

# **Fostering Sustainable Entrepreneurship: Integrating Environmental Considerations in Enterprise Policy**

Marcus Dejardin

University of Namur, Belgium & UCLouvain, Belgium

Email: [marcus.dejardin@unamur.be](mailto:marcus.dejardin@unamur.be)

André van Stel

Trinity College Dublin, Ireland & Kozminski University, Warsaw, Poland

Email: [vanstela@tcd.ie](mailto:vanstela@tcd.ie)

February 12, 2024

Keywords: entrepreneurship, enterprise, sustainability, policy.

JEL-Codes: L2, L5, Q5, R5.

The broad concept of “enterprise policy” may be presented as a policy program combining entrepreneurship policy and SME policy. The former is designed to support entrepreneurship in the initial phases of the entrepreneurial process, including acting on the most upstream factors and contexts. The latter is concerned with the backing of the existing enterprise population. Together, these policies aim to boost the rates of business creation and growth (Arshed et al., 2014).

It is important to note that it took a while for economic policy theory to differentiate between policies supporting SMEs and those promoting entrepreneurship. While it is necessary to distinguish between the two, given that they both aim to influence reality, it is hard to separate them completely. This is also true for policies targeting large corporations, given the potential significant interactions. Nowadays, enterprise policy is also expected to contribute to more sustainable economic development. Its primary targets would remain start-ups and SMEs, and contemporary enterprise policy would aim to enhance their role in development while promoting environmental sustainability.

The idea that different types of entrepreneurship coexist, among which a “right” type, is tied to the awareness that entrepreneurship is a highly varied concept (Gartner, 1985), and as such, there are many kinds of entrepreneurs (Wennekers and Van Stel, 2017). A well-known classification by Baumol (1990) divides entrepreneurs into productive, unproductive, and destructive types. When considering the “right” type of entrepreneurship, it is evident that it

should at least fall under productive entrepreneurship. However, our communication will focus on an even more specific group of entrepreneurs – those who contribute significantly to macroeconomic performance. This includes innovators (Schumpeterian entrepreneurs), job creators, and strategic entrepreneurship (Estrin et al., 2022). These types are often referred to as “high-quality” entrepreneurs (Giotopoulos et al., 2017).

Hence the question then becomes if and how enterprise policy can contribute to increasing the number of innovating and job-creating entrepreneurs while ensuring greater environmental sustainability.

In this communication, we will briefly elaborate on the concepts of “enterprise policy” and the “right” type of entrepreneurship. We will pay attention to the question if and how the “right” type of entrepreneurship can be identified, and we will extend this debate to the regional and country-level context. If, for argument’s sake, we equate the “right” type with successful entrepreneurs (leaving aside what is “success” – Siepel and Dejardin, 2020), and we assume it is possible to identify successful entrepreneurs, another question is whether it is possible to identify successful entrepreneurs ex-ante, i.e. before the entrepreneurs involved start their business. Finally, we cautiously discuss what could be the outlines of a “contextualised and sustainable enterprise policy”.

#### *Note*

This communication elaborates on a chapter entitled “Enterprise Policy and the Challenge of Stimulating the “Right” Type of Entrepreneurship” that the authors prepared for an edited book honouring the late David Storey.

#### *References*

- Arshed, N., Carter, S., & Mason, C. (2014). The ineffectiveness of entrepreneurship policy: Is policy formulation to blame?. *Small Business Economics*, 43(3), 639-659.
- Baumol W.J. (1990). Entrepreneurship: Productive, unproductive, and destructive. *Journal of Political Economy*, 98(5), 893-921.
- Estrin, S., Korosteleva, J., & Mickiewicz, T. (2022). Schumpeterian entry: Innovation, exporting, and growth aspirations of entrepreneurs. *Entrepreneurship Theory and Practice*, 46(2), 269-296.
- Gartner, W. B. (1985). A conceptual framework for describing the phenomenon of new venture creation. *Academy of Management Review*, 10(4), 696-706.
- Giotopoulos, I., Kontolaimou, A., & Tsakanikas, A. (2017). Drivers of high-quality entrepreneurship: What changes did the crisis bring about?. *Small Business Economics*, 48(4), 913-930.
- Siepel, J., & Dejardin, M. (2020). How do we measure firm performance? A review of issues facing entrepreneurship researchers. In Saridakis, G. & Cowling, M. (Eds.), *The Handbook of Quantitative Research Methods in Entrepreneurship* (pp. 4-20). Cheltenham: Edward Elgar.
- Wennekers, S. & Van Stel, A. (2017). Types and roles of productive entrepreneurship: A conceptual study. In Ahmetoglu, G., Chamorro-Premuzic, T., Klinger, B. & Karcisky, T. (Eds.), *The Wiley Handbook of Entrepreneurship* (pp. 37–69). Chichester, UK: John Wiley & Sons.