

## **POLICIES AND CHALLENGES IN THE TRANSFORMATION OF GREEN ENTERPRISES**

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### **Abstract**

*The new concept for the development of entrepreneurship in tourism is linked to the transformation of traditional businesses into so-called „green enterprises,“ serving as drivers of economic development. The current conditions in the global environment indicate a multitude of challenges faced by enterprises in the tourism sector, stemming from the impacts of climate change, economic instability, and energy crises. Therefore, the focus of this research is directed toward examining the challenges and the possibilities for implementing „green policies“ that would contribute to the transformation into so-called green enterprises. In the practical part of the study, research on the measures of support and awareness regarding green policies in the operations of enterprises will be conducted through the implementation of a questionnaire method. The obtained results from the conducted research confirm the main hypothesis that there is a lack of support from the local community for implementing transformative changes contributing to sustainable development. The anticipated benefits for the local community and beyond from the implementation of policies for transformation into so-called „green enterprises“ consist of achieving a high level of responsibility for sustainable development with an active role played by entrepreneurs and employees in these enterprises.*

**Key Words:** *green enterprises, green policies, environment, growth, sustainability.*

**JEL classification:** *O44*

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## Introduction

The everyday changes in the environment and the uncertainties brought about by the health and economic crises have prompted enterprises to implement new policies and practices in their operations. The pronounced challenges faced by enterprises in the tourism sector, as well as others, are linked to rising labor costs due to increased energy expenses. Enterprises are focused on finding answers to questions related to sustainable businesses and adopting a new approach to work (Magdincheva-Shopova & Stojanovska-Stefanova, 2023). Additionally, enterprises are confronted with challenges in terms of the need to implement digital transformation on one hand and achieve sustainable development on the other. Digital transformation can be seen as a highly dynamic area with a wide range of implications and considerations (Tsou & Chen, 2021). The digital transformation of enterprises can be viewed from the perspective of applying digital technologies and techniques in operations on one hand, and from the perspective of creating new products and services on the other. These situations help stimulate innovative approaches within companies and identify new markets (Faulkner, 2001). Innovative approaches for the development of small and medium enterprises are linked to the implementation of policies for sustainable development. In the context of the need for sustainability, current policies can be described according to a model based on the development of the ecological sector, which is specific to all sectors of activity, for the integration and implementation of sustainable technologies (Ospanova et al., 2022). The implementation of new policies to achieve sustainable development in entrepreneurial enterprises in tourism is linked to the transformation of traditional enterprises into so-called „green enterprises“. Nowadays, green enterprises have an essential role in addressing environmental issues while fostering economic growth. Despite their noble intentions, those enterprises are facing numerous challenges in establishing and sustaining their business. One of the primary challenges facing green enterprises is securing adequate financial resources. Those businesses need investments and innovative technologies to develop and build eco-friendly infrastructure. Compared to traditional businesses, green enterprises may struggle to provide market dominance. Another challenge is related to increasing consumer awareness of the value of eco products because in many cases the low price is higher than green benefits.

Another challenge is related to the complex regulatory framework. While governments worldwide are promoting climate change combat and sustainability, there are still bureaucratic barriers to green businesses.

Also, green enterprises face supply chain challenges regarding the sourcing of sustainable materials and minimizing environmental footprint, which requires innovative solutions such as recycling, repurposing, reducing water waste, and using eco-friendly materials to develop green technologies.

### **A review of the literature on „green businesses“**

In the professional literature, terms such as „green businesses,“ „green economy,“ „sustainable business,“ „green work,“ „eco-businesses,“ „green enterprises,“ and the like are often represented, all of which refer to businesses that take care of the environment. Besides the prevalence of different terms, the professional literature also notes a large number of definitions that explain these concepts. The American Association for the Advancement of Green Economy „Green For All”, believes that green businesses should possess the following characteristics: preserving and enhancing environmental quality, enabling a minimum level of household income and safe employment for employees; providing opportunities for advancement and clear insight into the career development of employees, and respecting gender, racial, geographic, and age differences (Harris, 2009). The concept of green economy is aimed at conducting business activities that enable the preservation of the environment and achieve higher levels of energy efficiency and sustainability. Hence, the concept of green economy can be understood in a narrower sense when referring specifically to its ecological-economic actions and in a broader sense when considering the societal effects of these actions (Brundland, 2012). The green economy focuses on environmental issues and long-term sustainable development. Long-term sustainable development implies sustainable economic growth, technological advancement, efficient resource management, and ultimately improving the quality of life (Jurjević et al., 2019). Sustainable development in the report the World Commission on Environment and Development’s is defined as development that meets the needs of the current generation without compromising the ability of future generations to meet their own needs (Elliott, 2012). According to the 2020 Report on the environment, the efficiency of environmental policies is best in developed countries, while undeveloped countries are still behind in progress (Kostić et al., 2022).

### **The methodology of the research**

Using the research method, an investigation was conducted into the measures for implementing green policies by enterprises in the tourism

sector. Through the methods of analysis, induction, and deduction, the obtained results of the conducted research were explained. In order to assess the awareness of entrepreneurs and their readiness to implement „green policies“ facilitating the transformation process of traditional businesses into so-called „green enterprises“ in tourism, practical research was conducted. By employing the method of a questionnaire survey, an online survey was conducted from June 1, 2023, to December 31, 2023, with 100 respondents from R. N. Macedonia, out of which 75 showed interest in responding to the posed questions.

### Research results

Based on the conducted research and the total number of observations obtained for each question, it is concluded that the questionnaire, which was the subject of the research, was responded by 75 respondents who were interested in participating in the research. The demographic characteristics of the participants are presented in Table 1, Table 2 and Table 3.

