision will be made regarding the installation of solar panels under such conditions. Therefore, the purchase rebate system is being revised to ensure a 4-year investment payback period for green businesses.

Review of Green Entrepreneurship Organazing.

In calculating the payback period of investment costs, by designating the discount rate provided to buyers with the unknown Y, let's make an equation with one unknown, as follows:

Investment cost/annual net return on investment = 4 years

$$150 / (10 + 8.8 + 12 + 24 - 13.5 - 80*y) = 4$$

from where

$$Y = 0.04$$

In a bid to promote green entrepreneurship, the supermarket will offer electric vehicle owners a 4% discount on charging coupons instead of 7% to meet the owners' maximum 4-year payback requirement for the solar panel investment.

Thus, the 200 million annual profit of the supermarket with the structure of the traditional enterprise will increase the green enterprise by 38.1 million drams.

$$10 + 8.8 + 12 + 24 - 13.5 - 80*0.03 = 38.1$$

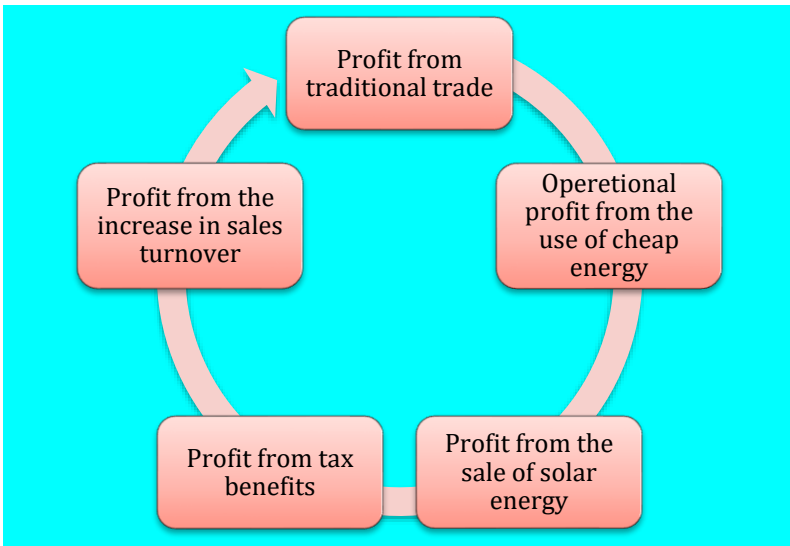


Figure 1.3.3 Cycle of additional profit generation from supermarket green entrepreneurship

1.4 Accountability to "Green Entrepreneurship" Beneficiaries

Based on the goals of green entrepreneurship, we can already assume a wide range of beneficiaries, interested in their achievement, the members of which can be somewhat expanded, including new players, arising from the requirements of the business (see Figure 1.4.1).

Thus, the governments of the countries mainly pursue public interests with their supervisory bodies and show demands towards business in the directions of rational exploitation of natural resources, protection of the environment, social justice, and provision of access to education. However, public expectations related to green entrepreneurship may remain out of the sight of state agencies and pass to public organizations. They can be solutions aimed at gender issues, mitigating the polarization of wealth, and access to decent work. Furthermore, civil society organizations are taking immediate action to combat climate change and its impacts.

Local self-government bodies are also beneficiaries of green entrepreneurship, because on the one hand, the expansion of entrepreneurial activity opens new jobs and improves the social condition of the population, but on the other hand, contains environmentally stable development risks. Local self-government bodies are interested in restoring and promoting the sustainable use of terrestrial ecosystems, ensuring effective management of forests, fighting against desertification, and preventing soil quality deterioration, to stop the loss of biodiversity.

Business partners are also included in the core group of green entrepreneurial stakeholders. Today, the attitude of the participants of the value chain operating in the business model towards sustainable development is emphasized. Organizations

prefer such suppliers and buyers, that contribute to the development of green entrepreneurship with their activities. Banks are trying to prevent such loan arrangements, the use of which by businesses worsens the environment.

In the last decade, the culture of passive investment has gradually become more active, when shareholders avoid buying securities from companies, that do not have a green entrepreneurship development strategy, do not create sustainable infrastructures, are not involved in the development of internal and sustainable production, particularly not motivated in the field of promoting innovation.

In the community of business partners, the workforce recruited by the organizations is also an interested party in the development of green business, which is interested not only in regular training in terms of professional skills but also in fair wages and salaries from the employer. in terms of improving the social conditions of employees.

Therefore, it is currently becoming relevant to provide the necessary information security to the various stakeholders, united around sustainable development, so that the latter can assess the risks of green business development and the possibilities of their elimination, and make visible decisions. along the lines of continuity of stability in the future.

The solutions to the listed problems are essentially conditioned by the improvements in the reporting presented by the organizations, so international accounting standards are already being implemented, which are directly aimed at sustainable development. stakeholders related to information disclosures and business sustainability.

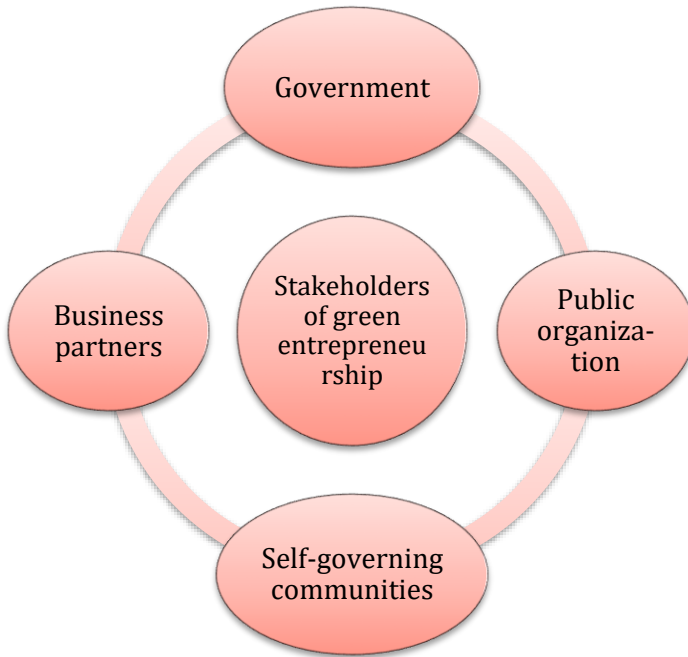


Figure 1.4.1 The Scope of "Green Business" Beneficiaries

The competitive assessment of business is not limited only from the point of view of financial results but is also considered in terms of opportunities for sustainable development. The goals of private interests and super profits of entrepreneurs are already opposed to the public expectations of business, when the problem is to prevent environmental risks formed as a result of business, to increase the efficiency of natural use, to contribute to the quality of the human capital used, to create partnership social capital. In this regard, a task is set to coordinate the information related to sustainable development, which will be implemented through the reports published by the organizations. Since the potential of

sustainable development of business is characterized by non-financial and financial information, then in practice there are also problems with the presentation of the accountability format of information on sustainable development of business, which waiting for their solutions.

From the beginning, entrepreneurship began to be activated by enterprising individuals or groups, whose motivation was to have self-interest. By producing material goods or providing services to the public, successful entrepreneurs increased labor productivity, used effective ways of using resources, and formed additional output with a rational combination of production factors, which served in favor of their interests. Nowadays, the primary motivation of entrepreneurs in business organizations is also profit, strengthening financial stability, and gaining competitive positions in the market.

However, the business cannot endlessly serve the owners and pursue individual interests, because it has direct obligations outside of the entrepreneurial interests. In particular, the entrepreneur uses natural resources, minerals, and hired labor, which is not the product of his activity, and he was given a direct opportunity to use all of that. for: Therefore, the entrepreneur is obliged to use these resources in such a way that they are available to future generations.

It is this fundamental approach, that is the basis of the demand for sustainable business development. Ensuring entrepreneurship first of all requires the transfer of such a potential of current production resources to the future, so that generations can continue their entrepreneurship and do not face the fact of indiscriminately used and exhausted raw materials and natural resources, which in turn will disrupt the sustainable course of business. After all, business, by creating public goods and satisfying the consumer needs of mankind, also damages the

environment to a certain extent and creates negative results from the public's point of view. In this sense, the "appetite" of private interests of entrepreneurship is restrained from the perspective of sustainable development by the responsibility towards the public for the efficient use of resources.

On the other hand, when exploiting the resources of the business environment and pursuing personal interests, entrepreneurs give their own "justifications" in the sense that business activities are accompanied by risks of compensation for damages and therefore bypassing the requirements for efficient use of resources. In this case, it is noted, that profit-seeking business is characterized by potential risks, when by attracting and using resources, entrepreneurs have the possibility of forming losses, especially when applying innovative ideas, so and the receipt of excess profits by the private sector at the expense of inefficient use of sustainable development resources is justified in its way.

However, from the point of view of the public, such an approach is not acceptable, because business activity in this case is viewed from the point of view of public interests. In such a case, society is interested in the sustainable development of business and evaluates entrepreneurship not only from the point of view of creating public goods but also from the point of view of continuing the business and expanding the economic potential supporting it. The public is waiting for answers to such questions as... how are the natural resources consumed during business compensated, what is the efficiency of land use, how are the damages caused to the environment as a result of business prevented, to what extent do businessmen contribute to the expansion of the qualitative composition of the human capital used, and finally, how is the efficiency of business management

ensured in terms of information transparency, participated management, social capital formation?

Therefore, we can conventionally present accounting reporting information characterizing the sustainable development of business in two directions: "from below" and "from above". The information generated below is purely financial and economic, and their beneficiaries are business partners, who evaluate the stability of entrepreneurship from the point of view of accumulated financial resources (see Figure 1.4.2). The users of the information formed "from above" are the entities of the public sector (state departments, regional self-governing bodies, non-governmental organizations, etc.), which operate public interests of sustainable development. Moreover, in the currently published accounting financial reports, financial and economic information related to stable development is considered dominant over information serving public interests (see Figure 1.4.2). Therefore, it is considered necessary to shift the center of gravity of information flows from "bottom" to "top" for the sustainable development of business.

This process is currently being activated along with the preparations for the publication of the new generation of international standards of financial accounting. Today, the IFRS-S1 and IFRS-S2 standards have already been put into circulation, which guide how the disclosures of climate change as a result of sustainable business development and entrepreneurship should be presented in the published accounting reports.

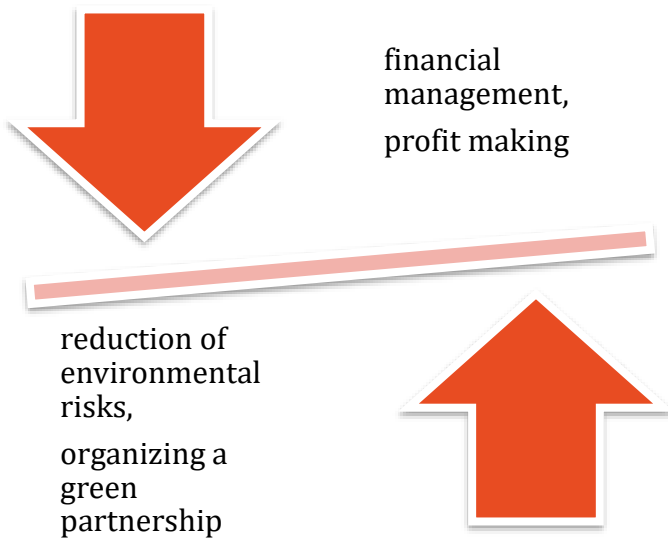


Figure 1.4.2 Accounting for sustainable development information security flows

However, it is still a matter of discussion how the non-financial information of sustainable business development should be presented in financial reports, where all indicators are presented in monetary value. We believe that the solution to this problem can be implemented in two directions:

a/ to present the non-financial information related to the sustainable development of business with non-monetary indicators in the published accounting reports,

b/ to transform the non-financial information related to the sustainable development of the business into currency and present them with value indicators in the published accounting reports (see diagram 1.4.2).

Moreover, the disclosure of non-financial information can present the users with the possibilities that will contribute to the sustainable development of the business. In this case, potential investors and other interested parties will have the opportunity to evaluate the organizations' efforts in the directions of environmental protection, and human and social capital preservation with the interpretation of the findings included in the reports. When the non-financial information is transformed into financial information utilizing monetary measures, users are also allowed to conduct a complex analysis of the sustainable development of the business and draw qualitative conclusions as a result.

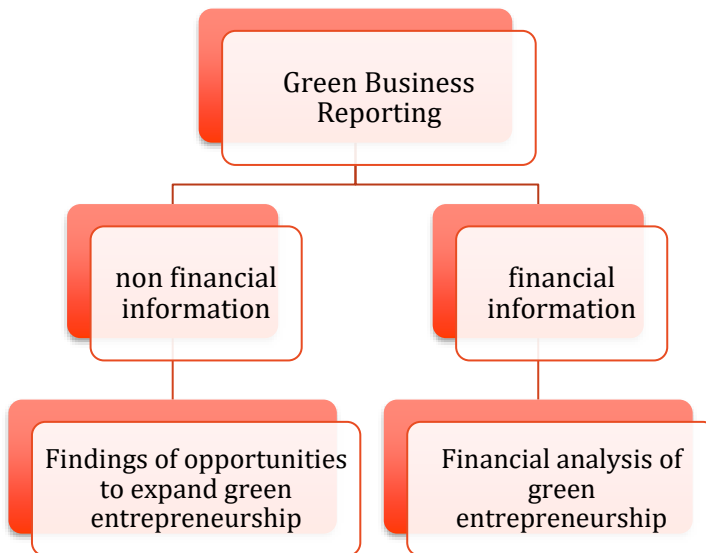


Figure 1.4.3 Ways of non-financial Information Disclosures for the development of "Green entrepreneurship"

Information on the results of green entrepreneurship currently needs more coordination, which can be done through accounting reports by organizations. At the same time, the accounting reports aim to present non-financial information as well, with which it will be possible to identify further opportunities for sustainable development. It is still a matter of practical discussion, in which direction the non-financial information of green business will be presented with physical or value indicators. If the non-financial indicators of the process of sustainable business development are transformed and completely presented in monetary terms, it becomes possible to include them in complex analytical calculations and make systematic assessments of the potential for sustainable development. Therefore, currently, when preparing accounting reports, organizations are faced with the task of shifting the center of gravity of green business reporting from financial results to the information sphere of results arising from non-financial activities.

CHAPTER 2 GREEN ENTREPRENEURSHIP ORGANISING FARMEFORK

2.1 The Green Business Ecosystem

In economics, many attempts have been made to combine biological and economic organisms' life support processes. Humanity has always tried to understand the miracles of nature, the perfect functioning systems of natural organisms, learn lessons from all of that, and reproduce them in economic activities organized by itself. And that aspiration should be considered justified, because the economic system is an anthropogenic environment, which is still quite far from the biological environment in its perfection, and in that sense always needs improvements.

