
Guest editorial: Innovation, sustainability and business performance – Part 1

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Today, business organizations are facing simultaneous and often conflicting pressures: the need for urgent action on climate change, the need to conserve natural resources, the need to implement digital transformation that disrupts all of the above and the growing demand from investors, regulators and consumers for sustainable value creation. Although innovation is known to be a source of competitive advantage, the literature on innovation and sustainability has been considered two parallel streams of research. In response to this gap, this Special Issue, “*Innovation, Sustainability, and Business Performance*”, places strategic innovation at the intersection of business management and sustainability and extends fragmented discussion and moves toward a holistic and sustainability-oriented research agenda.

The business environment today is volatile; one must adopt sustainable and innovative business practices, utilizing scarce natural resources, while keeping pace with digital transformation, thus creating sustainable value for their investors, regulators and consumers. While innovation is widely recognized as a source of competitiveness, innovation and sustainability are generally considered as two parallel streams of literature. This Special Issue in the *American Journal of Business*, “*Innovation, Sustainability, and Business Performance*”, aims to fill this gap by considering strategic innovation as a relationship between business management and sustainability and by inviting papers that move beyond the fragmented literature, and attempt to integrate associated research themes.

The Special Issue aims: (1) to critically examine the role of strategic innovation in driving systemic change; (2) to examine the theoretical underpinnings of sustainability-oriented innovation; (3) to assess how sustainability-oriented innovation is implemented in practice; (4) and to analyze its broader consequences for business resilience, societal well-being and long-term sustainability and business performance. In order to achieve these objectives, the Special Issue is comprised of high-quality, blind peer-reviewed conceptual and empirical articles and offers insights relevant to academia, industry and policy-makers.

This discussion is more important than ever in recent years. The innovation strategies that are not explicitly oriented towards sustainability have proven to be insufficient to address global challenges, such as climate change, resource scarcity, digital disruption and socio-economic inequality (Adams *et al.*, 2016; Bocken *et al.*, 2014; George *et al.*, 2021). At the same time, resilient and sustainable business models have become central to strategic thinking, with the COVID-19 pandemic and its supply chain disruptions and the growing importance of ESG mandates, among other events (Teece, 2018). The four articles that are part of this Special Issue are presented in this context.

Together, the articles in this Special Issue reflect the wide scope that was intended to be covered, ranging from industry practice, financial markets, organizational theory and regulatory policy and from both developed and emerging market contexts.

About special issue collection

The issue starts with “*Organizational Culture, Green Innovation and Sustainable Firm Performance in Developing Economies: A Conceptual Framework*,” which focuses on the organization itself. The manuscript suggests a conceptual model linking the themes of organizational culture and green innovation to sustainable firm performance, particularly in the context of developing economies that have relatively low levels of research on the sustainability-innovation nexus.



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The second contribution, “*Not Just a Room! Exploring the Role of Green Innovations in the Hospitality Industry*,” challenges the traditional transactional understanding of hospitality, which revolves around the physical room. Green innovation is highlighted as a means to increase guest value and to differentiate a service, providing a context for hospitality practitioners and scholars to consider sustainability as a core component of service design, not just an issue of operations.

The third contribution, “*Do Green and Carbon-Intensive Stock Indices Exhibit Similar Beta and Cointegration Dynamics? Evidence from Indian Stock Markets*,” moves on to the financial markets. The study’s results will be relevant to investors and policymakers on the journey towards greener capital markets in India and add emerging-market evidence to a literature that is heavily skewed towards developed economies and largely focuses on the risk and co-movement characteristics of green versus carbon-intensive indices.

The final article in this Special Issue, “*Competition Law and Sustainable Market Design: Regulating Dominant Positions to Preserve Competitive Viability in India’s Telecom and Aviation Sectors*,” provides a regulatory and legal view of the issues addressed in this Special Issue. It examines how competition law can help maintain market viability and hence sustainable innovation using the examples of the Indian telecom and aviation industries. The manuscript emphasizes the interdisciplinary character of this Special Issue, not only in terms of management and finance but also in the field of law and public policy.

Conclusion

The articles in this Special Issue illustrate the various aspects of innovation and sustainability in relation to business performance and society at large. The Special Issue reflects thinking from organizational management, hospitality, financial markets, competition law and public policy and indicates the need to shift from siloed approaches towards more integrated and sustainability-oriented approaches to innovation. We hope that the articles in this collection will inspire more scholarly discussion and future research on the potential for organizations, markets and institutions to use innovation to achieve lasting economic, environmental and social benefits. We hope that the insights provided in these contributions will also be relevant to business leaders, policymakers, investors and other stakeholders who are looking to tackle the complex challenges of sustainable transformation.

We would like to thank the authors for their contributions, the reviewers for their rigorous and constructive engagement, and the editorial team of the *American Journal of Business*. We would like to extend our sincere appreciation and thanks to Prof. David Burnie (Editor-in-Chief, *American Journal of Business*) for his support, guidance and encouragement in making this Special Issue possible. We hope that the collection of articles will provide an impetus to further research and influence practice and policy in the field of innovation, sustainability and business performance.

Ruturaj Baber

Christ University, Bengaluru, India, and

Amit Kumar

Truevis Technologies, Noida, India

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