

# SUSTAINABILITY-INSPIRING INNOVATIVE APPROACHES TO MAKING MONEY

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## Abstract

Sustainability refers to the longevity of something, in this case businesses. For business to succeed in the long run, it has become imperative for them to ensure that their actions are not detrimental to the environment and that the same quality life and course of business can be maintained in the long run (Labuschagne, Brent & van Erck, 2005). Rapid urbanization, acceleration of business activities, growth in population, strict government regulations, resource scarcity, climate change and the shift in consumers towards environmentalism are some of the many factors that have given birth to the concept of business sustainability. The intensity of human activities that are harmful for the environment has accelerated over the recent period, causing substantial damage to the society as well as its inhabitants.

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## 1 Identification of the Issue

In order to maintain the survival of nature, the concept of sustainability was introduced. Sustainability aims at countering these issues by presenting a set of guidelines that help businesses become more responsible towards the environment and the well being of the future of this planet. This research project will shed light on the how sustainability drives innovation, ultimately allowing business to earn more revenues through the adaptation of sustainability measures. There are a number of individuals and institutions that can benefit from this study. This includes professionals, students and businesses. This is because this report will help them gain perspective on the matter of sustainability and environmentalism and how they can increase the efficacy and innovation within businesses by incorporating sustainable practices. For this purpose, this report will make use of the existing evidence based studies on the matter and present a compilation of relevant findings to derive a concrete conclusion to fit our purpose.

## 2 Literature Review

Previously, businesses strongly believed that emphasis on morally sound and environment friendly business practices will eventually lead to lack of competitive edge as the focus would be distributed between doing business and doing it right. Governments played a key role in acting as a regulatory body against

actions and practices that were considered detrimental to the environment. Controlled emissions, use of approved fuels, effective waste management and disposal, limitations on the procurement of land through deforestation etc. are some of the many phenomena introduced as a result of government-led sustainability measures. According to Hinrichs-Rahlwes (2013) it is estimated that by 2100, the world population will exceed 20 billion. This fact itself presents the core need for sustainable development. The limited resources at hand are used by firms without considering the long term implications and availability of the same to the future generations. This also means that sustainable development is necessary for the protection of limited resources, control the climatic change that is taking place due to detrimental business practices and ensure the fulfillment of the basic needs of the future generations (Hinrichs-Rahlwes, 2013). The notion that business will have to compromise on their economic value in order to carry out a sustainable business has been replaced by evidence based facts that propose that sustainability measures contribute positively towards business innovation, ultimately leading to higher economic value. Before shedding light on the sustainable business model, it is imperative to highlight the concept of sustainability along with its three elements or 'pillars'.

Sustainability refers to molding the operations in a manner that favorable conditions

are maintained for the survival of this generation as well as the future ones. According to Pannell & Schilizzi (1999), there are three elements of the sustainability concept, namely, Economic, Ecology and Equity. The economic aspect refers to the making plans that help in improving the utilization and quality of the available resources. This can be possible through a variety of means including the development of technology, revamping management processes or changing organizational lifestyle. This also includes the consideration for equitable resource distribution and availability, for others as well as for the future generations. The ecological element highlights the need for understanding the natural processes and maintaining the integrity of the same through the business operations. Making responsible use of limited natural resources by developing innovative technologies can help companies maximize value from limited resources. Lastly, equity refers to social equality that arises from maintaining policies that allow equal opportunities to all segments of the population as far as education, employment, income opportunities and natural resources are concerned. From a business point of view, this refers to maintaining fair policies at work that are non-discriminatory for employees, customers and business stakeholders. In a Venn diagram form, the common ground between the three elements is titled 'sustainability'. A sustainable society depends upon the stabilization of population rates, efficient use of resources, regulation of the economies, education and socio-cultural changes (Pannell & Schilizzi, 1999). These changes cannot be implemented in a short period hence, businesses have to play the part by displaying sustainability in their operations by developing new technologies that promote innovation, consciously working towards waste management and minimization of pollution and contributing towards influencing behavioral changes.

## 2.1 SUSTAINABLE BUSINESS MODEL AND INNOVATION

According to Epstein & Roy (2001) there are many drivers for business sustainability. These include the factors that encourage the implementation of sustainability practices and also the value that firms can derive from sustainable models. These factors include cost savings, greater customer demand, supply chain efficiency, greater innovation, and compliance with governmental regulations, addressing

moral issues and employee motivation and retention (Epstein & Roy, 2001). When businesses consciously make calculated use of limited resources, they minimize wastage and resource costs. They are less vulnerable to fluctuating prices of raw materials and hence, do not incur additional expenses from them. Businesses are also able to gain customer loyalty and retention because many new customers would like to switch and associate themselves with a business that does not have a detrimental role towards the environment (Han, Hsu & Lee, 2009). Since governments and environmental protection bodies levy a number of regulations to ensure that businesses manage their operations wisely, by adopting a sustainable business model a firm can be one that complies fully by the government regulation. Supply chain members also influence the sustainability of the businesses by actively associating their services with brands that are environmentally safe and dedicated to operational efficiency.