According to this logic, back in 1993 in the scientific periodical "Harvard Business Review" James Moore's "Predators and Victims. the article "New Ecology of Competition", in which parallels were drawn between biological ecosystems and economic systems managed by humans, thereby suggesting ways to make economic systems manageable with the principles of handling biological ecosystems. Then, in 1996, the author's "Death to Competition. Leadership and Strategy within the Framework of the Business Ecosystem" monograph, where entrepreneurship was interpreted as complementary activities of buyers and producers within the framework of the business ecosystem, in the center of which is the leading large organization. And today, in connection with this, the term "business eco-system" has become widespread in economics.

It is known, that one of the key principles of the functioning of the biological ecosystem is:

➤ in the struggle for the survival of individual biological components, to establish competition to occupy favorable positions in the bio-preservation environment,

➤ with each biological component, become a participant in the food chain operating within the ecosystem and become a connected link for other biological components included in the system,

➤ ensure balance within the ecosystem, so that it has sustainable development at the expense of balancing the interaction of individual components operating in the system,

➤ to have the scenarios of the following solutions in the struggle for survival in competition with life support, develop and expand the scope of the biological system, ensure the stability of life support, and also disintegrate and stop functioning.

From the point of view of the above-mentioned key principles of the biological system's lifestyle, economists consider the possibilities of business ecosystem development, ecosystems that can operate in both micro and macro-economic levels, be large or small, and have dominant positions in business.

Thus, a mega-ecosystem is the world ocean, and a locally functioning ecosystem is a lake, even the micro-environment formed in a puddle. The following level of food supply is formed in the ecosystem of the lake (see Figure 2.1.1). Large predatory fish feed on small fish, small fish on tadpoles, and tadpoles on algae, which ensure the purity of the water and protect the lake from swamping. The latter is extremely important for large fish that cannot survive in swamps. Therefore, the sustainable bio-regeneration of the lake is highly dependent on the nutrient conservation system operating in it.

Consider the scenario, when flocks of seagulls settle around the lake and feed on small fish, and intensively begin to destroy that biological component that is part of the lake system (see Figure 2.1.2).

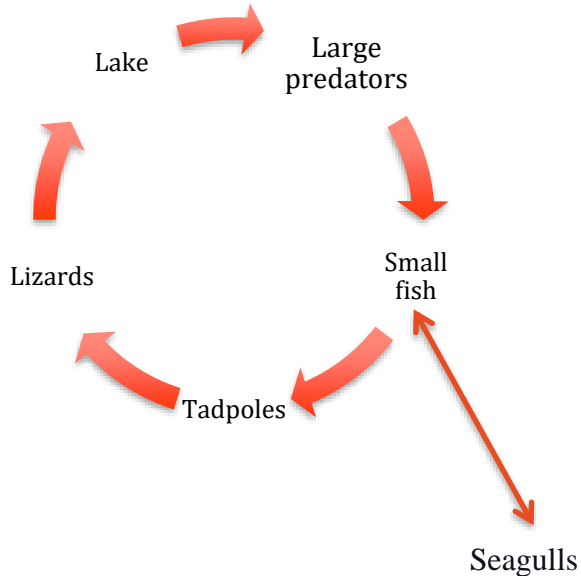


Figure 2.1.1 Lake formed by a nutrient layer
the ecosystem

In this case, the activity of seagulls has a direct negative effect on the ecosystem of the lake, because the destruction of small fish by them also leads to the consumption of food resources of large predatory fish and the destruction of that species in the lake. On the other hand, due to the scarcity of small fish, tadpoles develop rapidly, which destroys the aquatic vegetation, and instead of algae, mud-forming reeds grow and the lake gradually turns into a swamp, this time with a disturbed ecosystem (see Figure 2.2.2).

It should be noted that until then, along with the existence of the lake ecosystem, the "Gulls-small fishes" ecosystem (see Figure 2.1.2) is also functioning, based on another food supply chain, which, although it has relatively few interconnected links, however, it can influence the larger ecosystem and destroy it, turning it into a swamp.

However, it is not only due to external influence, that the eco-system can be dissolved or transformed. It will happen when the balance of interaction between individual components of the system is disturbed. Thus, if the fish are rapidly destroyed, the tadpoles will multiply, the algae reserves will disappear and the lake will begin to become swampy again. Another scenario may occur where human intervention in anti-flooding expands the lake basin area, increases small eggs, and provides a food supply for fast-breeding large predators. In this case, the expansion and development of the ecosystem will already be recorded, and not swamping.

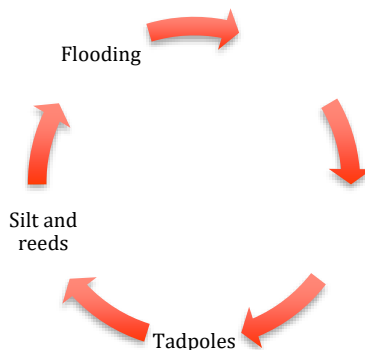


Figure 2.1.2 The ecosystem processing by nutrient dependent wetland

Therefore, for the sustainable functioning of the biological ecosystem, it is extremely important to create a balanced state of life support between its interconnected components, which also applies to the "green business" ecosystem.

Green entrepreneurship cannot run smoothly without the appropriate ecosystem functioning. Environmentally caring episodic behavioral approaches by organizations may not be considered green entrepreneurship. If the organization participates in city-wide tree planting on Saturdays or joins one-time power outages aimed at saving electricity, then such situations are characterized only as environmental measures, and not as green entrepreneurship.



Figure 2.1.3 Key components that make up the green entrepreneurship ecosystem

Green entrepreneurship is a continuous process that is carried out alongside traditional entrepreneurship when a toolkit for addressing green development needs is in place (see Figure 2.1.3). In this case, the trajectory of the entrepreneurial activity is constantly subject to change from the point of view of green development opportunities. At the same time, monitoring reports can be received by both internal (employees, managers, investors) and external stakeholders (buyers, lenders, state bodies, public organizations) of the enterprise. Therefore, the leitmotif of green entrepreneurship is the uninterrupted functioning of the institutional mechanism for meeting the needs of green development, in the absence of which the process of sustainable development entrepreneurship will simply be disrupted and an appropriate ecosystem will not function.

However, green entrepreneurship is not formed only by raising passions, because the latter requires a harmonious partnership, including green purchases and consumption, the search for financing sources for green business, and the establishment of community relations with like-minded people. If the business is not able to gather partners interested in green development around it, then the balance of the green business ecosystem is disturbed and it can simply stop working.

It should also be noted that the partner community interested in green development must also believe that the organization has the necessary potential for green development, which can promote the sustainable development of sustainable business and support the continuity of the activity of the green business ecosystem (see diagram 2.1.3). That potential appears not only through the application of the latest environmental technologies but also through the organization's collection of environmentally competent human resources.

Finally, the most important component of the green business ecosystem is the introduction of the institution of corporate responsibility, when there is transparent accountability in organizations regarding the sustainable development of business. If there is a feedback loop with stakeholders, then as a rule, the foundations of the green development ecosystem are also broken and green entrepreneurship loses its effectiveness.

2.2 "Green Growth" in the Business Sector

The economic growth formed as a result of entrepreneurial activity is mainly connected with the increase of the profit of the organization or the expansion of the managed capital. However, when organizations make the transition to "green entrepreneurship", traditional approaches to assessing economic growth are revised, taking into account several factors of environmental, social, and corporate responsibility. In this case, along with the economic growth of the business, the "green growth" related to the result of entrepreneurship is also evaluated. Therefore, one of the important features of the entrepreneurial activity of the transition to the green economy is the necessity of recording "green growth", thus refusing to measure economic growth exclusively by profit.

"Green growth" formed as a result of entrepreneurship is not clearly understood in practice, and it is not at all determined only by solutions to environmental problems. This is also evidenced by the current definitions of international structures related to "green growth" (see table (2.2.1)).

Table 2.2.1

Definitions of "green growth" according to international structures

OECD (2011)	"Green growth" refers to promoting the development of economic growth while ensuring that natural assets continue to provide the resources and environmental services on which human well-being is based.
World Bank (2012)	Growth that is efficient in terms of the use of natural resources minimizes pollution and environmental impact. It considers natural hazards and the role of environmental resource management and natural capital in preventing physical disasters.
United Nations Economic and Social Commission for Asia and the Pacific (2012)	"Green growth" is a strategy for sustaining economic growth and creating jobs aimed at overcoming poverty in the face of resource depletion and climate crisis.

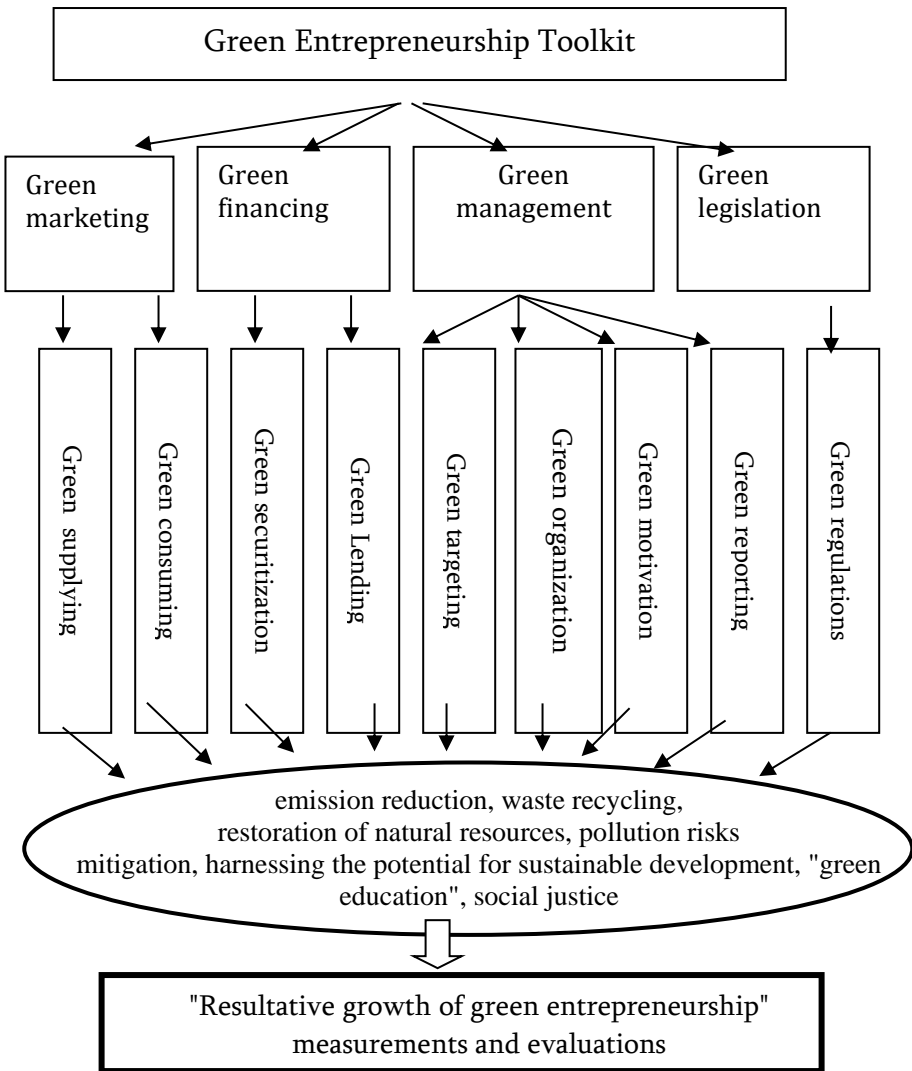


Figure 2.2.1 “Green growth” framework
in the context of entrepreneurship

Table 2.2.2

Annual performance report of the organization's "green performance" results

#	Indicators	KPI	Actu-ally	Executive (%)
1.	Emissions reduction	300m ³	250m ³	83,33%
2.	Waste processing	25 ton	27 ton	108%
3.	Use of alternative energy	15 m/vt	13 m/vt	86,67%
4.	Pollution risks mitigation progress	8%	6%	75,75%
5.	Increasing of sustainable development potential	4%	3%	75%
6.	Progress in green education	12%	15%	125%
7.	Advancement of social justice	18%	20%	111,11%
<i>“Green growth”</i>		X	X	94,98%

It should be noted, that at the country level, a "green growth" index is currently calculated, which combines the sustainable development goals approved by the United Nations, as well as the assessments of the determinants of the Paris climate agreement, with the following four pillars:

- efficient use of resources,
- protection of natural capital,
- opportunities for green economy development,
- social inclusion.

Moreover, the green growth index for each country is evaluated on the following 100-point scale: 80-100 efficient, 60-80 high, 40-60 moderate, and 20-40 low efficiency.

However, evaluations of "green growth" formed as a result of entrepreneurial activity are made with other approaches, relating to the micro-level business environment. And the environment of entrepreneurship requires financing, marketing, managerial, and legislative arrangements, which will act in terms of "green activity". It has certain characteristics (see Figure 2.2.2). Therefore, it is necessary to evaluate "green growth" with an integral indicator, taking into account the above-mentioned factors. In practice, it is easier to apply the evaluation of "green growth" from the point of view of performance, when key evaluation indicators (KPI) are defined for the functions of sustainable development accompanied by entrepreneurship, assessing the degree of their availability. At the same time, it is more appropriate to evaluate the performance of "green entrepreneurship" with percentage measurement, because the result indicators are presented with different measurement units and their comprehensibility in the integral index is possible through percentage measurements (see table 2.2.2).

At the same time, the integral index of green growth expressed in percentages, which represents the average calculation of the performance of functions, can be interpreted not only in terms of general factors but also in terms of individual factors. Thus, even though the green growth of entrepreneurship in the reporting year did not register the perfect 100% level of the established key assessment and was 94.98% (see table 2.2.2),

nevertheless, in some directions of some green entrepreneurship, it exceeded the established benchmark. more growth was recorded (waste recycling, green education, maintaining social justice).

Based on the characteristics of the enterprise, the range of "green growth" evaluation indicators can be expanded, or the definition of key indicators can be revised. However, a business should always strive for 100% "green growth" performance. Therefore, it is important to measure the "resultant growth of green entrepreneurship" and use a sound methodology of evaluation based on the directions of sustainable entrepreneurship.