Table 1: *Structure of respondents by gender*

<b>Gender</b>	<b>Frequency</b>	<b>Structure</b>
Male	32	42%
Female	43	58%

Source: *Own research*

Table 2: *Structure of respondents by age*

<b>Age</b>	<b>Frequency</b>	<b>Structure</b>
Until 30	11	15%
31-45 age	23	31%
46-60 age	35	46%
Above 60	6	8%

Source: *Own research*

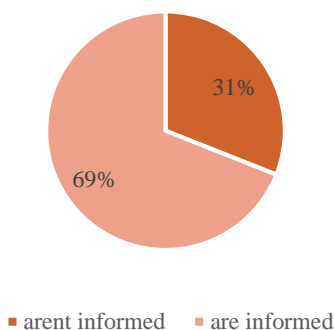
Table 3: *Structure of respondents by education*

<b>Education</b>	<b>Frequency</b>	<b>Structure</b>
High	26	35%
Faculty	40	53%
Master	6	8%
Ph.D.	3	4%

Source: *Own research*

Graphic representation of the results on whether there is enough information about so-called „green enterprises“ are shown graphically in Figure 1.

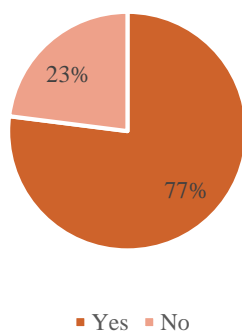
Figure 1: *Graphic representation of the results of the question – Are you informed about the so-called „green enterprises“?*



Source: *Own research*

Representation of results on whether entrepreneurs would start a so-called „green“ entrepreneurial business in the field of tourism are shown in Figure 2.

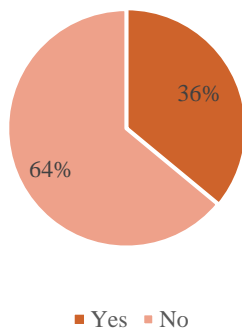
Figure 2: *Graphic representation of the results of the question – Would you start a so-called „green“ entrepreneurial business in tourism?*



Source: *Own research*

Figure 3 shows the level of awareness of state support measures for so-called „green businesses“.

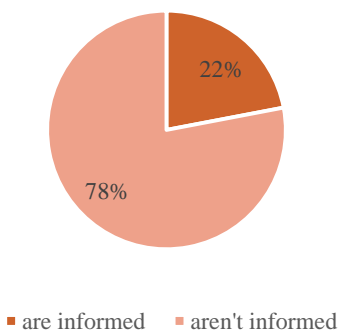
Figure 3: *Graphic representation of the results of the question – Are you informed about the state support measures for so-called „green businesses“?*



Source: *Own research*

The graphic results for the support measures by the local communities are graphically shown in Figure 4.

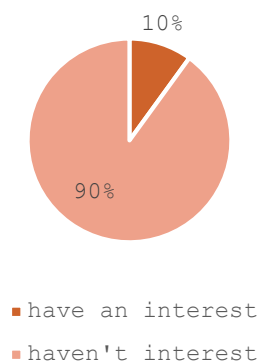
Figure 4: *Graphic representation of the results of the question – Are you informed about the support measures from the local community?*



Source: *Own research*

Figure 5 shows the interest of entrepreneurs in measures to support so-called „green businesses“ by the state or the local community.

Figure 5: *Graphic representation of the results of the question – Is there interest in measures to support so-called „green businesses“ from the state or the local community?*



Source: *Own research*

## Conclusion

Modern working conditions are characterized by pronounced challenges of a social, economic, and environmental nature that affect both the operations of enterprises and the lives of population. Climate change, economic, and energy crises necessitate socio-economic changes towards the development of a concept that particularly focuses on the efficient use of natural resources, poverty reduction, income increase, and improving the quality of life (Petrovska-Angelovska et al, 2021). In such conditions, green businesses become drivers of sustainable economic growth in North Macedonia and in creating sustainable jobs. Sustainable businesses are linked to green policies through which the green component of businesses is implemented. Through green policies, business activities are „greened“ and enterprises are transformed into so-called „green“ enterprises. It is noted that the green economy is important for achieving sustainable development and can offer options for policy creation, but it should not be a strict (rigid) set of rules (UNCSD, 2011). The creation of new green enterprises and sustainable jobs is enabled through the introduction of programs for energy efficiency, the use of renewable energy sources, recycling, and the introduction of organic agricultural production in all sectors of work. The obtained results from the conducted research confirm the assumption of research that there is a lack of support from the local community and the state for the implementation of green policies in the operations of enterprises contributing to sustainable development, for which there is interest among entrepreneurs. Based on the support

measures, enterprises will create „green policies“. The implementation of green policies will contribute to achieving a large number of benefits, primarily for the local community and more broadly for the environment, decreasing the costs at many benefits.

We may conclude that green entrepreneurship holds many opportunities for sustainable development and driving positive environmental and social change. Despite the numerous challenges, there is the belief that green enterprises can overcome numerous challenges by prioritizing sustainability, optimizing supply chains, solving financial constraints, enhancing market penetration, etc. Providing conditions is necessary for realizing the full potential of green entrepreneurship, therefore in the future it is essential to have collaboration between the policymakers, entrepreneurs, investors, and customers. In the future, there is a need for balancing economic expansion with ecological responsibility, which requires improvement of sustainability practices, strategic planning, good policy decisions, investment in clean, green technologies, and enhancing regulations and environmental standards.

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