

ENTREPRENEURSHIP AND THE CONCEPT OF SUSTAINABLE DEVELOPMENT

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ABSTRACT

Entrepreneurship represents an important driver of economic growth, innovation, and social development in contemporary societies. At the same time, the growing importance of sustainable development has increased the need for business activities that balance economic objectives with environmental protection and social responsibility. This paper examines the relationship between entrepreneurship and sustainable development, with particular emphasis on sustainable entrepreneurship as an approach that transforms environmental and social challenges into business opportunities. The paper analyzes the principles of sustainable development and the influence of entrepreneurial orientation dimensions, such as proactiveness, innovativeness, and risk-taking, on sustainable business strategies. The findings indicate that sustainable entrepreneurship contributes to innovation, employment creation, efficient resource use, and long-term competitive advantages, while simultaneously generating positive effects for society and the environment. The paper concludes that integrating sustainability principles into entrepreneurial activities is essential for achieving balanced economic and social development.

Key words: sustainable development, sustainable entrepreneurship, innovation, entrepreneurial orientation, social responsibility

INTRODUCTION

Sustainable development has become increasingly important in contemporary societies, largely as a consequence of the accelerating depletion of non-renewable resources and the growing number of environmental problems. The emphasis placed on sustainable development is primarily the result of the necessity to implement actions aimed at ensuring uninterrupted living conditions for future generations. The complexity of sustainable development and its importance in contemporary societies have resulted in a large number of definitions of this concept. The National Sustainable Development Strategy of the Republic of Serbia defines it in a broader sense as a concept "implemented over the long term and intended to ensure the achievement of continuous economic growth" (Government of the Republic of Serbia, 2008). The goal of sustainable development is to ensure that future generations have equal opportunities to utilize natural resources. The concept of sustainable development encompasses all patterns of behavior that enable the fulfillment of requirements associated with intergenerational solidarity (Kula, 1998). Achieving long-term sustainable development is an extremely complex task that requires the implementation of a large number of diverse activities and the participation of numerous stakeholders. The importance of sustainable development in modern societies has resulted in a situation in which almost all stakeholder groups, directly or indirectly, actively participate in activities related to it or show interest in this concept. The significance of sustainable development has also contributed to the emergence of numerous theoretical models used to describe its fundamental aspects and most important elements.

The Munasinghe model of sustainable development is classified among the models with the greatest practical application and theoretical significance. Within this model, all elements of sustainable development are categorized into three dimensions: social, ecological, and economic (Munasinghe, 1993). The advantage of the Munasinghe model lies in the fact that its application places emphasis on all the most significant aspects of sustainable development. In addition to economic effects, the application of this model clearly highlights the social and environmental effects that specific activities may have on sustainable development. The use of the Munasinghe model enables the precise and clear identification of

the impacts that activities have on each aspect of sustainable development. One of the main problems associated with the practical implementation of sustainable development is the excessive emphasis placed on economic effects, while insufficient attention is devoted to its other dimensions (Ferreira, Teixeira and Rammal, 2021).

THE NECESSITY OF THE CONCEPT OF SUSTAINABLE DEVELOPMENT

The application of the concept of sustainable development represents a necessity in contemporary societies. Without adherence to the principles on which sustainable development is based, it is not possible to ensure the functioning of economic systems and the business entities operating within them in a manner that provides long-term sustainable competitive advantages. The necessity of applying the concept of sustainable development can best be understood through the definition provided by the Brundtland Commission. The implementation of sustainable development must ensure economic growth while preserving the environment and its resources, thereby enabling future generations to use them in the same or even better manner than at present (Klarin, 2018). The necessity of implementing the concept of sustainable development also largely arises from the need to fulfill requirements across all major segments of the functioning of contemporary societies. The concept of sustainable development places the satisfaction of human needs at the forefront, as this represents its fundamental and most important element. It enables economic growth while preserving resources for future generations and creating the basis for a fairer distribution of resources between wealthy and poor countries and individuals. From the perspective of society, sustainable development also enables broader inclusion of different stakeholder groups in implemented activities, resulting in greater public oversight and control.

The implementation of the concept of sustainable development, particularly in the environmental segment, results in the emergence of numerous limitations that must be respected in order to preserve the environment for future generations. These limitations are not absolute in nature; rather, in most cases, they are a consequence of the current level of technological development and the relationship societies have toward resources originating from the environment. Limitations associated with sustainable development are also often a consequence of the biosphere's capacity to absorb the various effects of human activities (Hall, Daneke and Lenox, 2010).