Case study

Along with traditional management, the supermarket is transitioning to green management. In this regard, is settings the task of realizing the following goals:

- use of alternative energy,
- application of green logistic structures,
- introduction of circular consumption-production process.

a) What motivational levers will the supermarket management use, to promote green entrepreneurship.

b) It is required to use table 1 and calculate sustainable business "green growth" integral indicator to the performance evaluation of management objectives

Table 2.2.3:
Annual report on the performance of the supermarket "green
activity" results

#	Green activities	KPI	Actual
1.	Installation of electrical panels	120m ³	110m³
2.	Charging electric cars of customers	2500 kw/h	2700 kw/h
3.	Deliveries of cargo with electric motors	6400 t	6100 t
4.	Collection and realization of household food waste	3950 t	4200 t
5.	Collection and realization of plastic bottles	15 000 pcs	15 200 pcs

c) It is required to use table 2 and evaluate the economic validation of the strategic objectives of the sustainable business of the supermarket, in the conditions of 8% of the bank deposit.

Table 2.2.3:

Expected economic results of the organization's "green activities"
(€)

#	Green activities	Investment costs	Years of project implementation	Expected annual benefits
1.	Installation of electrical panels	75 000	7	15 000
2.	Charging of electric cars	65 000	8	12 000
3.	Deliveries of cargo with electric motors	50 000	5	14 000
4.	Collection of household food waste	54 000	4	17 000
5.	Collection of plastic bottles	4000	8	700

Answers

a) Motivational levers for promoting "Green entrepreneurship".

Supermarket management can use the following motivational levers to promote green entrepreneurship:

- recognizing the costs of installing electric panels on the roofs as a double deduction in the calculations of profit tax in the legislative way,
- providing a 3% discount to product buyers, if they present a receipt to charge their electric vehicles in the supermarket parking lot,
- making a 2% surcharge to the suppliers of goods, if the delivery is made by trucks powered by electric motors,

- in case of receiving 30 kg of household food waste from buyers, 2 kg of pork meat is provided them for free.
- buyers receive one bottle of carbonated drink for free, when they provided 40 empty plastic bottles.

b) Calculation of the integral indicator of "green growth" of supermarket activity.

Table 3:

#	Green Activates	KPI	Actual	Performance (%)
1.	Installation of electrical panels	120m ³	110m ³	91,6%
2.	Charging of electric cars	2500 kw/h	2700 kw/h	108%
3.	Deliveries of cargo with electric motors	6400 t	6100 t	95%
4.	Collection of household food waste	3950 t	4200 t	106%
5.	Collection of plastic bottles	15 000 pcs	15 200 pcs	81%
<i>"Green Growth"</i>		X	X	96,32%

c) The economic rationale of the supermarket's sustainable entrepreneurship strategic goals, using an annuity factor of 8%

Installation of electrical panels

- investment: = 75,000
- discounted benefit inflow = $15,000 * 5.2064 = 78,096$
- Positive NPV $78,096 > 75,000$

Electric vehicle charging

- investment: = 65,000
- discounted benefit inflow = $12,000 * 5.7466 = 68,959$
- Positive NPV $68,959 > 65,000$

Logistics with electric motors

- investment: = 50,000
- discounted benefit inflow = $14,000 * 3.9927 = 55,899$
- Positive NPV $55,899 > 50,000$

Collection and disposal of household food waste

- investment: = 54,000
- discounted benefit inflow = $17,000 * 3.3121 = 56,307$
- Positive NPV $56,307 > 54,000$

Acceptance/disposal of plastic bottles

- contribution: = 4,000
- discounted benefit inflow = $700 * 5.7466 = 4,022$
- Positive NPV $4,022 > 4,000$

Case study

The “Rope Way” company is losing market competition position and looking for of those two innovative program implementation, under the bank deposit 5% rate.

Scenario 1

Implementing the system of artificial snow spreading and exploration rope way even in a summer time for snowboarding .

Scenario 2

Remodeling the ropeway seats from the open style into cabin format.

The following information available for those two innovative projects.

Scenario 1

- “Artificial Snow” system investments cost = 1 200 000 (€)
- In a forth year of exploitation the system is need full repairing = 15 000 (€)
- Duration of “Artificial Snow” system exploitation = 8 years
- Annually predicting benefit inflow from ropeway exploitation = 170 000
- The probability of losing estimated income = 3%

Scenario 2

- Cabin format remodeling cost = 700 000 (€)
- In a fifth year of exploitation the cabins is need extra remodeling = 18 000 (€)
- Duration of Cabin Format ropeway exploitation = 10 years
- Annually predicting benefit inflow from ropeway exploitation = 120 000
- The probability of losing estimated income = 4%

Is requiring to make decision for choosing one of this innovative scenarios.

Solution

Scenario 1

$$\text{Total predicted income inflow} = 170\,000 * 0,97$$
$$* 6,4632 = 1\,065\,782$$

$$\text{Innovation program investment cost} = (1\,200\,000)$$

$$\text{Repairing present value costs} = 0,8227$$
$$* 15\,000 = (12\,340)$$

$$\text{NPV} = (146\,558)$$

Scenario 2

$$\text{Total predicted income inflow} = 120\,000 * 0,96$$
$$* 7,722 = 889\,574$$

$$\text{Innovation program investment cost} = (700\,000)$$

$$\text{Further remodeling present value costs} = 0,7835$$
$$* 18\,000 = (14\,103)$$

$$\text{NPV} = 175\,471$$

Scenario 1 is rejected

NPV 1 is a negative

2.3 Green Marketing Directions

In the entrepreneurial process, "green marketing" mainly correlates with the "green purchases-green consumption" line, intending to mitigate environmental risks and supporting the sustainable development of business. If the goal of traditional marketing is mainly to attract new markets of supply and consumption, then "green marketing" aims at the organization of green supply and consumption.

"Green supply" is a process that targets the acquisition of environmentally friendly raw materials, the formation of green logistics infrastructures, when designing and implementing optimal transportation, and the possibilities of using electric vehicles. Cooperation with suppliers who have voluntarily already taken up "green entrepreneurship" is also important here.

"Green marketing" is a dynamic process and has a specific period, using a special set of tools (see Figure 2.3.1). Thus, enterprises should not leave their green activities in the shade and will use a continuous advertising campaign, showing society about their sustainable activities. The implementation of a special pricing policy is emphasized here, when "green" sales or supply promotion prices are set. Thus, the hotel complex can provide overnight discounts to its visitors if they arrive with their electric vehicles. Or, they may offer additional fees when returning used linen if the laundry uses technologies that prevent the emission of greenhouse gases.

Green logistics is also part of environmental marketing. Entrepreneurial activity in this case, based on market studies, reveals such values of the business model, whose logistics connections are characterized by the optimization of cargo transportation and energy saving. Thus, the hotel complex can organize the supply of food used in the restaurant on a "just-in-

time" basis, when environmentally friendly supplies are carried out in optimal quantities, without creating excess stock balances and forming spoilage waste from them.

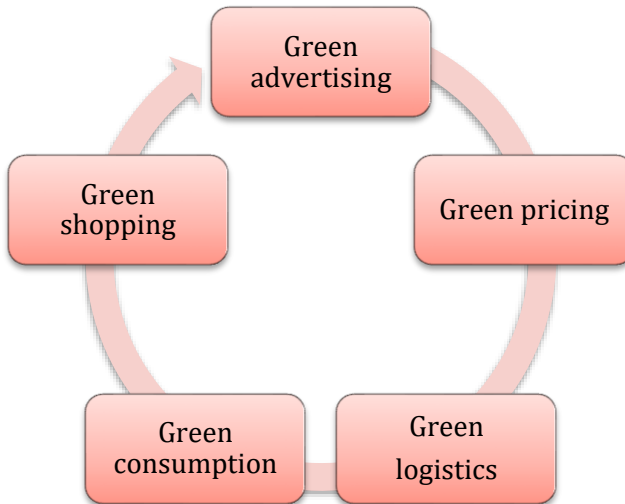


Figure 2.3.1 Implementation of Green Marketing period

When organizing a "green loan", engineering research is aimed at the provision of such products or services, whose harmful impact on the environment is reduced to a minimum. Thus, in hotel rooms, currently, guests are intensively using technologies to prevent overspending of water and electricity, as well as explanatory signs, which inform about the economical use of towels, toiletries, and sanitary materials. It is important from the point of view of environmental protection and mitigating the risks of environmental pollution. For this reason, the management

of the hotel complex may order post a sign on the doors of the bathrooms for guests to read, with the following content: "Try to use the bathroom towels sparingly, as the wastewater from washing them into the nearby creek spoils the beautiful landscape you now see from your bedroom window."

The key directions of "green marketing", which the organization can implement for sustainable development, are as follows:

1. Support stable product release. In green marketing, the business strives to create sustainable products that have the least negative impact on the environment. This includes using environmentally friendly materials, emphasizing energy efficiency, and reducing resource consumption in product design and manufacturing processes.

2. Supporting the use of sustainable resources. The use of sustainable materials is a key component of green marketing. Companies can choose recycled materials, renewable resources, or products with a lower environmental impact. Businesses can reduce the environmental impact of raw material extraction and help conserve natural resources by using sustainable materials.

3. Responsible waste management. Green marketing encourages companies to implement ethical waste management procedures. To achieve this, recycling programs should be implemented, consumers should be encouraged to recycle or properly dispose of items, and waste generated in production and distribution processes should be minimized. Businesses can reduce their impact on the environment and demonstrate their commitment to sustainability by proactively managing waste.

4. E-Marketing Choices. Alternatives to traditional marketing tactics that are less harmful to the environment include online advertising, email marketing, and social media promotion. Businesses can dramatically reduce the amount of paper, energy,

and carbon emissions produced by print-to-go by using digital platforms. E-marketing also provides an opportunity to communicate with the target audience in a customized way, improving the management of resources.

5. Implementation of environmentally friendly energy practices. Introducing green energy best practices is an important part of green marketing. Using energy in business, implementing renewable energy sources (such as solar or wind power), and increasing energy efficiency through technical improvements are all part of this. Companies can demonstrate their commitment to sustainability while reducing their harmful carbon footprint by focusing on energy conservation and sustainable energy options.

6. Using shipping methods that are emissions-aware. Effective and sustainable delivery is essential in green marketing. Businesses can use environmentally friendly packaging materials, optimize delivery routes, and partner with logistics companies committed to reducing carbon emissions. Companies can reduce the environmental impact of product distribution and demonstrate their commitment to environmental protection by using emission-recognized shipping procedures.

7. Promotion of Green Partnership Alliance. Green marketing encourages companies to join nonprofits, environmental organizations, or other groups that share their values. Companies can increase their joint efforts, pool resources, and pursue common environmental goals by collaborating with these organizations. Promoting a green alliance demonstrates commitment to sustainability and helps build a strong brand reputation among people who care about the environment.

8. Green investments in the community. Supporting the community is an important green marketing strategy. It involves lending a hand to environmental initiatives, participating in neighborhood clean-up initiatives, or donating to environmental

education and awareness campaigns. Businesses can strengthen their relationships, build trust, and demonstrate their commitment to the environment and the customers they serve by actively participating in the community.

Through green marketing, a business can align its goals with environmental sustainability by applying the above directions in practice. This strategy drives long-term commercial success as well as brand reputation, brings together environmentally conscious customers, and works towards a sustainable future.

2.4 Characteristics of Green Management

"Green management" is aimed at effectively managing eco-system functions. In this case, the business consumes the products of nature and looks for ways of reasonable compensation. If they are limited exclusively to environmental taxes and natural use fees, then "green management" cannot be considered effective, because it is not aimed at ensuring environmental stability and only performs preventive actions for the use of natural resources.

In business activities, such resources are used that are not part of the actual activity of the organization, therefore, even after their consumption, they need to be restored by the entrepreneurs themselves. And if the recovery of consumed resources does not take place in business activity, then the sustainable course of green business is already in doubt in the foreseeable future.

Thus, if the fishing industry develops at the expense of the expansion of fish hunting, then in parallel, it should take measures to restore depleted fish stocks. Otherwise, future generations will

not have access to similar resources, and thus the fishing industry will be disrupted and the stability of the food processing sector will be questioned. The same applies to the furniture industry, where forest resources are used, which, when they are used up, place a demand on the enterprise to restore the forest, to carry out tree planting, thereby transferring the necessary timber to future generations. to ensure the uninterrupted process of construction.

Therefore, at present, the problem of responsible consumption of ecosystem services is raised within the framework of entrepreneurship, which to a certain extent requires "green management" in the context of sustainable development of business.

The stable course of business requires, first of all, the availability of necessary financial and production resources. In the foreseeable future, economic activity cannot provide "green management", if the organization is not provided with necessary productive assets and financial resources. In particular, declines in the degree of financial stability of businesses primarily lead to the risks of disrupting the stability of ecosystem functions.

The development of "green management" is also facilitated by the growth of social capital formed in the business environment. Having many partners, entrepreneurs try to operate in a mutually reliable and mutually agreed environment. In this case, creditors are not reluctant to provide financial resources, investors trust the successful course of business and the future vision, buyers are shown mutual trust and softening of receivables, and employees of the organization are presented with motivational levers to encourage work, as a result of which an attitude towards the organization's activities is formed faith-death.

In other words, the business environment turns into a society where social capital is formed based on mutual trust and mutual benefit, which in turn is a serious incentive for the further

development of "green management" in the organization. And if the organizations do not pay attention to the social capital formed in the business environment, and even contribute to its pulverization with their activities, then they create risks for disrupting the process of "green management". The implementation of an effective management system also contributes to the investment in "green management". Today, serious attention is being paid not only to "top-down" but also to "bottom-up" management approaches, when managed groups themselves participate in business decisions, being included in the participatory management system. In this case, administrative decisions are made on the spot, formulated more realistically, and stem from emerging situations. Therefore, "green management" becomes addressable and transparent in its results, which promotes interest among decision-makers in order to ensure the further development of business.

Consequently, the sustainable development of business, in addition to the traditional resources for ensuring business progress, also requires additional resources in the form of environmental, social, and human capital, which become manageable through purposeful use and green activity.

Based on the objectives of sustainable development, it can already be assumed that a wide range of beneficiaries are interested in their access, the boundaries of which can be expanded over time, including new players arising from the requirements of the time.

Thus, the governments of the countries pursue public interests with their departmental bodies and show demands towards business in the directions of rational exploitation of natural resources, protection of the environment, social justice, and provision of access to education. However, public services related to sustainable development can be left out of the sight of state

agencies and go to public bodies. They can be solutions aimed at gender issues, mitigating the polarization of wealth, and access to decent work. Furthermore, civil society organizations are taking immediate action to combat climate change and its impacts.

Local self-government bodies are also the beneficiaries of the sustainable development of business because on the one hand, the expansion of entrepreneurial activity opens new jobs and improves the socio-economic condition of the population, but on the other hand, health and environmental risks. Local self-government bodies are interested in restoring and promoting the sustainable use of terrestrial ecosystems, ensuring sustainable forest management, combating desertification, preventing land degradation, and halting the loss of biodiversity.

Business partners are also included in the core group of sustainable development beneficiaries. Today, the attitude of the members of the value chain operating in the business model towards sustainable development is important. Organizations prefer suppliers and buyers, that contribute to sustainable development with their activities. Banks are trying to prevent the provision of such loans, the use of which by businesses worsens the environmental environment.

