

# Editorial: Innovation and business strategy for sustainability

## Introduction

We are pleased to introduce this special issue on innovation and business strategy for sustainability. Innovation management and sustainability are increasingly considered critical issues in business policy and managerial decisions, affecting a firm's legitimacy, survival and overall competitive advantage in the marketplace. This special issue of *Innovation & Management Review* contributes to expanding the existing academic scholarship and management practice by exclusively focusing on linkages between innovation management, firm strategy and sustainability management. Original contributions in this special issue offer topical findings based on rigorous research to expand our understanding of interrelationships amongst the three distinct but strongly interrelated constructs of innovation, strategy and sustainability.

Recent trends in academic scholarship and managerial practice suggest that strategic innovation management and sustainability are intrinsically interconnected issues (Geissdoerfer, Vladimirova, & Evans, 2018; Kennedy, Whiteman, & van den Ende, 2017; Seebode, Jeanrenaud, & Bessant, 2012). It is argued that an improved understanding of their linkages and the development of an integrated strategy could enable a firm to simultaneously distinguish itself and achieve sustained competitive advantage while addressing societal grand challenges (George, Howard-Grenville, Joshi, & Tihanyi, 2016; Martí, 2018; Voegtlin, Georg Scherer, Stahl, & Hawn, 2019) and emerging wicked problems (Ranabahu, 2020). By incorporating sustainability values in its vision, mission and strategic goals, a firm can set a clear agenda and strategic direction for its stakeholders concerning innovation management and sustainability performance (Bansal & Song, 2017).

Innovation is an integral part of the firm strategy and is increasingly recognized as a key driver of sustained business growth and competitive advantage. According to the Organization for Economic Co-operation and Development (OECD) (2010), innovation relates to both the development of new products, processes and technologies as well as their diffusion and application that in turn translate into improved firm performance. Today, firms are under increasing stakeholder pressure to demonstrate greater social responsibility, embrace sustainable business practices and engage them in business decisions (Sajjad, Eweje, & Tappin, 2015; Stocker, de Arruda, de Mascena, & Boaventura, 2020). The ability to innovate is fundamental to respond to this increasing pressure, and it can range from small, incremental changes in products, services and business models to radical innovations, both aiming at integrating sustainability into business practices, goals and strategies (Evans *et al.*, 2017; Jolink & Niesten, 2015). In particular, the active participation and contribution of the business sector is imperative for achieving the United Nations' Sustainable Development Goals (SDGs) – a set of 17 Global Goals aimed at ending poverty, protecting the planet and ensuring prosperity for all by 2030 (Claro & Esteves, 2021; Eweje, Sajjad, Nath, & Kobayashi,



2020; Scheyvens, Banks, & Hughes, 2016). The United Nations (2021) estimated that implementing the SDGs can create US\$12 trillion in business opportunities, and without the interest and persistent support of the business sector, it will be impossible to successfully achieve the SDGs by 2030. Thus, by aligning their strategies and practices to the SDGs, firms can make significant contributions to achieving the 2030 Agenda (Eweje *et al.*, 2020).

Global sustainable development challenges – ranging from climate change, water and food crises to poverty, conflict and inequity – require innovative solutions. Accordingly, firms have a pivotal role in creating innovative solutions for a long-standing problem that requires more concerted approaches (Cordova & Celone, 2019) to accelerate technology development and diffusion and bring innovative products to the market (OECD, p. 14). To this end, sustainability-oriented innovations have become imperative for firms to simultaneously address pressing sustainable development issues and achieve competitive advantage (Kennedy *et al.*, 2017; Pacheco, Alves, & Liboni, 2018). Proactive firms are increasingly focusing on developing sustainable products and services as well as making their business operations more environmentally and socially friendly to cater to the growing needs of a wide range of stakeholders. Increasingly, firms are adopting Industry 4.0 and smart manufacturing technologies as well as cutting-edge information and communication technologies – cloud computing and cognitive computing, radio-frequency identification (RFID), green lean six sigma (GLSS) approach, cyber-physical systems (CSP), digital sensors, artificial intelligence (AI), blockchain technology, 3D printing, machine learning, Internet of things (IoT), robotics and big data and analytics – to achieve sustainable outcomes (Allam & Dhunny, 2019; Alves, Galina, & Dobelin, 2018; Dantas *et al.*, 2020; Farrukh, Mathrani, & Sajjad, 2021; Malik & Raziq, 2022; Sarkis, Cohen, Dewick, & Schröder, 2020; Saunila, Nasiri, Ukko, & Rantala, 2019; Tjoa & Tjoa, 2016; Wu, Guo, Huang, Liu, & Xiang, 2018).

The SDGs provide a series of prompts to our scholarly community concerning topic areas that have particular salience in the pursuit of the sustainable development agenda (Bebington & Unerman, 2018; Salvia, Leal Filho, Brandli, & Griebeler, 2019), and given its interdisciplinary nature, it will be important to interact and analyze the perceptions of academics working in other disciplines, so that new practices and policies can emerge more effectively and inclusively, with a holistic perspective.

### Overview of the contents

The goal of the special issue is to synthesize and discuss state-of-the-art research conversations on strategic innovation management for sustainability. The original articles in this special issue provide interesting and topical research that integrates sustainability, innovation and strategy concepts.

