



Green Innovation and Sustainable Business Models: A Strategic Management Perspective

Noussair Abdelali charkaoui^a

^a Department of economic and management, Hassan I university, Morocco



Article Info

Article history:

Received: 15-09-2024

Revised: 20-10-2024

Accepted: 24-12-2024

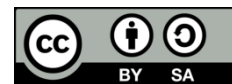
Keywords:

Green innovation
Sustainability
Innovation
Business Model
Strategic Management

ABSTRACT

Green innovation and sustainable business models have become strategic imperatives for companies trying to attain long-term competitiveness in the face of increasing environmental concerns and changing stakeholder expectations. This study investigates the junction of sustainability and strategic management, looking at ways companies may include green innovation into their fundamental strategies to generate and seize value in a world with limited resources. Using strategic management theories like the Resource-Based View and Dynamic Capabilities Framework, the paper investigates the motivations, facilitators, and obstacles to implementing sustainable business models. The study shows how companies may use innovation not just to lower environmental effect but also to distinguish themselves in more eco-conscious markets by means of a conceptual synthesis and illustrated case studies. The conversation underlines more the part of leadership, corporate culture, and policy consistency in promoting green transformation. This study adds to the increasing body of work on sustainable strategy and provides useful ideas for managers and legislators trying to match economic success with social and environmental responsibility.

This is an open access article under the [CC BY-SA](https://creativecommons.org/licenses/by-sa/4.0/) license.



Corresponding Author:

Noussair Abdelali charkaoui
Department of economic and management, Hassan I university, Morocco
Email: n.a.cherkaoui@gmail.com

1. INTRODUCTION

Driven by growing environmental deterioration, climate change, and changing social expectations, the world economic scene has in recent years seen a dramatic transition. The idea of sustainability has become a mainstay of strategic management as companies struggle with the effects of their activities on the environment[1]. For companies trying to guarantee long-term competitiveness, green innovation—the creation and use of novel goods, processes, and business models helping environmental sustainability—has become a major concern. The junction of green innovation and sustainable business models offers a special chance for businesses to not only reduce their environmental effect but also to stand out in an ever more eco-conscious market. One cannot overestimate the importance of sustainability in strategic management. Traditionally, strategic management has emphasized increasing shareholder wealth, often at the expense of social and environmental concerns. But companies are forced to change their plans when stakeholders—including customers, investors, and authorities—demand more responsibility and openness about corporate behavior. In a resource-constrained world, sustainable business models—which include social and environmental aspects into the heart of corporate operations—are no more optional but rather vital for existence. Businesses that neglect sustainable practices run the danger of losing market share, regulatory fines, and ongoing reputation harm[2].

This paper intends to investigate the connection between sustainability and strategic management by means of a research on how businesses may properly include green innovation into their basic plans. This study aims to find the motives, enablers, and challenges linked to the execution of sustainable business models by means of known strategic management theories such the Resource-Based View (RBV) and the Dynamic Capabilities Framework. While the Dynamic Capabilities Framework stresses a company's capacity to adapt, integrate, and reconfigure internal and external skills to meet fast changing environments, the RBV holds that a company's particular resources and skills can offer a competitive advantage. There are several reasons behind the pursuit of green innovation[3]. First, as countries all over the world put rigorous environmental rules meant to lower carbon emissions and encourage sustainable practices, regulatory pressures are rising. Businesses that aggressively embrace green technologies are better placed to follow these rules and escape possible penalties. Second, customer tastes are changing toward eco-friendly goods and services, therefore companies that can properly satisfy this need will find great market potential[4]. Third, the financial advantages connected to sustainable practices—such as cost savings from energy efficiency and waste reduction—can improve a company's bottom line. At last, the increasing relevance of corporate social responsibility (CSR) projects highlights the necessity for companies to match their plans with more general society objectives.

Though there are obvious benefits to using sustainable business practices, several difficulties and barriers impede their use. Progress can be hampered by organizational resistance to change, ignorance of sustainability ideas, and inadequate funding in green technology. Furthermore, incorporating sustainability into current corporate structures naturally complicates things and creates major strategic issues[5]. Thus, this paper aims to provide a thorough examination of these obstacles, thereby providing understanding of how businesses may surmount them by means of efficient leadership, corporate culture, and policy consistency. Driving the green transition inside companies depends much on leadership. Leaders that give sustainability top priority may create an environment that supports creativity and teamwork, hence enabling staff members to help the firm become more sustainable. Moreover, the matching of corporate culture with sustainability goals is absolutely vital to guarantee that every level of the company is dedicated to the change toward more sustainable practices. Creating an enabling environment for sustainable innovation also depends on policy consistency at the organizational as well as governmental levels. Clear and consistent rules may lead businesses in their sustainability initiatives by offering the required frameworks for responsibility and action[6].