The effective implementation of sustainable development and adherence to the principles upon which it is based enable the balanced development of all segments of contemporary societies. Most of the problems faced today by individual countries and the planet as a whole are the result of placing excessive emphasis on economic growth and profit generation regardless of their cost, that is, regardless of the consequences caused by economic activities. Sustainable development represents one of the most effective approaches to solving problems that have arisen as a consequence of excessive economic growth, which in most cases was pursued without concern for natural resources, the environment, and the impacts such activities have on local communities and the countries in which economic activities are conducted. Another aspect of sustainable development that significantly contributes to the necessity of its implementation in contemporary societies is reflected in the areas in which improvements should be achieved. The concept of sustainable development is based on emphasizing the development of: people, the economy and society. (Klarin, 2018): Before the emergence of the concept of sustainable development and during the initial stages of its implementation, the primary emphasis was placed on achieving economic growth through job creation, increasing consumption, and expanding the wealth of individuals and society as a whole. Toward the end of the twentieth century, significant changes occurred in approaches to sustainable development, resulting in a shift of emphasis toward human-centered aspects of development. Attention began to focus on values and goals such as increasing life expectancy, wealth, levels of education, and creating equal opportunities for all individuals. During this phase, numerous favorable conditions for the development of entrepreneurship were also created, primarily through expanding opportunities for individuals without sufficient capital to initiate entrepreneurial ventures and implement their ideas.

ENTREPRENEURSHIP AND BUSINESS OPERATIONS WITHIN THE FRAMEWORK OF SUSTAINABLE DEVELOPMENT

When examining the relationship between entrepreneurship and business operations within the framework of sustainable development, it is necessary to include in the analysis the impacts on sustainable

development arising from different perspectives of entrepreneurship and various meanings of this concept. The concept of entrepreneurship is multidimensional and often insufficiently clear. Observing entrepreneurship from different perspectives leads to different approaches to connecting entrepreneurship with sustainable development, as well as to different impacts on sustainable development as a whole and on its fundamental components (the economy, the environment, and society).

Entrepreneurship and business operations within the framework of sustainable development can best be analyzed through the basic dimensions of entrepreneurial orientation: proactiveness, risk-taking, innovativeness, autonomy and competitive aggressiveness. (Gawel, 2012).

Proactiveness represents one of the most important characteristics of contemporary entrepreneurs across all industries and markets. It involves a future-oriented focus and the active search for market opportunities, which entrepreneurs transform into new business ventures. The proactive approach adopted by entrepreneurs has a positive effect on achieving sustainable development on both the demand and supply sides. From the demand perspective, entrepreneurship contributes to preserving or increasing the purchasing power of future generations, while promoting higher levels of social equality and reducing social exclusion. Entrepreneurship enables the inclusion of large numbers of individuals from various marginalized groups in business activities, thereby increasing their purchasing power and reducing poverty among the most vulnerable social groups. From the supply perspective, entrepreneurship enables continuous access to various renewable natural resources that serve as substitutes for non-renewable resources, thereby ensuring access to production factors that support sustainable development. The proactive business approach typically adopted by entrepreneurs also enables the achievement of savings resulting from the implementation of the concept of sustainable development. In most cases, these savings arise from the more efficient use of natural resources. Entrepreneurs who apply a proactive approach to business operations are leaders in identifying and utilizing market opportunities and can more easily recognize and exploit opportunities created by sustainable development. The implementation of the concept of sustainable development requires changes in ways of thinking and conducting business activities, resulting in new market and social needs that entrepreneurs can satisfy more efficiently and rapidly than large companies. Emphasizing the concept of sustainable development may serve as a driver of change in companies' operational strategies, encouraging them to take advantage of these opportunities (Gawel, 2012). In this way, entrepreneurs who demonstrate proactive approaches in their business operations are provided with opportunities to discover new areas for the development of entrepreneurial ventures.

The previously defined relationships can also be viewed through business opportunities associated with sustainable development, which enable entrepreneurs to generate profit while simultaneously producing positive effects on the environment and the social communities in which they operate. Business activities carried out by entrepreneurs in connection with sustainable development often generate benefits for other companies and society as a whole. Research findings indicate that entrepreneurs' openness toward identifying business opportunities related to sustainable development largely depends on their level of knowledge regarding the natural and social environment in which they operate (Patzelt and Shepherd, 2011).