The article by Wilma Silva, Leticia Mélo and Nelson Fernandes, “The innovative practices carried out in the collaborative complex of the city of Caruaru-PE” investigates the innovative practices adopted by managers in the collaborative complex in the city of Caruaru-PE. Building on qualitative research and drawing on a single case study design, the authors have critically examined the innovative practices of Plural Colab. Their findings demonstrate the significance of a practical approach to innovation, suggesting people’s daily engagement in the real work of innovation, which largely goes unnoticed when it comes to traditional innovation approaches and models. The authors have argued that their study is timely and serves as an important reference point for scholars and managers keen to understand how innovative management practices are carried out in small businesses and micro-small companies.

In the article, “Sustainable innovation and inclusive business in Latin America”, Maria Alejandra Pineda-Escobar explores how sustainable innovation takes place in firms engaged in an inclusive business (which involves engaging poorer communities in markets’ demand or supply) in Latin America. The author draws on qualitative data from 22 inclusive businesses and employs a summative context analysis. The results show that sustainable innovation is

reflected through modifications in the products/services/processes, which respond to the needs of the “bottom of the pyramid” population (i.e. people living in relative or extreme poverty). The author argues that this study contributes to research on sustainable innovation and inclusive businesses by showing how inclusive businesses make modifications to their products/services/processes and improve the sustainability of their supply chains through serving the needs of isolated and disadvantaged communities.

Silvia Ferraz Nogueira De Tommaso and Vanessa Pinsky’s article “Creating shared value: the case of innovability at Suzano in Brazil” examines how Suzano implemented shared value (SV) strategies to reconcile profitability and social welfare by joining innovation and sustainability. The findings of this research show that (1) the company developed a unique strategy to spread collaborative and innovative mindsets throughout the organization called “innovability”; (2) Suzano’s effort to understand the local community’s demands and collaborative work raised the company’s profitability and enabled prosperity for the community; (3) the IQA procedures and protocols enabled the development of Suzano’s SV system, composed of nine elements and their relationships. They are purpose-driven leadership, materiality matrix, social welfare, profitability, ecosystem, business results, social results, impact and sustainable economic development; purpose-driven leadership is the system’s driver.

Rosaria Ferlito and Rosario Faraci’s article “Business model innovation for sustainability: a new framework” analyses what pathways a firm can take when implementing a sustainable business model innovation process in line with the SDGs Agenda. The authors present a model that encompasses three aspects of business model innovation for sustainability: value proposition, value capture delivery and value capture. Building from current and previous work on business model innovation and sustainable business model innovation as well as practitioners’ experience, the authors explain that their model takes a different perspective by putting the business model of the firm at its core and not as an antecedent of innovation. The authors argue that the model can serve as a guideline for significant change aiming at increasing an organization’s commitment to sustainability. Through an iterative process, the model allows for check-ins and reassessments of the business model, increasing individuals’ commitment to implementing the business model innovation.

Franciany Cristiny Venâncio Dugonski and Cleonir Tumelero in their article “Barriers and facilitators of technological eco-innovations: a multilevel analysis in a Brazilian cosmetics company”, carried out an in-depth case study at a company from Curitiba, Brazil, recognized for its eco-innovative initiatives and which has sustainability as the main strategy for developing its products. The authors identified four groups of barriers (market, raw material, governmental and company’s internal factors) and four groups of facilitators (legislation, market and technological innovation, communication and environmental management). The results showed that the adoption of innovation strategies and planning methodologies by the company can minimize barriers and enhance facilitators. Summarily, barriers and facilitators of implementing eco-innovations are dynamic factors that require continuous monitoring since they can be a barrier in one circumstance and a facilitator in another.

Olívia Prado Schiavon, Marcia Ramos May and Andréa Torres Barros Batinga de Mendonça’s article on “Dynamic capabilities for innovation in family farming agroecological business models” investigates how dynamic capabilities contribute to business model innovation in sustainable family farming. Their findings demonstrate that innovative development was responsible for guiding activities and the dynamics of networks and partnerships, as well as activities related to knowledge and information management, which generates significant changes in their value configuration. Amongst the contributions of this study, the authors mention the identification of precedents for the development of dynamic capabilities and business model innovation, showing their direct relationship with context-dependent issues and business trajectory.

## Concluding remarks

This special issue demonstrates the relevance of management and innovation research to explore the mechanisms through which firms are addressing sustainability and contributing to the achievement of the 2030 Agenda. The special issue further indicates the relevance of concerted efforts, through the engagement of stakeholders, and strategic processes that aim to put sustainability at the core of business models of firms of all sizes. Bringing sustainability to the core of the business model and strategies allows firms to significantly change how business is conducted, generating innovations that go beyond business as usual. By doing so, companies can enhance competitiveness while contributing to the achievement of the sustainable development agenda. Firms are crucial actors in promoting the balance of environmental, social and economic goals in developing and developed economies, and we hope to contribute to this body of knowledge with rigorous research that reports experiences of different firms while navigating the complexities of innovating and managing for sustainability.

To sum up, this special issue presents articles that contribute to understanding the connection between innovation management, firm strategy and sustainability management. We expect these articles to inspire future studies that explore the intersection of innovation and management while shedding light on sustainability issues in the firm context.

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**Further reading**

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