

BUSINESS INNOVATION FOR SUSTAINABLE DEVELOPMENT: STRATEGIES AND CHALLENGES IN THE MODERN ERA

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ABSTRACT

In the modern era marked by increasingly complex environmental and social challenges, innovation in the business world becomes a key factor in achieving sustainable development. Sustainable development requires a shift in business paradigms, taking into account the long-term impact on the environment and society. The importance of business innovation in the context of sustainable development is crucial in today's world. Business innovation can serve as a solution to address the environmental and social challenges faced by the global community. The aim of this research is to evaluate the strategies and obstacles involved in implementing business innovation for achieving sustainable development in the current complex landscape. This study adopts a descriptive analysis approach using literature research methodology. The research findings state that Eco-innovation is a strategy to create significant change towards sustainable development. Although there are several barriers in implementing sustainable business innovation, such as high costs, limited access to resources, regulatory uncertainties, and lack of employee awareness, steps like collaboration, investment in research and development, employee capacity building, and policy advocacy can help overcome these barriers. Through eco-innovative efforts, companies can not only enhance their competitiveness and operational efficiency but also contribute to environmental preservation and overall societal well-being. Therefore, eco-innovation holds great potential for creating significant added value for both companies and society, and for helping achieve sustainable development goals on a broader scale.

Keywords: Business innovation, challenges, Eco-innovation, Strategy, Sustainable development

1. INTRODUCTION

In the modern era characterized by increasingly complex environmental and social challenges, innovation in the business world becomes a key factor in achieving sustainable development. Sustainable development necessitates a change in business paradigms, considering the long-term impact on the environment and society. The importance of business innovation in the context of sustainable development is crucial in today's world. Business innovation can serve as a solution to address the environmental and social challenges faced by the global community. Through business innovation, more environmentally friendly solutions can be developed to reduce negative impacts on the environment. This includes the development of more efficient technologies in resource usage, carbon emission reduction, and the implementation of more sustainable business practices overall. Business innovation can help enhance the efficiency of natural resource usage such as energy, water, and raw materials. By developing new technologies and processes, businesses can reduce waste and maximize the use of limited

resources. Business innovation focused on sustainable development can also create new opportunities for sustainable economic growth. This may include the development of new markets for environmentally friendly products and services, as well as the creation of job opportunities in sectors that support sustainable development. Business innovation can also help address social challenges such as poverty, inequality, and access to basic services. Through inclusive business models and solutions that focus on the needs of society, businesses can play a role in building a fairer and more sustainable society. The aim of this research is to evaluate the strategies and obstacles involved in implementing business innovation for achieving sustainable development in the current complex landscape.

2. RESEARCH METODOLOGY

The method applied is literature study or literature review, which involves the collection and analysis of literature that serves as primary data sources. This research approach adopts the methodology of literature study or literature review.

3. RELATED RESEARCH/LITERATUR REVIEW

In the early 1990s, the concept of sustainable development became increasingly relevant and contemporary. This approach began to be applied as a way to address the complexity of economic, social, and environmental issues across various sectors and regions with different policies (Tseng et al., 2018). The foundation of sustainable development is known as the triple bottom line, which considers the economic, social, and environmental impacts of current policies and actions on both present and future generations (Elkington, 1998). The triple bottom line approach emphasizes the use of environmentally friendly strategies and technologies to reduce pollution and address the risks of climate change (Tseng et al., 2018). A study conducted by Shahzad et al. in 2021 indicates that investing in and adopting the latest technologies and sustainable practices are not only valuable for long-term success but also paying attention to aspects such as organizational knowledge management is crucial in the current knowledge-based economy.

Business innovation is the process of creating, adopting, and implementing new ideas, products, services, or processes that bring significant change in the operations, strategies, or business models of a company. The main objective of business innovation is to create added value, enhance competitiveness, and meet customer needs more effectively. Business innovation in this study is Eco-innovation. Eco-innovation involves developing new ideas, promoting operations, products, and processes to protect the environment, aiming to achieve environmental sustainability. Eco-innovation enhances overall quality of life by using natural resources efficiently and minimizing the release of harmful substances as much as possible. It is not only about the use of cutting-edge technology but also involves innovation in lifestyles and individual behaviors. Eco-innovation results in reductions in emissions and waste. Examples of eco-innovation include the use of renewable energy sources, energy recovery from solid waste, recycling waste for materials, fertilizer production from wastewater, eco-friendly products, and various management systems (Panapanaan, V. et al., 2014).

Eco-innovation supports the survival of companies by building an image acceptable to stakeholders. Innovation that reduces environmental impact and consequently enhances business sustainability, including eco-friendly products, eco-friendly processes, and eco-friendly organizational factors, is called eco-innovation (Ganapathy, S.P. et al). Eco-innovation is based on the principle of eco-efficiency, which is the economic value ratio of a product or service to the environmental impact it produces. The third component in this paradigm is the

social value of eco-innovation (Scarpellini et al, 2012). Eco-innovation is innovation aimed at reducing environmental impact. Thus, it encompasses new products, processes, organizational methods, and marketing strategies that provide more environmental benefits than alternatives (Rozkrut, 2014).

