

Finance must be made available to green entrepreneurs to ensure net-zero carbon emissions target

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Start-up businesses working on innovations to help combat climate

change must have access to reliable funding if the United Kingdom is to meet its carbon emission reduction targets, according to leading business experts from Kingston University in London.

With the British government recently making a commitment to reach net zero carbon emissions by 2050, senior lecturer in entrepreneurship and innovation at Kingston Business School Dr. Yannis Pierrakis said the contribution of [small businesses](#) could not be underestimated. Yet it was well known clean technology companies and enterprises focusing on the environment struggled to raise [finance](#) which would pose significant challenges, he cautioned.

"When we talk about small businesses that protect the environment, we're not just talking about companies that make sustainable products, we also mean service providers that help promote and enable greener living and working. As 99 percent of UK companies are small and medium-sized, there's a huge role for them to play in this area," Dr. Pierrakis said.

Environmentally focused companies were often less interested in debt finance and preferred to seek alternative sources of funding, such as peer-to-peer lending or even raising money from cryptocurrencies, he added. "There is a huge appetite from the public for politicians to take action to protect the planet, so there's a real need to look at new ways of funding small businesses operating in the environmental sector. The Government is supporting various green financing schemes, but these are normally focused on large corporations or infrastructure projects."

Speaking at an international conference on entrepreneurial finance for environmentally focused small businesses hosted by Kingston Business School, Kingston University's Small Business Research Centre Director Professor Robert Blackburn also warned green start-ups faced a perfect storm that threatens their ability to contribute to both growing the

economy and meeting emissions targets. "Small and medium-sized enterprises working with green technologies face particular challenges at start up—protecting their intellectual property and being outside the scope of conventional sources of evaluation and financing," Professor Blackburn said. "Lenders find it difficult to understand such organizations because of their innovativeness, and perceive them to be risky. Innovation, green technology and small entrepreneurial businesses are three elements that combine to create conditions that can make [business](#) start-up and expansion very difficult."

As a first step towards identifying solutions to support fledgling companies, Kingston Business School brought together experts from Germany, Italy, Ireland and the UK to exchange knowledge and research on new avenues of finance for green small businesses. Keynote speeches at the event, organized in partnership with the Institute for Small Business and Entrepreneurship, were delivered by delegates from the London School of Economics and the Economic and Social Research Council.

Dr. Pierrakis said collaboration across disciplines was essential to meet the environmental and economic challenges facing the world. "Kingston Business School has developed a real depth of expertise in SME development, innovation management and entrepreneurial finance. The next step is to work increasingly closely with colleagues from across other institutions and in other disciplines—particularly engineering and art and design—to produce game-changing ideas that will help environmentally friendly companies access the kind of longer-term finance that can enable them to realize their potential to combat climate change."

Provided by Kingston University, London

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