Innovativeness involves the ability to introduce new products, services, and technologies to the market and to enter new markets, and it represents one of the fundamental and most important elements upon which contemporary entrepreneurs base their operations. Innovativeness can be highly beneficial in achieving sustainability, considering that sustainable development requires changes in production and consumption patterns that result in the more rational use of natural resources and the achievement of the goals of intergenerational solidarity. The introduction of innovations, while simultaneously placing emphasis on the rational use of natural resources, may enable entrepreneurs to reduce production costs, resulting in increased profitability and improved market competitiveness. In order for innovations, as one of the most important elements of entrepreneurial business operations, to have a positive effect on sustainability, they must be directed toward achieving the goals contained within the principles upon which sustainable development is based. Innovations implemented by entrepreneurs always involve the introduction of novelties to the market, although their specific nature is not always defined.

Most entrepreneurs are also characterized by higher levels of risk-taking propensity, which may have a highly significant impact on sustainable development, primarily through their willingness to more readily adopt new technologies with fewer negative environmental impacts. In practice, it is often incorrectly

assumed that risk-taking propensity and orientation toward sustainable business operations have little in common (Gawel, 2012). In reality, risk-taking propensity and sustainability are fundamentally interconnected, primarily because risk-taking involves carrying out activities whose outcomes are uncertain. The implementation of activities related to sustainable development also involves undertaking actions whose results are unknown and will only become evident in the future. Risk-taking propensity therefore represents an entrepreneurial orientation that may provide significant support for sustainable development. The implementation of the principles of sustainable development also involves activities whose effects are not immediately known but will become apparent in the future, while there are no guarantees that the desired goals will be achieved (Patzelt and Shepherd, 2011). Risk-taking propensity also includes activities aimed at predicting the future, with the resulting profit being viewed as a consequence of accurate forecasting. Sustainable development is similarly based on the assumption that anticipating future events may influence society and the environment in ways that may never fully materialize. These similarities indicate the possibility of a relationship between risk-taking and sustainable development, provided that they share common social and environmental goals. As a rule, however, risk-taking has a shorter time horizon compared to sustainable development.

Competitive aggressiveness refers to the level of effort entrepreneurs must exert in order to achieve better results than their competitors (Dess and Lumpkin, 2005). It is characterized by aggressive responses to competitors' activities aimed at improving entrepreneurs' positions within the markets in which they operate. The perspective of sustainable development is always long-term in nature, whereas the activities entrepreneurs undertake in order to achieve competitive advantages are generally oriented toward shorter time horizons. This difference in temporal perspectives may lead to situations in which entrepreneurs focus on current conditions rather than long-term trends when defining the activities they will implement. The effective implementation of sustainable development in entrepreneurial business operations can only be achieved in situations where it contributes to the creation of long-term competitive advantages. Academic literature increasingly supports the view that sustainable development and competitiveness are interconnected elements that can be jointly developed through the application of the concept of sustainable competitiveness (Balkyte and Tvaronaviciene, 2010). Research findings indicate that entrepreneurs are primarily involved in sustainable development activities directly related to their business operations, while less attention is devoted to activities aimed at generating positive effects for the environment and society as a whole (Wikstrom, 2010).

It can be assumed that an entrepreneurial approach to business operations may have positive effects on the implementation of the concept of sustainable development if activities directed toward the environment and society generate measurable profits for the companies that implement them. If companies wish to adhere to the principles of sustainable development, they must possess a certain combination of different dimensions of entrepreneurial orientation, which may be highly beneficial in the implementation of sustainable business strategies. Research findings indicate that the highest levels of sustainable entrepreneurial business operations can be achieved in situations where entrepreneurs demonstrate high levels of proactiveness and innovativeness, moderate levels of risk-taking propensity and competitive aggressiveness, and low levels of autonomy (Klarin, 2018).

SUSTAINABLE ENTREPRENEURSHIP

Entrepreneurship in contemporary societies represents a highly significant means of addressing problems related to unemployment and poverty, which also constitute one of the fundamental objectives upon which the concept of sustainable development is based (Bogan and Darity, 2008). Among entrepreneurs, there is an increasing recognition that success cannot be achieved solely through the maximization of short-term profits, but that emphasis must also be placed on corporate social responsibility and adherence to the principles of sustainable development (Iyigun, 2013). In contemporary societies, entrepreneurship and small businesses represent the primary drivers of innovation across all fields of business, including sustainable development.

