

## Established entrepreneurs and energy consumption

Djula Borozan<sup>1</sup>, Luka Borozan<sup>2</sup>

<sup>1</sup>Josip Juraj Strossmayer University of Osijek, Faculty of Economics in Osijek, Croatia

<sup>2</sup>Josip Juraj Strossmayer University of Osijek, Department for Mathematics, Croatia

### Abstract

In today's highly competitive business environment, rational energy consumption becomes very important for established entrepreneurs. Such behavior can not only reduce operation costs, but also has a favorable effect on the environment. Bearing that in mind, the government tries to create a favorable business framework condition which will contribute to the achievement of the energy and environmental targets set in its strategic documents. However, there is a model uncertainty with regards to empirical model specification, i.e., it is not exactly known which variables are important for determining industrial energy consumption. This paper tries to resolve this issue by using the Bayesian model averaging method. It evaluates the impact of business environment described by twelve variables, which quality was assessed by entrepreneurs, on industrial energy consumption in selected European countries over the period 2001-2017. The results indicate that the following variables are statistically significant determinants of industrial energy consumption: government programs specifically tailored for entrepreneurs, government policies directly related to make taxes efficient and bureaucracy responsive, research and development transfer that creates new business opportunities and physical resources such as utilities that are easily accessible at affordable prices. The results also open the issue of the role of European energy and environmental policy in supporting an efficient and socially responsible use of energy.

**Keywords:** entrepreneurship, industrial energy consumption, model uncertainty, Bayesian model averaging, European Union