The importance of this research is in its possible contribution to the expanding body of studies on sustainable strategy. This study intends to offer useful ideas for managers and legislators trying to match economic success with social and environmental responsibility by means of synthesis of current research and presentation of relevant case studies. The results will not only improve our knowledge of the strategic management of sustainability but also provide practical advice for companies trying to gain a competitive advantage by means of green innovation. Ultimately, the incorporation of green innovation and sustainable business models into strategic management has become essential for companies wanting to flourish in a resource-limited future as the globe faces unmatched environmental concerns. Emphasizing the vital functions of leadership, company culture, and policy consistency, this paper will investigate the motives, enablers, and obstacles to adopting sustainable practices. By means of a thorough investigation, this study intends to offer insightful information for lawmakers and managers, hence helping to create a more responsible and sustainable corporate environment[7].

2. THEORETICAL FRAMEWORK

2.1. Definitions: Green innovation and sustainable business models

Invention and sustainability have drawn academic and practical attention as climate change, resource depletion, and biodiversity loss have increased[3]. Motivated by these significant concerns, companies may reduce their environmental impact and compete in an eco-conscious market by adopting sustainable business practices and green innovation. This article examines how current corporate practices connect to sustainable

business strategies and green innovation. Green innovation produces environmentally sustainable goods, services, and processes. Eco-innovation is the development of new or enhanced products increasing resource and environmental efficiency [8]. Green innovation promotes environmental preservation and economic growth. Cleaner industrial technologies, renewable energy, sustainable materials, and waste management lower environmental impact. On the other hand, sustainable business ideas flourish, give, and collect profit while handling social and environmental issues. Sustainable business models integrate sustainability into the corporate plan, hence balancing economic, environmental, and social goals. Describing sustainable business models as those that work under global environmental limits and encourage sustainability while generating profits, Randle and all [9]. Sustainability in business initiatives improves corporate image and promotes resilience and flexibility in changing market dynamics and regulatory environment. Sustainable business strategy and green innovation improve each other. Green innovation gives companies the knowledge and instruments to develop sustainable corporate strategies. By prioritizing R&D, cooperation, and creative technologies, sustainable business models inspire green innovation. This suggests that organizational strategy requires both concepts as they support sustainability and corporate performance. Growing knowledge of environmental degradation and climate change forces companies to embrace green innovation and sustainable business practices. The SDGs worldwide sustainable development plan stresses sector-wide change[10]. Consumers, investors, and governments want openness, which motivates businesses to be more environmentally aware. Sustainable business practices and green innovation help companies to negotiate the current market and prosper over time. Changing to a sustainable economy is both strategic and moral[11]. Overlooking sustainability might hurt brands, penalties, and corporate market share declines. Green innovation and sustainable business methods might enhance income, efficiency, and customer loyalty. Emphasizing resource reuse, recycling, and regeneration, the circular economy has motivated invention and value creation, forcing companies to rethink linear manufacturing and consumption. Over the previous several decades, environmental, social, and economic systems have become more complex and linked, hence changing scholarly discussions on green innovation and sustainable business models. Studies show that innovative ideas and challenges, legislation, and business culture shape sustainability efforts. Sustainable corporate policies have modified performance criteria, hence creating new structures for assessing business sustainability and value creation[12]. Though usually understood, green innovation and sustainable business models provide several difficulties. Often, companies struggle to gauge the social and environmental benefits of their initiatives, hence hindering sustainability tracking and assessment. Sustainable practices could call for considerable initial costs, which could worry businesses regarding short-term cash flow. Complex international supply chains and different legal regimes might perhaps hinder sustainability goals. Thus, continuous study is required to find best practices, create efficient initiatives, and promote player cooperation. Green innovation and sustainable business strategies help companies to increase their competitiveness while addressing urgent environmental issues. Businesses have to add sustainable practices into their plan as demand for them grows if they are to guarantee long-term success in a complicated, linked society. The academic study of these issues will change to offer important analysis and resources to help companies become sustainable[13].

