

SUSTAINABLE BUSINESS MODELS IN EMERGING MARKETS: INNOVATIONS AND CHALLENGES FOR ENTREPRENEURS

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Abstract

Sustainable business models are becoming more and more relevant in emerging markets. Rapid economic growth, environmental and social issues, and the emergence of new technologies in these markets create significant opportunities and challenges for entrepreneurs. Below are innovations related to sustainable business models in emerging markets and what they are facing. In this article, we will focus on these topics separately.

Keywords: Sustainable Development, Sustainable Business Models, Radical and Systemic Innovations, Sustainable Innovation, Sustainability, Competitiveness.

Introduction

Digital transformation is not only a means of increasing competitiveness for small and medium-sized enterprises, but also an important step towards increasing economic efficiency. Overcoming barriers to technology adoption can be achieved through collaborative efforts of the state, business community, and education system. This will help ensure long-term sustainable development for the economy of Uzbekistan.

Literature Analysis

Business model innovations are suspected to yield higher returns than product or process innovations (Chesbrough, 2007; Lindgardt et al., 2009), and sustainable business models might have the additional benefit of higher risk mitigation and resilience (Choi and Wang, 2009) and yield additional diversification and value co-creation opportunities (Nidumolu et al., 2009; Porter and Kramer, 2011; Tukker and Tischner, 2006). To realise these advantages organisations become increasingly interested in implementing sustainable solutions (Evans et al., 2009). However, technological advances towards sustainability are increasingly incremental, and many companies find it difficult to meet their sustainability targets. Therefore, innovation on the business model level is required to align incentives and revenue mechanisms to leverage sustainable solutions (Rashid et al., 2013).

The definition of sustainable innovation was introduced from the definition of eco-innovation by Carrillo-Hermosilla et al. (2010) as “innovation that improves sustainability performance which includes ecological, economic, and social criteria”. Whenever and wherever the criteria differ primarily due to the result of spatial, temporal and cultural embeddedness, sustainable innovation also differs in its meanings and characteristics in different contexts. Hence, there is a lot possibility of different sustainability challenges and as a result of this, a clear distinction



can be made between developed consumerist economies, emerging economies (the countries like Brazil, China and India) and so-called Base-Of-the-Pyramid economies (most of the countries in African Continent) (Tukker et al., 2008; Hart and Milstein, 1999). Most importantly, the innovations that are requisite for sustainable development actually need to go beyond incremental adjustments. Sustainable development requires the transformation of larger parts of production and consumption systems entails and further necessitates sustainable development (Boons, 2009). Incremental innovations might lead to further gradual improvements of sustainability performance, but at the end, it normally does not lead to a globally optimal system configuration in a multi-dimensional production and consumption system space (Wagner, 2012; Schwoon et al., 2008; Schaltegger and Wagner, 2011).

Research Methodology

In this paper, the difficulties of startups in adopting business models for sustainability were analyzed through a case study in startups using the tool of the sustainable value exchange matrix through workshops to diagnose the problems. Barriers and difficulties in working with startups were found in various categories of sources and guides, where the main barriers were highlighted with evidence. For example, barriers that undermine the sustainability of start-ups are related to institutional category, organizational and market and sales culture.

Analysis and Results

Emerging markets represent fertile ground for sustainable business models due to their rapid economic growth, expanding middle class, and pressing environmental and social challenges. Entrepreneurs in these regions face unique opportunities and obstacles as they strive to innovate while promo.

The link of international competitiveness to sustainable business models dwells in two key factors such as entrepreneurs and governments who are on the lookout for to establish markets for sustainable innovations at the national level but try to find distribution at the global level. Hence, competitiveness is absolutely dependent on the capability of governments to design and put into practice appropriate policies and framework conditions to support entrepreneurs for carrying out new sustainable business models with the help of new technologies and services. Empirical studies carried out for more than a decade clearly signify that the leading countries like US, Europe, Japan are presently well positioned in the world markets. These leading countries alone are primarily accountable and answerable for a large proportion of the global environmental technologies market (Henzelmann et al., 2007; OECD, 2011; Montalvo et al., 2011). The common strategies in OECD countries are underlined by the belief that innovation improved competitiveness and growth. There will be no sustainability without innovation which is agreed by the leading countries (Aghion et al., 2009; EC, 2010).

Conclusions and Suggestions

Sustainable business models in emerging markets are critical for addressing global challenges such as climate change, inequality, and resource scarcity. While entrepreneurs face significant hurdles, innovative solutions, coupled with supportive ecosystems, can transform these



challenges into opportunities. By balancing profitability with positive social and environmental impact, sustainable businesses have the potential to drive long-term change in the

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