In the last decade, the culture of passive investment has gradually become more active, when shareholders avoid buying securities from organizations, that do not have a sustainable development strategy, do not create resistant infrastructures, are indifferent to internal and sustainable production development, are not particularly motivated in the field of promoting innovation.

In the community of business partners, the labor force recruited by organizations also acts as an interested party in sustainable development, which benefits not only from regular training in terms of professional skills but also from fair

remuneration of the employer and improvements in the social conditions of employees. line.

In the last decade, in the "green management" system of the enterprise, serious attention has been paid to the organization of circular production, when effective waste management is implemented. Moreover, circular production is organized both in open and closed approaches. However, in both cases, waste is collected and re-directed into the production cycle (see Figure 2.4.1).



Figure 2.4.1 Circular production organization cycle

And in the case of a linear economy, accumulation of waste occurs. Even with half recycling, plastic waste is increasing at such a rate that according to the Ellen MacArthur Foundation, by 2050 there will be more used plastic bottles in the water, than fish. All that plastic waste that ends up in landfills or nature

returns as contaminated food, water, and air. Plastic and all domestic, and economic waste can cause serious ecological problems and, on the other hand, harm human health. To prevent these dangers, "green management" is gradually put into action by organizing a circular production.

Case study

The pig farm grows yang pigs and sells them to slaughterhouses. During production, waste is generated in the form of manure, the accumulations of which are disposed of at great expense.

A managerial decision is made to organize circular production, to recycle the collected manure and incorporate it into the production process again. For this purpose, the pig farm acquires fodder processing technology, where manure is also used as a raw material.

Let's help the financial manager of the pig farm to graphically present the annual operating profit of linear and regional production, having the following information:

- the annual income from the sale of pig farm products is 200 million drams,
- the annual cost of the realized product is 140 million AMD, where the costs of manure removal and utilization are 60 million AMD,
- the exploitation life of the fodder processing technological equipment is 6 years, and the purchase price is 90 million drams
- the annual cost of additional ingredient materials for the recycling is 7 million drams, and labor costs are 3 million drams.
- The fodder formed from the recycling processing of the manure is completely returned to production at actual cost.

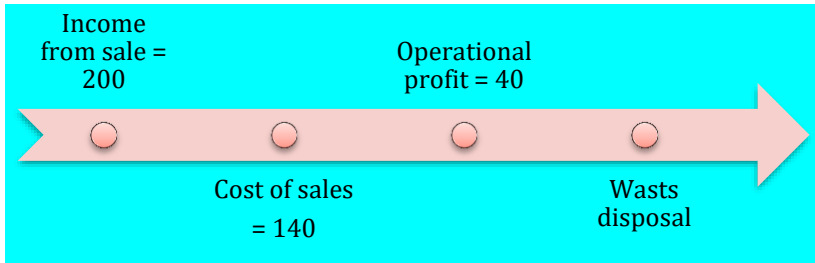


Figure 2.4.2 Annual financial result of linear production

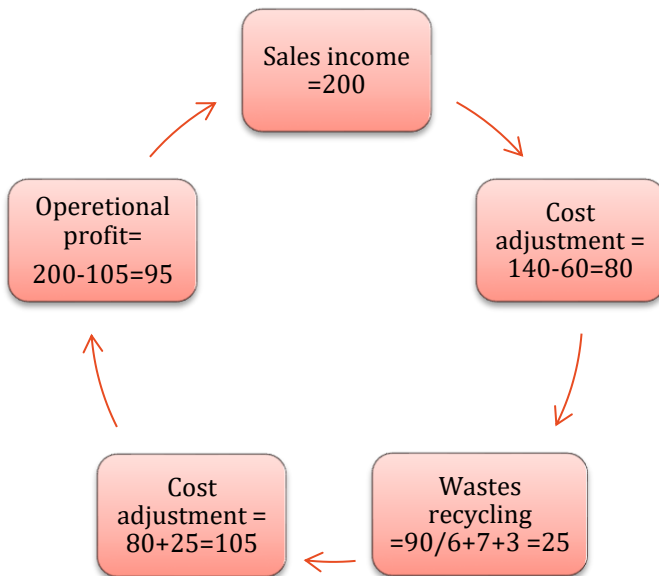


Figure 2.4.3 Annual financial result of circular production

2.5 Green Finance Framework

"Green" entrepreneurship having structural features, also operates with its financing. As a rule, finding financial sources for business is not so easy for entrepreneurs, who are constantly looking for cheap loans, easily accessible credit resources, and interested investors. Therefore, the scarce sources of business financing, ensuring the progress of traditional business, will not be used in the "green" direction, if encouraging conditions are not created for it. It is for this purpose that the concept of "green" financing is being developed in the field of entrepreneurship, which creates an opportunity to provide additional financing for "green" development.

"Green financing" is based on the granting of privileges, the provision of the cheapest possible transactions, and the subsidy approaches, which form motivational levers for organizing "green" entrepreneurship. The most common sources of financing are "green" loans, "green bonds", grants, as well as tax holidays and government subsidies (see Figure 2.5.1).

"Green lending" supporting business sustainability operates on two important principles, low interest rates and less stringent lending conditions. "Green loans" are relatively cheap loans provided to businesses by commercial banks. There is a mutual benefit here because the commercial banks themselves regularly present a public report on how much they have supported "green business".

Therefore, when issuing "green loans", commercial banks not only require low market interest rates but also simplify collateral requirements as much as possible to promote the process of "green financing" and increase their business reputation. Of course, parallel to this, banks emphasize the process of formation of "green assets" in the field of entrepreneurship as a result of

"green financing" and in case of violation of the objective of providing loans, they stop the "green" financing provided to entrepreneurs.

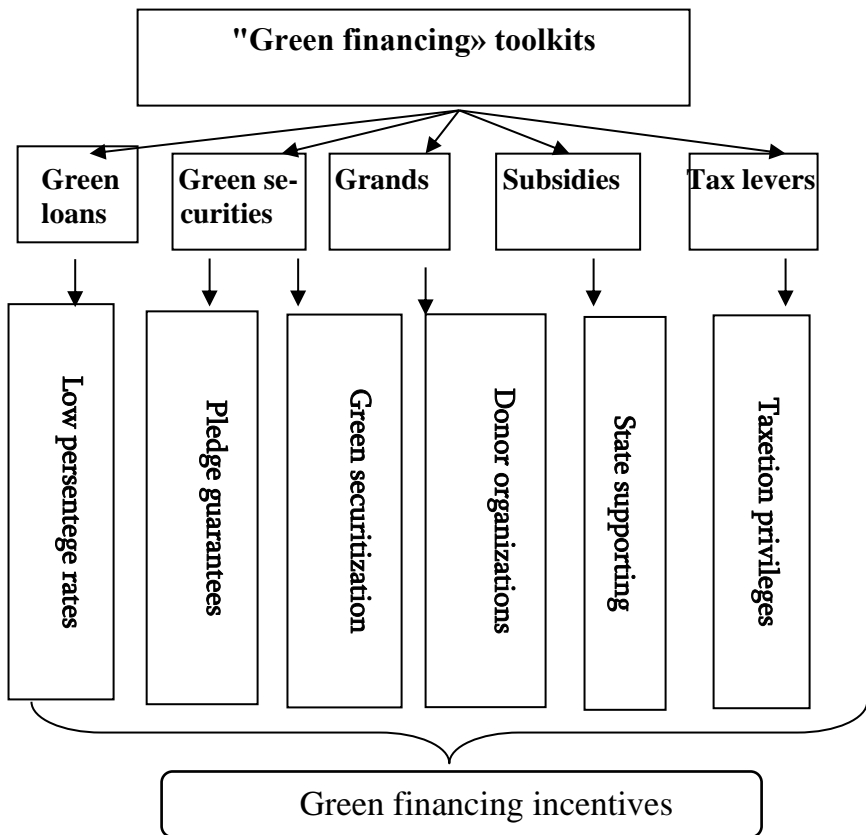


Figure 2.5.1 Green financing framework

Case study

Issuance of "green bonds" by entrepreneurs is also an effective tool of "green financing". Especially when securitizing future

cash flows, this financial instrument is a serious stimulus for the concentration of resources aimed at the expansion of green business and subsequent investment money injections. A good example of future cash flow securitization can be found in the installation of solar panels for alternative energy use, where the organization seeks to ensure sustainable energy coverage by installing additional solar panels each year.

Moreover, the organization receives a profit of 10 billion AMD in each year of its activity, which can increase by 20% when additional solar panels worth 14 billion AMD are installed thereby expanding the production volumes.

Taking into account the future stable cash flows of the organization, the production organization issues 14 billion drams of bonds with a maturity of 2 years at the beginning of the first year of its activity, which is secured by two years' expected financial income from the buyers who consume the product and the resulting profit (see Figure 2.5.2), and installs solar energy output panels. As a result, starting from the third year, the profit of the organization increases by 20% due to the expansion of the sales of the released products and the increase in the number of buyers, making 12 billion AMD (10×1.2).

At the end of the second year, the bonds of 14 billion drams are repaid, and to install additional solar panels, at the beginning of the third year, "green" bonds of 14 billion AMD with a maturity of two years are issued again, which are also secured by the cash inflows expected in the organization in the third and fourth years. In this case, the security level of the security increases, because in the mentioned years the profit of the organization increased 1.2 times, amounting to 12 billion AMD (10×1.2) per year, which in turn not only completely ensures the repayment of the "green" security, but also leads to is to accumulate an additional 4 billion profit at the end of the fourth year.

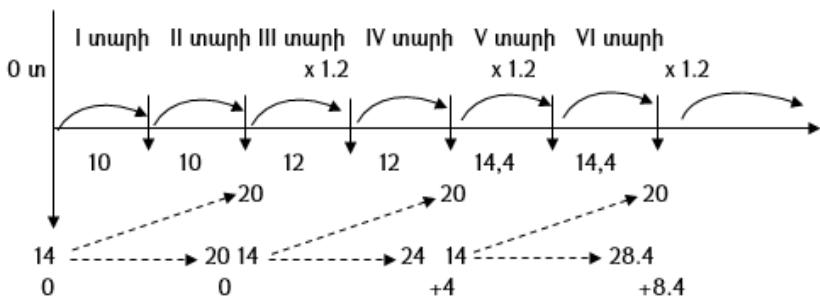


Figure 2.5.2 Cash flows and financial results of securitization of future income expectations

At the end of the sixth year, the third batch of "green" bonds of 14 billion AMD secured by cash flows is repaid again, but this time the benefit of the redemption of securities is 8.4 billion AMD (see Figure 2.5.2).

In the case of the presented scenario of asset securitization, the organization creates an opportunity to receive large sums from the one-time sale of "green" bonds secured by stable cash flows on its initiative and to direct them to the investment field for the expansion of "green" entrepreneurship.

A special source of "green financing" is grants, which are given to businesses by interested donor organizations, mainly for improvements related to environmental protection. In this case, in addition to being highly targeted, the financing should have a justification of the expected "green results" to create grounds for providing a grant. The same applies to subsidies provided by the state to "green entrepreneurship". Moreover, co-investment can be carried out not only by financing the costs of "green entrepreneurship", but also by alleviating the interest obligations

of "black loans", motivating both "green" entrepreneurs and "bad" lenders.

The motivation for the activation of "green financing" is also the tax benefits set by the state, on the one hand, the profit tax rates are reduced for the green lending of merchant banks, on the other hand, the enterprises organizing "green entrepreneurship" are given profit tax exemptions. certain privileges of the formation of tunes.

The application of the institution of responsible investment is also emphasized here, when making large financial injections in business with the expectation of receiving economic benefits, investors are obliged to show a caring attitude toward the environment, restore depleted natural resources, use alternative energy resources, make necessary environmental protection costs.

2.6 Characteristics of Green Education

Human capital is a key resource for the organization of green entrepreneurship. With the necessary assets, financing, and partners, entrepreneurs cannot effectively operate green without the support of people who care about their environment, whether they are employees, householders, or partners. People who show "green behavior" are concerned about the issues of sustainable development thanks to appropriate education.

People receive "green education" through formal, non-formal, and informal education. Moreover, if the formal education organized in educational institutions pursues the creation of "green jobs" (eco-auditors, environmentalists, eco-consultants, etc.), providing the individual with final results related to the

environmental sphere at the end of the educational program, then informal education by obtaining certificates, people improve their knowledge, abilities, and skills in the field of environmental protection.

The "Green Education" system requires the preparation of specialist graduates based on resources, which is mainly carried out in specialized educational institutions (PEIs).

The formation of education based on "green abilities" is carried out in several steps.

The first step is to determine what abilities the student will acquire at the end of the education and accordingly, a study plan is drawn up. For this purpose, the efforts of all beneficiaries of education are consolidated to target the components of "knowledge + skill + ability" to the acquisition of specific professional qualities. It turns out that the academic program is not aimed at the professional knowledge of the student but at the acquisition of the latter's abilities. Here, the active participation of employers in the formation of educational plans is extremely important, which is generally not implemented during traditional education. And it turns out that the measurement of education results is not based on academic credits, but on overcoming milestones of specific professional abilities.

In the second step, when the study plan for acquiring green skills is predetermined, an educational process is formed, which differs from traditional education in that practical work, exercises, and applied solutions to the problems are extremely active. In other words, the "inverted classroom" teaching approach is used, where, apart from theoretical lessons, the development of the student's creative mind, the implementation of practical solutions to problems arising from situations, and the participation of groups of students and even employers are more important.

Therefore, during the study, the future manager already faces practical problems and tries to solve them. By the way, the student's actions, as a rule, are not regulated by a fixed period, which is now done in the organization of traditional education. If the learner manages to quickly overcome the benchmark of the skill acquisition requirement set before him, he can move on to the next stages of study and complete the education in a shorter time.

In the third step, measurement and evaluation of education results is organized. If, when organizing traditional education, the results of education are measured by the accumulation of academic credits, using exams and tests, then when organizing education based on abilities, the measurement of learning results is based on the achievement of the milestones of the specified abilities. Here, as a rule, grades are not marked for good or bad answers of the students, but everything is done in the record, whether the student overcame the target bar, which was set for the acquisition of a specific ability. for:

Therefore, the measurability of the specific abilities specified by the educational program is implemented in multiple ways of monitoring (fulfillment of practical tasks, implementation of group tasks, presentation of individual works, sports activities) and not by reciting theoretical material.

Formal "green education" provides a certain level or whole of basic professional educational programs and is implemented by the entire educational institution, leading to the awarding and graduation of environmental protection specialists of the given level.