3. LITERATURE REVIEW

3.1. Organizational performance and competitive advantage

Particularly in the small and medium-sized company (SME) sector, organizational performance is very essential in determining the competitive position of companies. Performance in the changing sustainability environment is no longer judged just by financial measures but also by a company's ability to include ecologically and socially responsible activities while assuring profitability[14]. Long-term survival and resilience depend on SMEs in sectors like batik manufacture finding a strategic balance between commercial objectives and sustainable development. Increasingly linked to sustainability-oriented competencies is competitive advantage, defined as the distinctive qualities enabling a company to beat rivals in the market[15]. These consist of great customer service, cost effectiveness, creativity, and robust brand equity. In the sustainability-oriented world of today, such benefits are often the result of the incorporation of green technology, application of eco-friendly methods, and sensitivity to customer need for ethical manufacturing. Consistent studies in the academic literature show a close relationship between competitive advantage and organizational effectiveness. Better performance enables companies to put money into strategic abilities and special resources supporting their market position. Profitability, Fearon [16] say, enables companies to always improve their skills, hence guaranteeing ongoing competitive distinctiveness. This idea fits the Resource-Based View (RBV), which holds that internal resources and skills are fundamental to achieving long-term competitive success [17]. Studies back this notion, indicating that typically successful businesses possess unusual resources and creative abilities others cannot readily duplicate. Strong organizational performance in the Batik SME setting results in real strategic advantages[5]. These are better product uniqueness via sustainability-led innovation, increased profit margins, and simplified manufacturing processes cutting running costs. High-performing SMEs are, points out, better able to direct resources into market development and innovation—two important levers for sustaining and attaining a competitive advantage[3].

3.2. Green innovation and organizational performance

Particularly as the globe struggles with the urgent problems brought on by climate change and environmental deterioration, the idea of green innovation has attracted great interest in both academic and practical domains lately[10]. Green innovation includes a range of activities, from the creation and use of goods, processes, and practices meant to lower environmental effect to those supporting sustainability. Particularly for small and medium-sized firms (SMEs), who often find themselves at the intersection of resource limits and the pressing need for sustainable practices, this strategy is not only a fad but a required development in how companies run. The special position of SMEs lets them use green innovation not just for environmental reasons but also for notable cost reductions and market competitive advantages[12].

The classification of green innovation into two key categories—green product innovation and green process innovation—offers a framework for comprehending its several facets. Green product innovation emphasizes the creation of environmentally friendly goods, which are growingly sought by customers concerned about the environment[5]. On the other hand, green process innovation stresses the use of ecologically friendly manufacturing techniques, which might improve operational efficiency and lower environmental impact. Particularly relevant in the context of Batik SMEs, a traditional textile sector in Indonesia noted for its rich cultural value and complex patterns, is the incorporation of green innovation. The industry is marked by its dependence on traditional and sometimes ecologically harmful manufacturing techniques, which can cause notable environmental damage. Adopting techniques such employing natural colors, lowering water use, and eliminating chemical waste, thus, can not only help to reduce environmental effects but also enhance general organizational performance[6].

Theoretical models indicate that several channels of green innovation can improve organizational performance. First, by reducing material and energy use, the implementation of green technologies can result in cost savings, thereby enhancing operational efficiency[18]. For SMEs, which usually run on limited margins and have to maximize their resources to be competitive, this is particularly important. Second, green technologies can provide fresh business prospects, thereby enabling companies to draw eco-aware customers and grow their market share. SMEs that aggressively adopt green innovation will be able to position themselves well in a changing market as consumer tastes move towards sustainability. Third, the use of green innovation may improve a company's reputation and brand image, hence increasing consumer loyalty and competitive differentiation. A strong dedication to sustainability may be a great differentiator in a time when consumers are more and more basing their choices on a company's environmental policies[19].

Empirical research has regularly confirmed the beneficial influence of green innovation on organizational performance. [4], for example, reveals that companies participating in green innovation have lower costs and better operational efficiency, hence enhancing general performance. [20] discovered that companies emphasizing green product innovation usually do better financially, mostly because of increased market need for sustainable products. In the particular setting of Batik SMEs, the importance of green innovation is even more clear. The industry's past dependence on conventional techniques, usually marked by significant resource use and waste production, calls for a change toward more sustainable practices[21]. Batik SMEs may improve their organizational performance and handle urgent environmental issues by including green innovation, hence clearing the path for a more sustainable future.

Sustainable fabric sourcing and eco-friendly dyes are a clear example of green innovation in the Batik sector. By improving operational efficiency, these policies not only lower manufacturing costs but also help to offset the environmental effect of traditional dyeing methods [7]. Moreover, including sustainable manufacturing methods can help Batik small and medium-sized enterprises to be more resilient. Long-term success depends on the capacity to adapt and create in a time characterized by fast market change and growing regulatory demand. Green innovation empowers SMEs to negotiate the complexity of a dynamic market environment by promoting a culture of constant improvement and flexibility[22].