As a member of a society that enables it to earn its revenues, businesses strive to own the problems of the societies as their own. It takes it upon itself to carry out its moral responsibility to address environmental issues and mold its operations in a manner that makes its environment-friendly. The emerging trend of environmentalism also encourages businesses to creatively identify areas where they can improvise in order to ensure sustainability through efficient use of resources (Van Kleef & Roome, 2007). In this way, innovation is derived from the quest for revamping business operations to make them morally ethical and sustainable. According to Nidumolu, Prahalad & Rangaswami, (2013), there are some factors that highlight how sustainable business innovations help in increasing business revenues. Firstly, business that tend to believe that pursuing minimal environmental policies will help them stay on the top of the market are surpassed by the innovative businesses in the future because they seek to fulfill the most stringent environmental policies before they become a mandatory business feature. Hence, it is necessary to view environmental compliance as an opportunity that promotes proactive thinking as well as the tendency to explore innovative solutions like sustainable technologies and materials. Secondly, value chain efficiencies can also be enhanced by developing sources of raw material and energy

as ones that are sustainable. Operational processes can be redesigned to use minimal time and resources which would ultimately help in reducing overall costs and improving efficiency levels. Thirdly, a sustainable business model promotes encourages the product development phase to be one that is environment-centered. As a result businesses develop innovative products that are compact with eco-friendly packaging, using technological expertise. The fourth factor entails the development of a business model that revamps how the business operates and earns its revenues. Innovative opportunities include revamping value chain relationships by developing new delivery technologies and designing models that leverage the firm's digital and physical expertise. Lastly, emphasizing on develop next industry practices, implicating that business sustainability is an on-going process that entails continuous research and process development (Nidumolu, Prahalad&Rangaswami, 2013).

In simple words, sustainable business models drive innovation by encouraging businesses to develop novel ways to do business. These novel ways not only help businesses in becoming more efficient and save costs, but also develop a positive image as an environmentally-friendly business. A business model that is sustainable typically shows consideration for all three aspects of sustainability, namely ecology, economic and equity. An example of successful sustainable practice is that of FedEx which asks its customers to send an electronic copy of the documents that they want to mail. The personnel at FedEx print these documents in high quality and ship it to the address. This helps in savings the costs incurred in getting the documents from the customer to the FedEx office (Nidumolu, Prahalad&Rangaswami, 2013). Moreover, customers are provided with ease and can get their documents printed easily.

### 3 Conclusions

Rapid international change and closeness of the world community and swift movements, tourism has proved to meet the human need. Similarly tourism and travel of the people in the world has a great impact on the diversity of cultural heritage. Tourism has the importance on the cultural resources and can be utilized in reducing poverty in the people of the world. UNESCO with its diverse members in public and private fields has arranged dialogue, research and planning to alleviate poverty

through journeys and tourism to achieve sustainable development in economy and reduce poverty in the world community.

The tourism industry needs understand and realize that there can be no miracle that would transform the future towards sustainability and make it more viable. The need to develop long term policies as well short term policies are essential to assure that tourism growth occurs in a socially and economically responsible way. The environment we are directing to preserve has to be a collective effort. The role of the government is as important as the role of the stakeholders. Environmental planning for tourism must be looked upon in a very critical manner by the government. Initiatives must be taken by the government in the field of sustainable tourism. Collectively, the private and the public sector must work towards the betterment of this area under concern.

### 4 Recommendations and conclusion

This report highlighted the concept of sustainability, its pillars and the importance of adopting a sustainable business model. The intended clients for this study were professionals, students and businesses hence; the discussion was centered on explaining how sustainable business models can be implemented in businesses through a five tier model. The take-away from the model were that compliance is a potential opportunity, sustainability helps in increasing value chain efficiencies, the offerings can be made innovative and eco-friendly, the business model should be aligned to meet the sustainability needs and most importantly, that business sustainability is an on-going process which has the potential to provide continuous benefits to a business.

This study presents a variety of implication for its stakeholders. First of all, it presents a clearer understanding of the elements that make up the sustainability concept. the previous notion, as discussed in this paper, was that sustainability and eco-friendly practices are bound to result in a decrease in the competitive power of a business however, it is not always so. Businesses can adopt a proactive approach by being environment-centered in their operations and business practices. The core recommendation for students, professionals and businesses is that business sustainability is imperative for a future where the business can have a competitive edge over others. Students

and professional can understand why sustainability is an important concept for these times. It is undeniable that many of the consequences of intensification of urbanization like climate changes can be felt today. If the actions are not rectified to suit the growing needs of suitable measures of the future, the future can be drastically damaging to the future of this planet as well as its inhabitants. Businesses too, can realize why and how they can adopt green practices to not only minimize their negative impact on the environment but also use it as a means to induce a sense of innovation within an organization and reap lucrative benefits.

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