Informal "green" education implies an additional training program or a set of programs of education, which is carried out in the service of a corresponding educational institution or an organization that has the authority to perform this function.

through education, but does not lead to the awarding of a qualification degree and official recognition of study results. As for informal "green" education, it forms learning results obtained as a result of a person's daily and family life, recreation, entertainment, work activities, and other various activities, which, as a rule, are not intentional by the person. as targeted learning, is not organized and systematic in terms of time or resources, does not lead to official recognition of results. (see Figure 2.6.1).

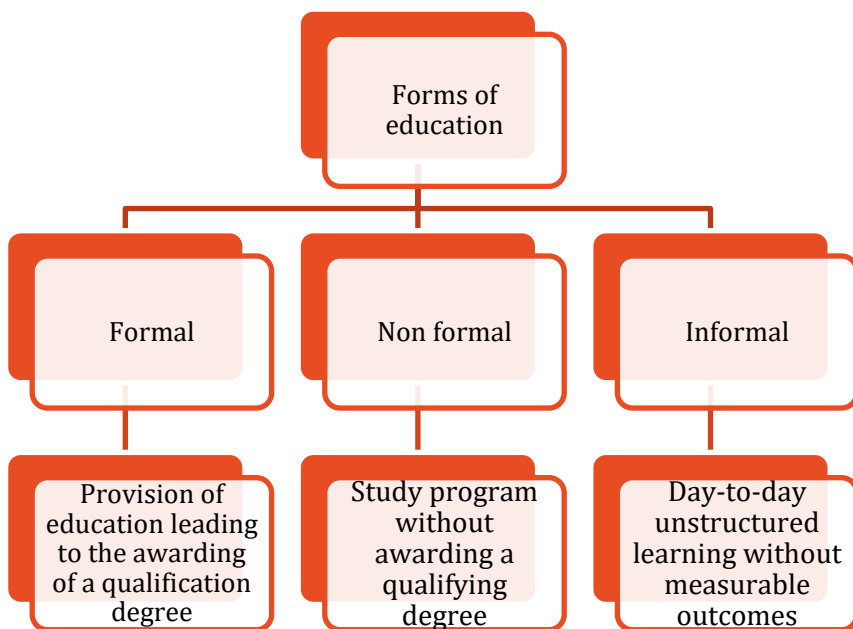


Figure 2.6.1 Approaches to Organizing Green Education

The institution of formal "green education" supports the social stability and integration of society by performing the following functions:

- transmission and dissemination of environmental culture in society, because it is through education that the knowledge of sustainable development, the achievements of "green entrepreneurship", moral standards, etc. are transferred from generation to generation).

- Formation of the dominant attitude, values, and ideals of "green development" among young generations.

- social and cultural changes carried out in the process of scientific research and environmental discoveries "(modern institutions of formal education, first of all, universities, are one of the main or most important scientific centers of all branches of knowledge).

As a unique form of education, non-formal education allows the participants of different social groups to acquire and develop skills, abilities, and knowledge corresponding to the demands (conditions) of the constantly changing environment.

Examples of informal learning are:

- training and qualification improvement courses for employees in organizations,

- professional and non-professional training courses, which are carried out in both commercial and non-commercial organizations, including state educational institutions,

- target courses implemented by various international organizations and programs,

- various preparatory courses, including the activities of private tutors.

This education began to receive great attention at a time when formal education could no longer partially provide what young people needed for personal and professional development. The informal education system was formed in response to the challenges that the new era presented to the formal education system. The informal education system was formed as a system

that fills the gaps and forms a different type of citizen, which did not claim and cannot claim to replace the part-scientific education provided by the formal education system.

A systematic analysis of the main characteristics of non-formal education shows, that participants are still drawn to non-formal programs because they offer the experience they aim to acquire. Furthermore, non-formal education refers to planned, structured programs and processes of individual and social education of young people, designed to develop a range of skills and abilities outside of the formal educational program. Therefore, we can consider informal education as a unique form of education that enables representatives of different social groups to acquire and develop knowledge, abilities, and skills corresponding to changing requirements.

Informal education includes courses, training, and short-term programs that are offered at any stage of education or during work activities. Non-formal education provides more flexible learning programs that meet the needs of learners and are more accessible in terms of time and place of learning. As a special form of education, non-formal education allows the present indicators of different social groups to acquire and constantly develop skills, abilities, and knowledge corresponding to the requirements of a constantly changing environment. The process of acquiring new knowledge often takes place outside the formal educational space, in informal conditions, where there are specially defined goals, tools, and methods that help more effectively, and make the learning process interesting.

"Green education" shows no less effectiveness in the context of informal education, when an individual receives information about his behavioral manifestations in the environmental field during his daily activities. Education acquired through life experience (informal) is a natural educational process, from which

an individual acquires various values, abilities, skills, and knowledge through daily contacts throughout his life. Elements of this process can be seen, for example, communication with family members, friends, the environment, mass media, literature, the Internet, and other sources of information. Such education, which happens in life, but often spontaneously, without the aim of improving education, should be attributed to informal education.

Informal green education encompasses a wide range of learning that all people participate in every day of their lives. It can be any type of information the learner has received from television, radio, the Internet, or conversations with friends and/or family.

Naturally, the higher the level of systematization and organization involved in informal green educational activities, the closer it will be to informal education. There is also a practical opportunity to move from informal to formal or informal. Thus, a visit to a nature museum can be an example of informal education, if it is a personal and spontaneous decision of the student because it does not directly depend on his educational activity. However, if such a prescribed visit is part of the environmental curriculum and requires a written report from the students, which must also include the teacher's evaluation, it will be an activity that is related to or with formal or non-formal education.

However, for the most part, this form of learning does not correspond to the organized and coordinated view of education. Non-formal education does not necessarily include goals and problems arising from them. Informal education does not have the structure and levels that formal schools have. It is more natural and spontaneous, meaning the "green information" we get through this form of education also comes from learning from our own experience.

Informal education also has no guidelines, curricula, or standards. Because there is no curriculum or standardized tests, it is difficult to quantify or test how well a learner understands or assimilates information. If there are no specific goals and objectives for informational education, it does not mean that this education is completely useless and cannot be applied in the field of "green entrepreneurship".

Therefore, "green education" is multi-layered and multi-sectoral, the implementation of which takes place during the entire life of an individual and assumes an important role in the toolkit for the implementation of "green entrepreneurship".

2.7 The Necessity for "Green Legislation"

"Green entrepreneurship" receives its respective legal regulations, which affect the sustainable development of organizations in different ways. In particular, existing laws and by-laws can have a preventive role on the formation of environmental risks in the course of business activities, or a beneficial effect on the activation of "green entrepreneurship". (see Figure 2.7.1).

Thus, in case of violation of environmental norms during business, penalties, and fines, even activity restrictions, are imposed on the organization. In addition, in the case of green financing, tax benefits are applied through low tax rates and tax holidays, which act as beneficial norms for the activation of green entrepreneurship.

Laws that contribute to the sustainable process of environmental protection are also applied in practice. They have a

supporting role and carry out regulations for the harmonious functioning of the "green entrepreneurship" organizational environment. Thus, the RA law "On ecological education and upbringing of the population" aims to ensure continuous, complex, unified ecological knowledge for people and society, as well as to promote ecological to the formation of upbringing and culture, the integration of the interactions of the individual, society and the surrounding natural environment, the formation of a comprehensively developed person.

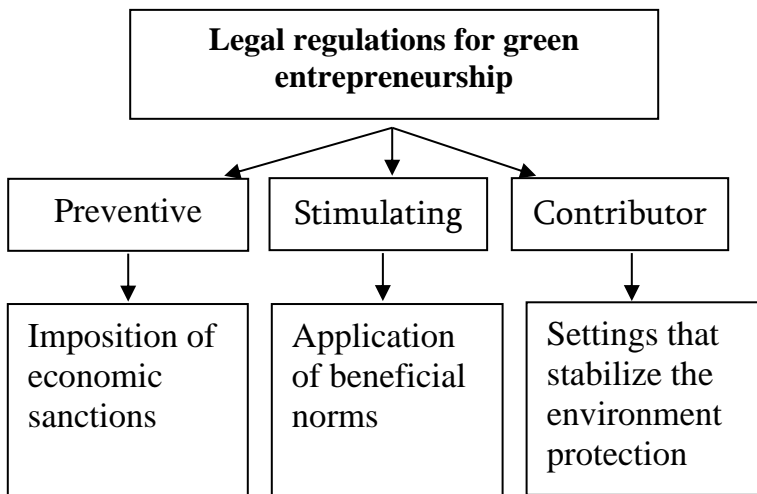


Figure 2.7.1 The existence of "Green entrepreneurship".
the legal framework of provisioning

Based on all this, the problems of the mentioned law are:

- a) preservation and protection of the right to transmit ecological knowledge,
- b) provision of legal, socio-economic, organizational, geological and other guarantees for ecological education,

education and ecological culture formation and development of the population;

c) provision of the mechanisms of implementation of the problems presented in the system of existing information and educational structures.

The legislative regulations of "green entrepreneurship" can be formed by direct and indirect approaches. If the laws have an addressable nature and regulate specific environmental areas, then they are directly considered to be the nature of the activity ("On Environmental Impact Assessment and Testing", "On Waste", "On Environmental Control" RA laws, etc.). And when the laws are addressed to non-environmental areas, but there are certain regulations aimed at protecting the environment, then from the point of view of "green business" regulations, they are classified as groups of indirect influence ("On State Tax", "On Licensing" no. , RA Tax Code, etc.).

Moreover, because the protection of the environment does not recognize interstate borders it is the duty of all of us to show a caring attitude towards the country and the planet. Therefore, based on this, the countries join the international conventions of sustainable development and link the national legislation with them.

CHAPTER 3 ECOSYSTEM SERVICES IN GREEN ENTREPRENEURSHIP CONTEXT

3.1 Nature of Ecosystem Services

Any system consists of separate components, which are interconnected with each other in such a way that even a change in one of them affects the other components. The eco-systems operating in nature are formed by this very principle, because in them, with the considerations of life support and harmonious activity, natural components are interconnected, which, interacting with each other within the framework of one system, ensure the existence of life support. Moreover, ecosystems differ not only in scale and diversity but also in their functions.

Thus, bacteria, insects, and invertebrate worms are considered to be the components of the ecosystem formed around the stump of a felled tree, which solves the problem of life support, and at the same time has the function of sanitation, carrying out metabolism, decomposing inanimate bodies. The ecosystem of the local forest already includes trees, shrubs, beasts, streams, and meadows, which with their biodiversity provide the nutritional level of animals, enrich the soil cover, expand the forest cover, and contribute to plant photosynthesis and oxygen reproduction. In the regional forest ecosystem, water-rich rivers, lakes, marshes, and wind-protecting mountain ranges are added to the aforementioned natural diversity, which supports both the expansion of forests and large-scale photosynthesis and the stability of the essential layer of the country's ozone screen.

Naturally, the inactivity or absence of each component of the listed ecosystems can disrupt the level of biodiversity, lead to the violation of the ecological balance, and thus, the disruption of the disturbed forest eco-functions. In this regard, human intervention

in ecosystem structures should be carried out carefully, so as not to disrupt not only the environmental balance but also the set of ecosystem functions, which is extremely important for the survival and sustainable development of society.

And the operations carried out by nature itself, which, by the way, humanity uses for free, are presented as ecosystem services. In practice, ecosystem services are interpreted from different perspectives, presenting them as means contributing to the well-being of mankind, functions of reproduction and expansion of natural resources by mankind, and services contributing to sustainable development. However, all of these are based on a general definition, according to which ecosystem services are the manifold benefits provided by nature to people, the consumption of which ensures the socio-economic stable development of the national population.

3.2 Classification of Ecosystem Services

In general, ecosystem services are represented by the following groups: providing natural resources, regulating the environmental environment, and related to recreation and rehabilitation measures (see Figure 3.2.1). At first glance, it may seem that the majority of the ecosystem services provided to humanity fall on the supply of natural resources.

Every day it becomes visible to us what kind of benefits man receives from nature in the form of natural wood, water resources, biological components, and useful minerals, which are used in everyday life and production. In this sense, ecosystem services of natural resource provision are also called indirect services. However, indirect ecosystem services, which may not be directly visible to people, but perform regulatory and environmental

support activities (pollination, water purification, erosion and flood prevention, etc.) are no less valuable. climate control etc.). Thus, the forest cover of the Amazon River basin is called the "lungs of the planet Earth", because a huge mass of spent oxygen is reproduced there, or the evaporation of the oceanic layer ensures the atmospheric circulation of water resources, etc.

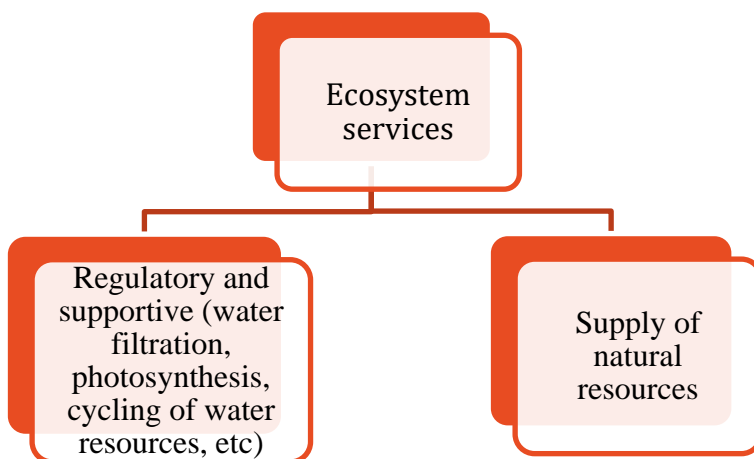


Figure 3.2.1 Ecosystem Services Common classification

On the other hand, often enjoying our native nature and spending time relaxing on the shore of the lake or in the high mountains, we do not always realize the fact of the provision of ecosystem services specifically addressed to us. On the other hand, nature provides us with services that contribute to rehabilitation, to which it is necessary to show a proper attitude, not polluting the environment, and not violating environmental norms. It turns out that, receiving various eco-system services, humanity consumes them as much as possible for the benefit of

socio-economic prosperity and thus feels the need to manage this process, otherwise, the services provided by nature's relentless consumption lead to environmental disasters.

3.3 Management of Ecosystem Services Objectives

Entrepreneurial activity causes great damage to existing ecosystems. Society should have the opportunity to find out what the business world took from nature and then what it returned to nature. Therefore, the management of ecosystem services serves sustainable management and allows evaluation of the eco-efficiency and eco-justice of the enterprise.

The field of environmental protection has traditionally been regulated by legal and administrative methods. Currently, at the state level and according to the dictates of the law, various control circles are actively operating, which take care of the protection of the environment, the prevention of ruthless exploitation of natural resources, as well as the organization of activities according to environmental norms. For: At the same time, social organizations, "unions of greens", which are concerned about environmental salinization and irrational exploitation of natural resources, are forming at a rapid pace, actively fighting against businessmen and organizations that harm nature.