Sustainable entrepreneurship represents a combination of entrepreneurship and sustainability aimed at ensuring a responsible relationship of entrepreneurs toward the environment and the society in which they operate. It can be defined as an "innovative, market-oriented, and personally driven form of value creation achieved through the implementation of innovations and the creation of products or services that have a

positive impact on the environment or the social environment” (Wustenhagen et al., 2007). Sustainable entrepreneurship is more closely related to the strategic dimensions of corporate social responsibility than to purely ethical or altruistic visions of responsibility, which consist of the ability to demonstrate responsible creativity in achieving sustainable, viable, and equitable development through the integration of natural and human resource management into business operations (Spence, Gherib and Biwolé, 2011). The concept of sustainable entrepreneurship has experienced increasing growth in application over the past two decades and is based on the use of business activities to address issues related to environmental and social sustainability. Sustainable entrepreneurship represents a concept in which environmental problems are transformed into business opportunities through the development of sustainability-related innovations. It encompasses entrepreneurship and innovation directed toward achieving sustainability. Sustainable entrepreneurship is based on a holistic approach to innovation and entrepreneurship that seeks to ensure the alignment of entrepreneurial activities with the requirements of sustainable development.

Contemporary approaches to managing entrepreneurial activities are increasingly based on incorporating concern for the environment and society in order to ensure sustainable entrepreneurship (Abrahamsson, 2007). From this perspective, the involvement of small and medium-sized enterprises in activities related to sustainable development can be viewed as entrepreneurial behavior. Markets for sustainable products in developed countries are still in the development phase, while in developing countries they remain at a relatively low level of development. In addition to uncertainty, these markets also provide business opportunities, which explains why entrepreneurs have the greatest participation within them. The results of several studies indicate that adopting sustainable strategies and integrating them into the strategic activities of companies enables the creation of value for stakeholders while simultaneously preserving wealth and resources for future generations (Spence, Gherib and Biwolé, 2011). The application of sustainable entrepreneurship provides numerous potential opportunities for increasing revenues. The most significant financial benefits of sustainable entrepreneurship include: improved access to certain markets, products and services differentiated from those of competitors, revenues generated through the sale of green technologies, improved risk management and relationships with external stakeholders, lower material, energy, and service costs, lower capital costs, and lower labor costs. (Hall, Daneke and Lenox, 2010):

CONCLUSION

The concept of sustainable development has become one of the most important elements of contemporary economic and social development. Increasing environmental challenges, resource limitations, and social inequalities have emphasized the necessity of implementing sustainable business practices and integrating sustainability principles into entrepreneurial activities. Entrepreneurship plays a particularly important role in this process due to its ability to encourage innovation, create new business opportunities, and respond efficiently to changes in the business environment. The analysis presented in this paper has shown that entrepreneurship and sustainable development are closely interconnected concepts. Entrepreneurial orientation dimensions such as proactiveness, innovativeness, and risk-taking can significantly contribute to the implementation of sustainable business strategies and the achievement of long-term competitive advantages. Sustainable entrepreneurship enables the transformation of environmental and social challenges into opportunities for value creation, while simultaneously contributing to economic growth, environmental protection, and social well-being

The paper has also demonstrated that the successful implementation of sustainable development requires the active participation of entrepreneurs, companies, institutions, and society as a whole. Sustainable business strategies not only improve companies' competitiveness and profitability, but also contribute to the preservation of resources for future generations and the creation of more equitable social and economic systems.

Despite the insights provided, this paper has certain limitations that offer avenues for future academic inquiry. First, the study is primarily conceptual and theoretical, relying on the synthesis of existing literature and frameworks, such as the Munasinghe model, without introducing original empirical data or quantitative testing. Consequently, the discussed positive effects of entrepreneurial orientation on sustainability strategies lack statistical validation in specific market contexts. Second, the analysis treats entrepreneurship in a generalized manner, without accounting for industry-specific variations; different sectors (e.g., manufacturing versus services) may experience drastically different barriers and opportunities

when integrating sustainable principles. Lastly, while the paper highlights that markets for sustainable products in developing countries remain at a relatively low level of development compared to developed nations, it does not provide a comparative empirical framework to address these regional disparities. To address these limitations, future studies should focus on empirical validation through quantitative methods, such as survey-based structural equation modeling (SEM) or longitudinal case studies of small and medium-sized enterprises. This would allow researchers to measure the direct statistical impact of proactiveness, innovativeness, and risk-taking on both financial and ecological outcomes. Additionally, future research should conduct sector-specific analyses to identify how industry dynamics influence sustainable business strategies, as well as cross-national comparative studies to explore the specific institutional and cultural barriers faced by green entrepreneurs in developing economies.

In conclusion, sustainable entrepreneurship represents an essential component of modern business practices and an important mechanism for achieving sustainable development goals. Companies and entrepreneurs that successfully integrate economic, environmental, and social dimensions into their business operations will be better positioned to achieve long-term growth, stability, and competitiveness in increasingly complex and dynamic markets.

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