4. RESULTS AND DISCUSSION

Eco-innovation, which encompasses environmentally friendly products, processes, and organizational factors, aims to reduce environmental impact and promote corporate sustainability. Technological advancements benefit companies through the adoption of eco-innovation, not only in terms of the environment but also in terms of cost. Companies take eco-innovative steps due to pressure from governments, the need to meet consumer demands, and awareness of the risks of global climate change. Environmental threats such as climate change, ozone depletion, acidification, eutrophication, biodiversity loss, and land degradation are primary concerns for companies and stakeholders. Therefore, there is hope that companies will prioritize eco-innovation as a step to protect the environment and human life. Overall, eco-innovation contributes to the survival of companies by addressing environmental challenges faced by various stakeholders (Eryigit and Ozcure, 2015).

The role of innovation in creating added value for companies and society is crucial: (1) Enhancing Competitiveness: Innovation helps companies remain relevant in rapidly changing markets, enhancing their competitiveness, and winning new market shares; (2) Improving Efficiency: Innovation in business processes can lead to higher efficiency, reducing production costs, and increasing productivity; (3) Creating Better Products and Services: Product and service innovation helps companies better meet customer needs, creating significant added value for consumers; (4) Generating Economic Growth: Innovation drives economic growth by creating new jobs, increasing income, and encouraging investment in research and development; (5) Addressing Social and Environmental Issues: Innovation can also be used to address social and environmental challenges, such as reducing carbon emissions, combating poverty, or improving access to healthcare. Overall, business innovation is a key driver of company and societal growth and development. By continuously innovating, companies can create sustainable added value and improve the quality of life for the wider community.

Some obstacles that companies may face in implementing sustainable business innovation: (1) High Costs: High initial investments in green technology and sustainable practices can be a barrier for companies, especially those with limited resources. The costs of acquiring new equipment, training employees, and changing production processes can pose a significant financial burden; (2) Limited Access to Resources: Companies may encounter constraints in accessing the resources needed to implement sustainable business innovation, such as environmentally friendly raw materials or green technology. Particularly for companies in developing countries, the lack of infrastructure and supply networks that support sustainable practices can also be an issue; (3) Unclear or Inconsistent Regulations: Lack of clarity or consistency in environmental regulations and government policies can hinder companies in implementing sustainable business innovation. Legal uncertainty can make companies reluctant to take risks in adopting new sustainable practices; (4) Lack of Awareness or Skills Among Employees: Insufficient awareness or skills about sustainable business practices among company employees can also be a barrier. Training and education on the importance of environmental sustainability and how to implement it in a business context may be necessary to overcome these obstacles.

To overcome these obstacles, companies can take the following steps: (1) Collaboration and Partnerships: Companies can seek partnerships with non-profit

organizations, research institutions, or governments to get support in developing and implementing sustainable business innovations. This kind of collaboration can help share costs and resources, as well as expand supply networks that can support sustainable practices; (2) Investment in R&D: Companies can allocate resources for research and development (R&D) to create innovative solutions that are more efficient and affordable in terms of environmental sustainability. This may include the development of new technologies, alternative raw materials, or more environmentally friendly production processes; (3) Employee Capacity Development: Companies can provide training and education to employees about sustainable business practices and their benefits for the company. By increasing employee awareness and skills, companies can create a culture that supports innovation and sustainability; (4) Policy Advocacy: Companies can also play an active role in advocating for public policies that support sustainable business practices. By participating in dialogue with governments and international institutions, companies can influence the formation of regulations and policies that support the transition to a more sustainable economy. By taking these steps, companies can overcome the challenges associated with sustainable development, as well as ensure that the solutions they adopt can contribute significantly to their sustainability goals.

5. CONCLUSION

Overall, eco-innovation is a strategy to create significant changes in efforts towards sustainable development. With a focus on developing environmentally friendly products, processes and organizational factors, eco-innovation aims to reduce negative impacts on the environment and promote corporate sustainability. Although there are several barriers to implementing sustainable business innovation, such as high costs, lack of access to resources, regulatory uncertainty, and lack of employee awareness, steps such as collaboration, investment in research and development, employee capacity building, and policy advocacy can help overcome these obstacles. Thus, companies can play an important role in responding to environmental challenges faced by global society by implementing sustainable business practices. Through eco-innovative efforts, companies can not only improve their competitiveness and operational efficiency, but also contribute to environmental preservation and the overall well-being of society. Therefore, eco-innovation has great potential to create significant added value for companies and society, as well as helping to realize sustainable development goals more broadly.

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