However, while striving for "his greatness" profit, the business tries to remain indifferent, and being able to overcome the environmental administrative, and legal pressures, continues to harm nature, considering the economic benefit to be the priority. There are not a few cases when businessmen purposely pay nature protection penalties and payments knowingly turn to the misuse

of natural resources. In practice, situations are created when organizations receive excessive profits by intentionally violating the norms of environmental protection because the subsequent administrative damages and fines are economically "justified" by the misuse of natural resources. with additional income received.

Therefore, if the legal and administrative levers of environmental protection cannot mitigate the "appetite" of businesses to get economic benefit, then the managerial levers of ecosystem services should also be put into action.

The basic problem of economic management of environmental protection in organizations is closely related to the existence of a complete and realistic information system. The intensive exploitation of natural resources at the level of organizations should not be considered only within the framework of the inspection field of land use control, but will also be controlled by the public itself through the implementation of the ecosystem services valuation and management mechanism. It is not possible to implement full economic re-control only through nature conservation and nature use fees.

Therefore, the main directions of maintenance of ecosystem services are:

- determining the boundaries of the ecosystem,
- recording the types of services provided by a specific ecosystem,
- measuring the intended and actual results of ecosystem services and identifying negative deviations by combining them,
- management of negative deviations related to the provision of ecosystem services,
- implementation of managerial decisions on the sustainable development of ecosystem services

As with any field of governance, the management of ecosystem services begins with the goal-setting phase. However, the specialty here is in determining the boundaries of the ecosystem and targeting specific services. The ecosystem manifests itself at different scales with its multiple functions.

Thus, if the ecosystem related to the water basin of the river is considered, then it can include just one tributary or, on the contrary, from all tributaries to the entire area of the river delta. Or, when discussing the scope of management of the services received from the water basin of the river, only direct services (water intake for irrigation purposes, fishing), as well as indirect services (evaporation of water and support to the atmospheric cycle of water resources, development of tourism in the area of the water basin), can be targeted. Naturally, it is practically difficult to target all the services of the ecosystem for management, but based on the current problems of sustainable development, a choice is made between them with managerial goals.

The selection of ecosystem services for management purposes is followed by the assessment of intended outcomes and then the measurement and valuation of actual achievements (see Figure 3.3.1). Perhaps, this stage of management is relatively complicated, because the measurability of service delivery results presents practical difficulties.

Thus, if the direct services provided by the water basin of the river can be measured and valued (water, navigation, fishing), some indirect service results (human recreational recreation, fauna improvement) have practical difficulties in measurement and evaluation.

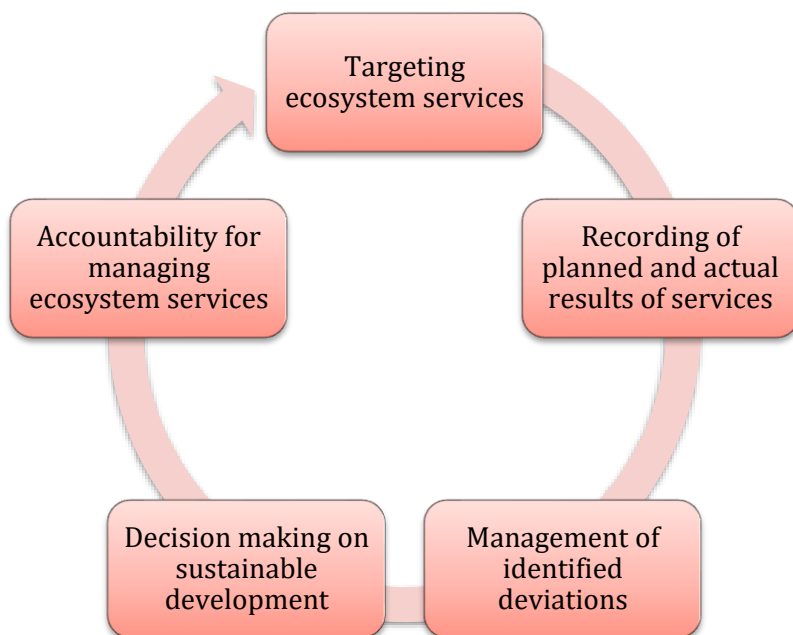


Figure 3.3.1 Ecosystem services management cycle

3.4 Measurability of Ecosystem Services

In practice, management starts from the place where the measurement and evaluation of managed objects starts, and the results of ecosystem services provided to the public are no exception. Finally, by comparing the targeted results of service delivery with the actual achievements, negative deviations are revealed, in the direction of elimination of which management decisions are implemented that contribute to the sustainable development of ecosystems.

Case study

The managerial evaluation and accountability of the results of green entrepreneurship is always at the center of attention of the internal and external stakeholders of the economic activity of the organizations. If any component of a sustainable development ecosystem loses its entrepreneurial viability, it disrupts the equilibrium state of the ecosystem and may eventually lead to a decline in business activity, or even disruption. In this case, the question arises as to how to evaluate the viability of each component operating in the green business development ecosystem from the point of view of management itself.

The mentioned problem is complicated by the fact that the results of various measures ensuring the vitality of ecosystem activity have different measurability - financial and non-financial (see table 3.4.1). In this sense, in practice, it is recommended to measure the vitality of the components of the green business development ecosystem with relative indicators (coefficients) that are in the range from 0 to 1.0, and the indicators of capitals with different dimensions are presented in one field of comparability.

Thus, the more the index contributing to the viability of sustainable development tends to 1.0, the more actively it is

evaluated from the point of view of sustainable business development.

Table 3.4.1

Target and actual magnitudes of measures ensuring sustainable development of the river basin ecosystem

Mutual services	Measuring	Tar- get	Actual	Ratio	Devia- tions
From ecosystem to society					
Fishing	ton	5500	6200	1,127	-12,7%
Tourists visitor	Persons	18 300	20 600	1,125	-12,5%
Expansion of the corresponding weatherproofing	km ²	45	41	0,911	-8,95
From society to ecosystem					
Coastal trash cleanup	ton	56	38	0,678	-32,2%
Recovering fish stocks	ton	440	420	0,954	-4,6%
Instilment water cleaning filters	mln AMD	32	26	0,8125	-18,75%

In this case, each component presenting the potential of ecosystem service provision receives its targeted measure in advance for a specific reporting period. Therefore, at the end of that period, when the actual values of these components become known, the degrees of access to the defined targets are calculated in the range from 0 to 1.0, comparing the actual results to the

targets. In this case, the following important problem is solved during the maintenance process.

- the results of the services ensuring the viability of the green business ecosystem are presented in the same dimension - coefficients and percentages,
- an opportunity is created to evaluate the formation process of each resource that regulates the ecosystem
- to highlight in time the weaknesses of the driving forces ensuring the balance of the ecosystem and the possibilities of their elimination.

Table 3.4.1 shows the target sizes of the selected services ensuring the sustainable development of the water basin of the river and their availability at the beginning and end of the reporting period. by 12.7%, if the reverse service, i.e., the addition of fish stocks in the water basin, by the entrepreneurs, was underperformed by only 4.6% compared to the planned one. The same applies to the number of tourists visiting the river basin, which increased by 12.5% at the end of the reporting period, while the garbage cleaning works of the coastal areas were underperformed by 32.2%.

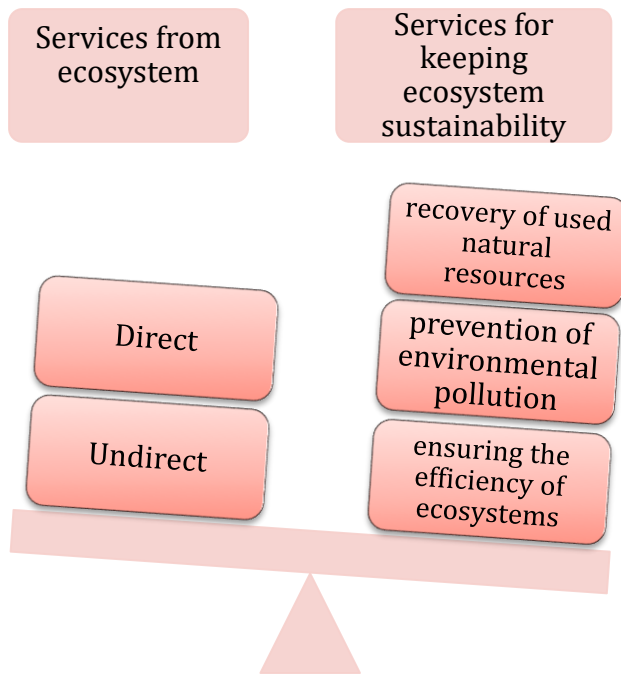


Figure 3.4.2 Balance of Services Provided and Received in the Context of green entrepreneurship ecosystem management

Thus, by making such assessments, the weak links in the structure of the green entrepreneurship ecosystem are revealed, where the potential to ensure the stability of the ecosystem is not yet fully formed. Adequate management decisions are already being implemented to ensure the viability of the identified weak links in the existing ecosystem. In particular, in our example, the obstacles that prevent the full operation of water filters, the reproduction of fish stocks, the incomplete expansion of the forest cover due to the humidity of the water basin, etc. are analyzed.

When implementing the management of ecosystem services, it is also important to balance the benefits from nature to human resources and, in parallel, the environmental measures from the side of mankind. In other words, in the framework of management, what humanity received from nature and what it returned to the latter in favor of environmental stability is impoverished. And if in the long term, this balance is formed by the consumption of ecosystem services by the concerned humanity, and not by the expansion of the resources of environmental activities, then there are risks of disrupting the sustainable development of ecosystems, which need management (see Figure 3.4.2).

CHAPTER 4 GREEN ENTREPRENEURSHIP REPORTING

4.1 Corporate Social Responsibility

Corporate social responsibility, as a term, began to be widely used in the 1990s, when it was mainly about the obligations of the company that arose in connection with the negative impact of its activities (waste, resource use, etc.). In recent years, the significance and importance of Corporate Social Responsibility (CSR) in the business environment has significantly increased. The perception of CSR has increased and its types and scope of application have expanded. The importance of CSR is understood by company leaders, public organizations, the public sector, and consumers. CSR can contribute to the application of tools for the sustainable development of businesses, acquisition of new consumers, brand recognition, implementation of long-term strategy, and wider involvement of employees and customers, as well as contribute to the formation of a positive reputation of companies. The target directions of CSR are the reduction of environmental and socio-economic problems arising from the activities of the organization, even their elimination, as well as the development and implementation of mutually beneficial solutions, which are related to the activity of the given company.

In this sense, organizations present themselves in the context of green entrepreneurship with their corporate social responsibility considerations. Thus, "Ardshinbank" CJSC approved the concept of Corporate Social Responsibility ("January 13, 2017"), aiming to define the basic principles, methods, and all socio-economic and natural aspects of Corporate Social Responsibility. Security issues are sorted by priority.

Corporate social responsibility is the business function that deals with economic, social, and environmental issues related to the Bank. The purpose of CSR is to find solutions to such problems that will be beneficial for the Bank, society, and the state, "Customer" - any physical or legal person who uses the services provided by the Bank or applies to the Bank to use them. a person, including an individual entrepreneur. A bank, operating in an environment that undergoes drastic environmental and social changes every day, cannot be considered progressive if it does not share the responsibility of improving its environment.

The Bank's CSR implies the identification of problems important for effective and long-term operation and the development of mutually beneficial solution options. CSR investment ensures the generational change of the Bank's employees. CSR is a guarantee of confidence for investors and other stakeholders. It shows that the structure has the potential to succeed and survive not only in the next few years but also in the long term.

The bank's CSR is based on the company's long-term goals and vision. Corporate social responsibility is embedded in every operation of the Bank, from the recruitment process, and branding to service development and sales. CSR is implemented based on the Bank's business interests, therefore CSR activities are continuous, regardless of the Bank's financial situation. Along with its growing importance in the financial market, the Bank is guided in its relations with its customers, as well as in all spheres of activity, by ethical and environmental standards, aiming to have a positive impact on society.

The bank's environmental mission consists of evaluating and reducing the negative impact on the nature of existing and newly introduced innovations. To fulfill this mission, the Bank increases the share of energy-efficient loans in its loan portfolios, thanks to

which the diversification of the Bank's loan portfolio also expands, which is important from the point of view of risk management and the creation of an additional source of income. The bank attaches importance to the continuity of the crediting of energy-efficient housing repairs, therefore it follows from the principles of the credit policy that energy-efficient mortgage and micro-lending should be primary from both a social and an environmental point of view. Different energy efficiency assessment mechanisms in different directions of lending.

The position of the bank is the continuous nature of energy-saving projects both at the expense of own and borrowed resources. The bank encourages the use of energy-saving and environmentally friendly materials in construction and renovation works. It uses energy efficiency assessment mechanisms in its customer lending business. Issues related to environmental friendliness are emphasized in the relations with its partners, by introducing such a procurement process that promotes the use of environmentally friendly materials. The bank strives to reduce the amount of paper used by encouraging electronic documentation. Unused equipment and waste, which are not subject to sale or donation, are collected by the organization implementing the relevant activity and disposed of or recycled or reproduced in an environmentally safe manner. The organization strives to reduce the negative impact of the vehicles used on the environment by conducting discussions with third parties often through online voice and video calls.

Consistent with the principles of corporate social responsibility, the Coca-Cola Hellenic company operating in the Republic of Armenia undertakes to carry out all its activities taking into account the impact on the environment and environmental consequences. The company believes that the

environment is everyone's responsibility, and all employees are responsible for environmentally sustainable operations.

Coca-Cola Hellenic strives to achieve sustainable improvement in meeting its environmental standards while working to reduce its negative impact on the local and global environment as the company expands. To achieve these goals, Coca-Cola Hellenic Company:

- Implement and certify the internationally recognized ISO 14001 environmental management system in all areas of its activities to ensure accountability and continuous improvement.
- includes environmental strategy directions and objectives in its business planning process to make environmental impact regulation an integral part of its operations.
- defines environmental approaches, sets environmental goals, monitors results, and audits processes to evaluate its activities by internal and external environmental standards,
- identifies and implements ways to increase the efficiency of the company's use of materials and resources, pollution prevention, emissions reduction, and waste processing;
- is committed to preserving watershed resources by conserving water and treating wastewater;
- is committed to protecting the climate by reducing energy use and emissions of harmful substances.
- plays a leading role in promoting environmentally sustainable packaging in the beverage industry through lightweight, beverage packaging recycling and the use of recycled materials in its packaging.
- encourages its employees to identify and use all opportunities to improve environmental performance and waste management in their workplace.

- cooperates with the beneficiaries in solving the environmental problems in which the company can make an effective and lasting contribution.
- informs the beneficiaries about its environmental requirements and activities.

The organization also conducts a policy of combating climate change, taking a key role in finding sustainable solutions to climate challenges, the results of which are presented in the CSR concept. Coca-Cola Hellenic strives to limit its impact on climate change and sustainably conduct all its operations. As a result of the company's activities, the direct emissions of greenhouse gases are mainly the result of energy consumption by the operation and movement of the bottling plants. Indirect emission sources are raw materials (ingredients and packaging) and cooling equipment.

In this sense, in line with the environmental policy, it is important:

- reducing the amount of energy consumed during the activity.
- the use of alternative or renewable energy technologies, which will provide enterprises with additional energy. An example of this is the plan to build combined heat and power plants next to bottling plants.
- engaging stakeholders in the fight against climate change, for example by working with suppliers to reduce the carbon content of our packaging materials and the carbon footprint of our cooling equipment.

Thus, the companies showing a strategic approach to CSR are obliged to openly and covertly make available to the public the information about the programs planned and implemented by the given company in the social and environmental fields. The main goal of CSR strategy development and implementation of measures is the responsible work of the company and the fight against socio-economic and environmental problems, with

solutions that are mutually beneficial for both the company and society.

CSR communication is important for several reasons. First of all, it helps the company evaluate its path and present it to its internal stakeholders. Among the company's shareholders and employees, the conviction is strengthened that their work is not only for financial results but also contributes to the solution of certain problems in the country. This is important, especially from the point of view of employees. After a certain threshold, the amount of wages and salaries is a relatively small motivational factor for the employee, and the perception that the given employer expresses his concerns about the earth and nature, and the company's activities "make the employee proud" is more important" has a reason.

The idea of a "responsible consumer" is gradually forming among the public. People understand that when spending money, one should also think about the wider consequences of that transaction. For example, neglecting small shops in favor of supermarkets harms the establishment and development of SMEs in the country. Information about a company's CSR activities will be noticed by responsible consumers and will help win a loyal customer. Even if competitors can offer lower prices, most responsible consumers will be willing to pay a little more to promote the solution to the various problems that arise in the country.

By regularly communicating information about CSR, the company will also gain and continue to enjoy public trust. Even if the consumer is not a customer of the organization at the moment, a positive attitude towards the brand will be formed in the mind, as a result of which the consumer can become an intermediary in winning new customers from his environment.

In some cases, to achieve results in the solution of the issues selected in the CSR strategy, the participation of the public is indispensable. By providing information about the program, it is possible to raise the level of public awareness about the given problem and organize more effective activities. For example, the World Wildlife Fund implements the "Earth Hour" initiative, during which various institutions turn off their lights for one hour in the evening as a symbolic environmental protection step. By informing the public about participation in such an event, it is possible to slightly raise the level of general awareness about climate change, as well as gain new supporters who will participate in the same action, increasing the impact of the event. Implement CSR accountability and information provision with different approaches. Every company works in a unique context, within which it deals with different problems. It is desirable to present the CSR programs together with the whole context so that the audience can understand why the problems of the given sector are the focus of the company's attention. If the audience can understand the strategy and logic behind the company's CSR report, it will be easier for public organizations and other institutions to understand whether it is possible to find edges of cooperation with the given company or not. For example, if a hotel chain presents that it has donated to one of the Armenian universities, without presenting the reason for this move, other educational institutions may also expect such support from this company. If, when announcing this program, the company mentions that it notices a lack of a workforce with a good command of foreign languages, which motivated it to finance an "accelerated English course for hospitality workers" at the linguistic university, the situation becomes much clearer. For other institutions, it becomes clearer on what principle the given company gives preference to this or that educational program, and

that it mostly cooperates on educational issues directly related to its activities.

Whenever possible, present a complete picture of the solutions provided to the problems, clearly showing that the different departments of the company share the same vision and commitment. For example, when talking about the rights of people with disabilities, the company can mention that ramps have been installed at all its sales points so that they are accessible to all customers. This operation is the responsibility of the company's Sales Department. And the offices? Do they have all the facilities in their workplace to hire people with such or other disabilities? This is already the problem of the Human Resources Department. By presenting the unified approach of different departments of the company on the mentioned issue, the company assures its current and future employees that CSR is not only done for a good reputation and "external audience", but is a serious principle for the company's activity.

When presenting CSR, it is necessary to talk about specific results, rather than making abstract statements. For example, a company can describe how it works with employees to save electricity and water. In addition to clearly describing all such measures, it is also desirable to publish the saving of electricity and water at the end of the given year compared to the previous year's data. This is quantitative data that will show how ineffective the described measures were. At the same time, it is desirable to show the continuity of previously presented programs. This will help companies find the right partners more efficiently. They will understand that when implementing joint projects, they are obliged to strive for long-term results.

It is also important that the company briefly presents plans in the report. This is also useful for finding good partners who may

not yet be familiar with the company but have come forward after seeing the company's interest in the given field.

If you want to prepare a CSR report that conforms to the international format, you can use the guidelines developed by the Global Reporting Initiative (GRI). Following the GRI guidelines, the company can address all the topics to which it is related in one way or another within the framework of CSR. The guidelines include the criteria and quantitative and qualitative information required to prepare a comprehensive CSR report.

Thus, "Ardshinbank" CJSC appoints an appropriate responsible person for the processing and analysis of complaints submitted by customers, as well as complaints of a socio-ecological nature. The Bank, following the procedure established by internal legal acts, regularly monitors the financed credit portfolio for statistical data analysis, and data analysis of the targeted use of loans, based on which reports are prepared and presented to the Bank's Board and the Board. In performing its functions, the Bank relies on reliable information and fairness. Every year, the Bank prepares an annual report on the concept of CSR and the implementation of CSR activities.

The Coca-Cola Hellenic Company operating in Armenia presents public reports on greenhouse gas emissions, targets, results, and activities and prepares reports by the Greenhouse Gas Emissions Protocol.

The introduction and application of CSR accountability is a bright step in the process of sustainable development of organizations. If an organization's activities are declared to be compliant with, for example, the ISO 26000 standard, stakeholders can monitor developments more closely to see to what extent they are taking practical steps towards compliance with that standard. Timely and appropriate implementation of CSR accountability can greatly benefit companies.

4.2 Accountability of Sustainable Entrepreneurship

In parallel with corporate social responsibility reports, organizations make sustainable development statements in their published financial reports, which are regulated by international accounting standards. Thus, the international financial reporting standard IFRS-S1 requires the entity to disclose information about sustainability-related risks and opportunities that may affect the entity's cash flows, access to financing, or cost of capital in the short, medium, or long term. in the long term. The financial disclosures related to the stability of the organization should be made in the same period as the period in which the published financial reports are presented. It is also noteworthy that the standard also requires disclosures of information relationships, such as

- mutual evaluations of the impact of sustainable development risks on the organization's activity perspectives,
- the interrelationships of governance, strategy, measurement, and risk prevention targeting around financial disclosures for sustainable development.

In general, the disclosure requirements included in the IFRS-S1 standard appear in four groups. Disclosures are primarily directed at management, to enable users of the financial statements to understand the management processes, controls, and procedures that the entity uses to monitor.

A specialized board, a committee, or an equivalent body responsible for management, responsible individuals who deal with sustainability risks and control opportunities can act as management bodies. In this regard, it is necessary to give disclosures that:

- ✓ What is the scope of responsibility in the mandates of authorities for managing risks and opportunities related to stability,
- ✓ Descriptions of the roles of managers and how the body(s) or individual(s) determine whether or not appropriate skills and abilities exist;
- ✓ have control strategies been developed that are designed to respond to sustainability risks and opportunities?
- ✓ how and how often is the body(s) or individual(s) informed about sustainability-related risks and opportunities;
- ✓ has the body(s) or individual(s) discussed the trade-offs associated with these risks and opportunities?
- ✓ are the results of risk management included in the remuneration policy?
- ✓ control whether procedures are used to monitor, manage, and control sustainability
- ✓ does management support the improvement of processes for monitoring sustainability risks and opportunities?

The purpose of sustainability financial disclosures on strategy is to enable users of general-purpose financial statements to understand the framework of an organization's strategic management of sustainability-related risks and opportunities.

When identifying the strategy, the impact of these stability-related risks and possibilities on the organization's financial condition, financial results, and cash flows in the short-term, medium-term, and long-term are evaluated.

An entity shall disclose information that enables general users of the financial statements to understand the risks and opportunities related to sustainability that can reasonably be expected to affect the entity's prospects.

The organization shall disclose information that enables public users to understand the impact of sustainability risks on strategic decision-making. In particular, the organization should publish information on:

- a) how it has responded and how it plans to respond to sustainability-related risks and opportunities in its strategic decision-making process;

- b) with quantitative and qualitative information, how does it evaluate the progress of the plans that the organization has revealed in the past?

- c) how is the trade-off between sustainability risks and opportunities achieved when the organization could take into account the environmental impacts of these activities and occupations and the opportunities they would create in the community?

The purpose of financial disclosures related to sustainability in measurement is to enable users of general-purpose financial statements to assess the organization's targeted performance in terms of mitigating sustainability risks and with the realization of possibilities.

For each risk and opportunity related to sustainability, the organization must identify:

- a) criteria required by IFRS sustainability disclosures;

- b) metrics that the entity uses to measure and control that sustainability risk or opportunity;

- c) performance about sustainability risk or opportunity, including progress towards any targets.

An entity shall disclose information that enables users of the general framework to evaluate the financial statements in terms of risk. In particular, there is a need to reveal:

a) the impact of sustainability-related risks and opportunities on the organization's financial condition, financial results, and cash flows during the reporting period (current financial impacts); and:
b) the expected effects of sustainability-related risks and opportunities on the organization's financial condition, financial results, and cash flows in the short-term, medium-term, and long-term perspective.

In particular, the entity shall disclose quantitative and qualitative information about whether

- how did the risks and opportunities related to stability affect the financial position, financial results, and cash flows during the reporting period,
- how does the organization expect a change in its financial position in the short-term, medium-term, and long-term sectors, taking into account its stability-related strategy, risk management capabilities,
- how does the organization expect its financial results and cash flows to change in the short-term, medium-term, and long-term perspective, taking into account the strategy of sustainable development?

If the organization determines that it does not need to make additional sustainability disclosures and provide quantitative information about current or expected sustainability-related financial impacts, it should:

- a) explain why he did not provide quantitative information;
- b) provide qualitative information about those financial impacts,
- c) provide quantitative information about the combined financial effects and present the sustainability risks or opportunities with others if the entity determines that such quantitative information and the combined financial effects will not be useful to it.

Case study

In 2021, the "Tavush" hotel complex OJSC was founded in the forested area near the slopes of the Tavush region of the Republic of Armenia, which works for profit and provides tourist services (overnight stay, horse trekking, mountain hiking). charms). Back in 2022, the company's shareholders' meeting decided that a transition should be made to sustainable development, expanding the business, leading to a number of sustainable development goals from the United Nations in 2015.

In particular, it was decided to provide health resort services along with hotel and sightseeing services, for which huge investments would be required. For the published financial reports of the company to become understandable for potential investors and creditors in terms of sustainable development, it was decided to include disclosures according to the IFRS-S1 standard "General requirements for financial information related to sustainability" in the set of published financial reports for 2023.

Thus, the chief accountant of "Tavush" hotel complex JSC had already prepared financial statements according to the requirements of IFRS standards (see tables 4.2.1 - 4.2.3) and would now present them in that package. additional disclosures based on the requirements of the IFRS-S1 standard and addressed to the beneficiaries of sustainable business development.

Table 4.2.1

Statement of financial condition as of January 1, 2024
(million AMD)

Assets	Sum	Capital, obligations	Sum
Fixed assets	300	Share capital (2000 shares)	200
Debtors	10	Profit	50
Stocks	70	Loan obligations	140
Cash	20	Dividend Obligations	10
Total	400	Total	400

Table 4.2.2

Report on financial results for 2023 (million AMD)

Indicators	Sum
Sales	550
Cost of sales	(350)
Operational profit	200
Financial costs	(70)
Investment cost	(80)
Profit before tax	50
Tax profit (18%)	(9)
Net profit	41
Profit per share	0,02

Table 4.2.3

Cash flow statement for 2023 (million AMD)

Indicators	Sum
Initial balance of money	35
Operational	
Inflow	700
Out flow	(630)
Net flow	70
Investment	
Inflow	0
Out flow	0
Net flow	0
Financial	
	0
	(50)
	(50)
Final balance of money	55

Disclosures with the requirements of IFR-S1 standard

General description:

"Tavush" hotel complex OJSC aimed to expand business, and in addition to tourist services, to provide health services, for which it has drawn up an investment plan for 6 years. The project envisages the construction of two additional buildings, one of which will be used as a hotel, and the other for medical needs. Moreover, in this case, a number of environmental problems arise. In particular, if before the expansion of the business, the sewage of the resort was discharged into the river flowing through the forest, for which an environmental fine was paid, then in the

case of the resort complex, with the increase of guests, the removal of sewage should have already been carried out to the sewer. along the mine line, which was about 15 km away from the hotel, so the construction of an additional sewer line through the forest area was required.

The forest cover would also be damaged by the construction of two buildings, which would require tree cutting, changes to the natural landscape, and biodiversity loss.

On the other hand, the operation of the resort complex required a qualified service staff, which was intended to be formed from the population of the neighboring villages by conducting special training courses for them. It is noteworthy that the workforce of the community is dominated by men and mainly women will be invited to work in the spring-furnace complex. In this way, it is planned to solve not only the problems of gender inequality but also the problems of "decent work" and "stable communities", because the employment in the health resort will soften work. to search for the emigration of the national population from the communities.

"Tavush" hotel complex OJSC also plans to implement innovations in the provision of health services, using new rehabilitation technologies, which will increase income and supplement the community budget with additional payments from the sanatorium's profits, according to contributing to the improvement of the socio-economic condition of the community.

Management procedure

"Tavush" hotel complex OJSC applies a special strategic management procedure, which is implemented within the framework of the "Environment Protection and Development" management department. 3 people are working in the department, whose scope of responsibility in the field of management of risks and opportunities related to sustainability is specified. The

department uses a toolkit for identifying risks related to sustainability and monitoring the implementation of opportunities, which provides feedback on the interests of sustainable development, and improves the procedures for managing risks and opportunities related to sustainability every 2 years. times.

The strategic management framework

Aiming to expand its activities and provide healthcare services, "Tavush" hotel complex OJSC will pursue some directions of sustainable development, which will reduce both risks and opportunities in the short term (2024- 2025), medium-term (2024-2026) and long-term (2024-2029). Moreover, all these risks are manageable, and the opportunities for sustainable development are achievable by the organization.

Goal 1: Health and Well-being - Promote healthy living and promote well-being for all, regardless of age.

When achieving this goal, sustainable development risks are formed, which are related to the long-term construction of the resort buildings. During the 6 years of construction, the financing is foreseen at the expense of long-term loans, which increases the interest expenses by 4 million drams per year and thereby reduces the net profit. Moreover, at the start of the healthcare complex, the company will completely repay the loan obligations and will not have any interest expenses. In addition, it is planned to use innovative technologies in healthcare services, which increase operational costs by 5% annually. After the start of the healthcare complex, there is an opportunity to increase the revenues of the OJSC by 70% per year, after which the profit per share will increase dramatically. The design cost of the construction of the resort complex is 180 million drams, which is planned to be compensated in equal amounts during the 6 years of construction at the expense of credit funds.

It is planned that the number of people using regional health services will increase by 15%.

Goal 2: Quality Education - Provide inclusive and relevant quality education for all and promote lifelong learning opportunities;

"Tavush" hotel complex OJSC plans to recruit a workforce providing health care services from the population of the community and for this purpose will organize training and provide special educational services. In Ardyun, around 35 employees will undergo additional training, which will be financed by OJSC, and thus the annual operating costs will increase by 2%.

Goal 3: Gender Equality - Achieve gender equality and empower all women and girls.

"Tavush" hotel complex OJSC plans to recruit a labor force providing health resort services from the population of the community, 90% of which should be women.

Goal 4: Affordable and clean energy - Ensure access to affordable, reliable, sustainable, and modern energy for all.

The power supply of the resort complex will be realized with solar panels, which will reduce the annual operating costs by 3%, but the installation of battlements will require 60 million drams, which will be realized within the next 6 years. in equal amounts. At the same time, the company will not make any more investment expenses at the start of the healthcare package.

Goal 5: Decent work and economic growth - Promote robust, inclusive, and sustainable economic growth, full and productive employment, and decent work for all;

By recruiting labor from the local community and implementing proper remuneration, a 40% increase in the socio-economic well-being of community families is predicted.

Goal 6: Life on land - Conserve, restore, and promote sustainable use of terrestrial ecosystems, ensure sustainable forest management, and halt biodiversity loss;

With the construction of the health complex, around 2 ha of forest area will be cut and natural biodiversity will be disturbed. In order to mitigate these risks, the "Tavush" hotel complex OJSC plans to carry out afforestation every year, continuously spending 8 million drams annually. In addition, with the construction of the sewer line and connecting to the community network, the company will no longer pay environmental damages for 1 million drams for polluting nature with wastewater.

Measurements

The company primarily uses financial indicators to measure and monitor sustainability risks and opportunities. In addition, some indicators of sustainable development are also represented by non-financial indicators (area of forest restoration, involvement of additional labor force, number of retrained people, increase in the number of recipients of health care services, etc.).

Financial implications of risk

The reflection of risks and opportunities of sustainable growth in the financial statements are presented in the short-term, medium-term, and long-term terms (see table 4.2.4). In fact, in the short and medium term, the company will have a risk of equity capital formation, as it will operate at a loss in 2024-2029 and will not be able to pay dividends.

Table 4.2.4

Risks and opportunities of sustainable development of "Tavush" hotel complex JSC in the long term

#	Risks	Mana-geble	Opportunities
1.	A decline in earnings per share	Yes	It is regulated in 2030.
2.	OJSC capital increase	Yes	It is gradually happening in 2024-2029.
3.	Recruiting qualified workforce	Yes	It is gradually happening in 2024-2029.
4.	Environmental improvements	Yes	Continuous
5.	Improving the socio-economic condition of the community	Yes	Continuous
6.	Promotes gender equality	Yes	Constantly

However, starting in 2030, the company's profit will increase dramatically due to the completion of the construction and operation of the pipeline complex, which will allow increasing the earnings per share by 11.3 times (0.226/0.02). In

other words, in the short and medium term (2024-2029) the lost profit of 0.12 million drams per share ($6 \text{ years} \times 0.02$) can be recovered in 1.88 years ($0.226/0.12$), which is quite a reduction. and equity risks.

Thus, the disclosures required by the IFRS-S1 standard are summarized in table 4.2.4.

4.3 Financial Statements For Environmental Functions

The problem of economic management of environmental protection in the formations is closely related to the existence of a complete and realistic land management system. Merciless exploitation of natural resources should not be seen only in the circles of the inspection sphere of land use control, but by the organizations themselves, the economic management of environmental protection. with the implementation of this system. It is not possible to implement full economic control only through environmental protection and habitat management fees. Currently, the implementation of the complex economic management of the environmental industry is a fundamental problem, which in turn requires the calculation of the results of environmental measures, the presentation of reports, and finally, the audit documentation of the reliability of the presented reports.

Ignoring information related to environmental protection in published financial reports harms the interests of both the internal management system and the external users of the reports. By not taking care of such a situation, the organization's management system can make gross racial mistakes in financial terms, as a result of which it can be in the field of economic management. a hermitage situation was created. On the other

hand, not controlling the results of environmental protection activities, the results of the published accounts of the organization Users (shareholders, investors, suppliers, buyers, etc.) can make wrong decisions in the field of cooperation and suffer economic losses. in

So, let's assume that in the beautiful forest cover area of Hankavan, "Z" LLC plans to build a railway. The joint-stock company collects the necessary 50 million drams of capital funds for the start of construction and the financing of construction and assembly works in 2023 on January 1, selling 10,000 shares, the unit for 5,000 drams. The beginning of the activity of the joint-stock company is given by the following accounting balance

Opening balance sheet of "Z" LLC
as of 1.01.2023 (million Armenian drams)

Assets	Sum	Capital	Sum
Fixed assets	50	share capital (10 000 shares)	50
Balance	50	<i>Balance</i>	50

Tree planting is required to restore the unbroken cover due to the construction of the newly built ropeway. Even at the time of its launch, "Z BBB" is committed to the restoration of the tree cover by the end of the first 3 years of its operation under the environmental protection initiative. one-time financial investment worth 12 million drams. However, this nature conservation obligation, becoming legally binding, is not reflected in the financial documents of the joint-stock company, particularly the first in the accounting balances published for three years, as a result of which the shareholders and some management units of

the company are not informed about the anticipated large financial expenses. About streams.

Every year, the operation of the ropeway generates 40 million AMD of income, requiring 25 million AMD of expenses (2 million - for depreciation of fixed assets, 15 million - for electricity, 5 million - for labor rent, and 3 million - for materials). Since the state provided a tax holiday for the first three years of its establishment, "Z" LLC secures a net profit of 15 million (40-25) in each year of operation. which is fully declared as a dividend and distributed to the shareholders - one share with a value of AMD 1,500 (15 million: 10,000 shares).

Thus, the return on shares is 30% ($1500/5000 \times 100$), which is quite high. Along with that, in the third year of management, the balance sheet of "Z BBB" is presented with high realism, because it is published without environmental obligation.

**Balance sheet of "Z" LLC
as of 1.01.2026 (million AMD)**

Assets	Sum	Capital	Sum
Fixed assets	50	share capital (10 000 shares)	50
Accumlated deprecation (3x2)	6		
Cash (3x2)	(6)		
Balance	50	<i>Balance</i>	50

If "Z" LLC would transfer its environmental responsibility to the field of financial reporting, it would pay 12 million for the financing of the project. Allocation of 4 million drams to the reserve fund for future expenses from the net profit of 15 million AMD each year. In this case, "Z" JSC will receive not 15 million (40 - 25) but 11 million (15 - 4) drams of dividend in each year of economic management and will distribute dividends. to the owners, one share with a value of AMD 1,100 (11 million: 10,000 shares).

Naturally, in this case, the yield of "Z" LLC shares would decrease from the previous 30% to 22% ($1100/5000 \times 100$), and the actual accounting balance of the third year of business would be published in the following form.

**"Z" LLC Balance Sheet
with environmental commitment
as of 1.01.2026 (million AMD)**

Assets	Sum	Capital, obligations	Sum
Fixed assets	50	share capital (10 000	50
Depreciation	(6)	shares)	
(3 x 2)	18	Reserve for environmental	12
Cash		costs (3 x 4)	
[3x(2+4)]			
Balance	62	Balance	62

The discussion of the case of operation of the ropeway shows that the management of "Z" LLC, assuming a non-binding obligation in advance, does not deliberately transfer it to the financial field in the following years, because thus, on the one hand, account of the indicative costs, an environmental obligation should be created and the profit per share should be reduced, and on the other hand, the published accounting reports. should have been recorded as a prior obligation to restore the forest cover, worsening the balance sheet performance.

In both cases, "Z" LLC would lose the financial attractiveness of the published accounts. Forestry construction projects shortly required huge financial investments, which, in fact, the executive management of "Z" LLC deliberately systematically bypassed the published financial reporting, hiding the real picture from the shareholders.

As a result, at the end of the third year of operation, to pay off the contractual obligation assumed for the nature protection project, "Z" BBB was obliged to spend for the restoration of the forest cover. The sum of 12 million drams, was not reserved (see the published balance sheet) and was subject to confiscation by the court's decision.

Therefore, as a result of the underestimation of the inherent risk factor in the published accounting balance sheet, "Z" LLC stood on the verge of bankruptcy, which could have been avoided if the company had existed. all the management circles especially the shareholders' meeting were informed about the upcoming obligations of forest restoration and the large financial outflows to be expected through financial reports.

Loud legal disputes arising from environmental fees and, of course, the fact of the danger of bankruptcy of "Z" LLC

sharply reduced the market value of the company's shares, further exacerbating the company's financial strain.

Currently, in large Western organizations, the issue of environmental protection is gradually changing from the humanitarian field to the field of economic activity and is considered as a sustainable activity for business. an important tool for expansion. Therefore, at the current stage of economic management, there is a problem integrating the results of economic activity and environmental protection measures.

In practice, the cases are increasing, when organizations that provide high profitability, find themselves in a difficult economic situation, stand on the verge of bankruptcy or have to stop their activity due to the economic activities of environmental protection. Therefore, in the management system of the organization, the economic management of nature protection activities should have its unique place, which will soften the financial impact of the use. risks in both shareholders and executive management circles. And it is not by chance that the commissions for the preparation of financial statements according to international standards offer supranational corporations a warning. The required accounting reports, also include the economic information related to the nature conservation activity, because the latter can play a significant role. play a role in the decision-making process and prevent the financial stress caused by land use.

In recent years, the Inter-governmental Commission of International Accounting and Reporting Standards operating within the framework of the United Nations has repeatedly revised the accounting of the results of environmental protection measures. to the basic problems of accounting. The investigations carried out by the Inter-Governmental Commission in different countries show that environmental accounting is generally

considered urgent everywhere, presenting itself as an information base for ecosystem management. However, at the same time, the accounting and auditing of environmental protection still do not receive practical development due to the inactivity of economic and legal incentive levers at the level of organizations in this direction.

The development of supranational organizations, the tightening of environmental requirements for business by shareholders and investors, and the increase in the demand for ecologically clean consumer goods will provide an additional impetus to the economic development of the country. for the presentation of full and comprehensive eco-information related to the activity and therefore for the development of environmental accounting and auditing.

Thus, the activation of the process of sustainable development of the economy requires the presentation of environmental protection reports in parallel with the publication of financial reports of organizations. At the same time, the business community continues to debate how necessary it is to combine environmental and financial reports, and what are the motivations. For this reason, who are the users of these reports, and, most importantly, what principle should be used to form the financial accounting information of environmental protection activities? –the tone.

The presentation of traditional indicators of environmental protection by organizations, which are related to emissions, noisy technologies, and abuse of living resources, do not interest the investors and serve the goals of public and state environmental control. Those who use financial reports are more interested in information related to the environmental sector in the form of economic indicators. to create an opportunity to evaluate the impact of environmental protection activities on the financial

situation of the organization, and to determine the efficiency of the level of stability in Russia, a comparative analysis will be made between different periods and organizational paths.

However, expressing the results of environmental activities in financial reports has several complications.

First. Environmental protection assets and liabilities represented by the accounting balance are, as a rule, long-term and therefore need to be periodically reassessed in connection with further changes in legislation and normative acts.

Second. Difficulties arise in realistically valuing the damages of environmental protection activities. If accounting can record the costs of measures aimed at environmental protection, environmental fines, and fines, then the damage caused to the environment as a result of business the value measurement contains some convention on the part of accounting.

Third. Environmental measures are not short-term in nature and are constantly reviewed over time. Therefore, in parallel with that, the environmental protection reserve funds kept in the accounting balance sheet are also periodically subject to revaluations, complicating the calculation tasks.

Fourth. the selection of measuring instruments for environmental protection measures is also a problem. From a technical point of view, the latter can be implemented in several ways, such as the presentation of physical and financial information according to monetary size, and the summary of all information according to a multi-factor, integrated complex. indicator or combined flows of physical and financial information.

Nowadays, the process of presenting sustainable development reporting (SDR) is gradually developing in Western supranational organizations, which provides an opportunity to combine environmental and financial published reports into one.

in the framework of the whole order. The purpose of the CSD is not so much the implementation of the supervision of environmental protection as the summarization of the results of the nature protection activities in the accounting system.

The preparation of the sustainable development report is carried out using the same principles in the accounting system that are used in the preparation of operational financial statements. In particular.

1. every commercial operation is also considered from an environmental point of view and is represented by eco-carriers (waste, noise, energy, emission, consumption of living resources, use of natural resources - action, poisoning, etc.),

2. economic valuation (expense, loss, income) is given to the eco-carriers accompanying the commercial transaction in monetary terms.

3. environmental results obtained in economic valuation are recorded in special accounting registers,

4. special accounts are opened for accounting of environmental results, which operate in the system of double registration,

5. In the disclosures attached to the financial statements, detailed information is presented on the results of sustainable development of the business, as well as environmental assets and liabilities in the reporting period. about compensation for the consumption of natural resources.

The concept of sustainable development reporting provides several additional opportunities for environmental management at the level of projects. First, the environmental factors related to the business are presented in a financial sense and are included in the business activity accounts of organizations, and secondly, being included in the accounting system, they are grouped and with the help of special accounts,

they are counted not regularly, but constantly, creating a field of comparison not only for different periods but also for different organizations.

Finally, in parallel with the commercial information of the economic activity of the organizations, the inclusion of the financial consequences of environmental protection through the CDF provides an opportunity for the results of the company's operation and the protection of the surrounding environment, which is of significant importance when evaluating the process of sustainable development.

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GREEN ENTREPRENEURSHIP

(Text Book)



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Green entrepreneurship does not imply only nature protection. It is more inclusive and operates in the ecosystem of green management. Here, "green" marketing, management, financing, and education play a key role, without their harmonious application, green entrepreneurship simply will not work effectively.

The educational manual presents the features of organizing green entrepreneurship, and in particular, the toolkit that makes it possible to carry out ecosystem activities parallel to traditional business and ensure green growth.

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