All things considered, one cannot emphasize enough the need of green innovation inside SMEs, especially in resource-intensive sectors as Batik. Businesses have to react proactively to be competitive and relevant as the world society gives sustainability more and more importance. Including green innovation not only provides a road for environmental responsibility but also opens up major business prospects for small and medium-sized enterprises (SMEs). This study is to investigate the several advantages of green innovation inside Batik SMEs, thereby stressing the theoretical and empirical bases supporting its relevance in improving organizational performance and resilience. This paper aims to add to the increasing body of knowledge on green innovation and its transforming power in conventional sectors by looking at the junction of sustainability and business strategy[22].

3.3. Knowledge management and green innovation

The aspects of knowledge management—knowledge production, acquisition, sharing, and application—form the basic foundations on which companies may construct their sustainability projects. Knowledge creation is the process of producing fresh ideas, concepts, and solutions driving green innovation. This aspect is vital for

promoting a culture of invention and experimentation, hence allowing companies to create original ideas to sustainability issues. Conversely, knowledge acquisition is the process of acquiring pertinent knowledge from outside sources as research institutes, industry specialists, and cooperative networks [17]. In a time where knowledge is always changing, this aspect is especially important as companies have to stay updated on the newest advancements in technology and sustainable practices.

Another important aspect of KM is knowledge sharing, which includes spreading information both inside the company and with outside partners[23]. By means of efficient information sharing, companies may use different points of view and knowledge in their sustainability initiatives, hence promoting cooperation and group learning. In sectors where alliances and cooperation may result in major breakthroughs in green innovation, this aspect is particularly crucial. At last, application of knowledge guarantees that the knowledge created and disseminated is converted into real inventions improving environmental performance. This aspect stresses the pragmatic application of information, therefore allowing companies to convert theoretical ideas into actionable plans.

Improving an organization's ability to innovate and adapt to changing contexts depends on the interaction of various aspects of knowledge management[24]. Effective knowledge management helps companies to use their intellectual resources and skills, hence creating a climate favorable to innovation [25]. Specifically, KM fosters green innovation by means of the collection and distribution of environmental information, hence fostering cooperation and supporting ongoing learning and development [26].

Empirical research has validated the favorable link between knowledge management and green innovation, so proving that companies with strong KM systems are more able to include sustainable practices into their operations[27]. Structured knowledge management systems, for example, in the context of Batik SMEs, can help to implement eco-friendly practices, hence lowering environmental effect and enhancing product quality and cost effectiveness, companies with good knowledge management policies are more likely to create and carry out green innovations, hence improving environmental performance and competitive advantage.

The inclusion of sustainability into company processes is no more discretionary but rather a need as the world scene changes. Companies have to negotiate difficult legal frameworks, changing customer tastes, and the pressing need to tackle climate change. Knowledge management in this setting is a strategic instrument that helps companies to properly address these obstacles. Organizations may use their knowledge resources to promote sustainable practices and provide value for stakeholders by encouraging a culture of constant learning and innovation.

All things considered, the effective execution of green innovation inside sustainability-oriented companies depends on knowledge management. KM increases an organization's ability to innovate and adapt to evolving surroundings by means of the interchange of environmental information, best practices, and technical developments. Integral to this process are the aspects of knowledge management—creation, acquisition, sharing, and application—which offer a systematic framework for companies to use their intellectual resources efficiently. The importance of knowledge management in promoting green innovation will becoming more important as the need for sustainable practices grows, especially for SMEs running with limited resources[16].

Ultimately, this introduction underlines the need of knowledge management in promoting green innovation and sustainability inside companies. Particularly in the context of SMEs like those in the batik sector, it lays the groundwork for a closer investigation of the interaction between knowledge management techniques and sustainable business strategies. This study will help to clarify further how knowledge management may be used to reach environmental objectives and improve organizational performance in a more complicated and dynamic corporate context.

4. DRIVERS OF GREEN INNOVATION

Sustainable development's need has altered how businesses and governments see innovation. Academics, politicians, and business leaders are giving green innovation top priority as climate change endangers human societies and ecosystems. Green innovation produces lucrative and ecologically beneficial new goods, services, and processes. Organizational changes, social practices, legal systems, and technological innovations for sustainable development are all part of this multifarious approach[7].

Green innovation's economic, social, technological, and legal drivers are many. Knowledge of these qualities helps to encourage sustainable actions and solve significant environmental issues. These factors guide companies' sustainable operations and create the framework for green innovation. This paper looks at the elements propelling green innovation and how they influence companies and society[21].

Green innovation is driven by economic considerations. Rising costs and fossil fuel market uncertainty are pushing businesses to look for other energy sources. Getting increasingly cheap and environmentally good are solar, wind, and biomass[28]. Companies who invest in green innovation to save expenses and get a competitive edge as renewable technology prices decline. Customer need for sustainable goods and services has

also driven environmentally conscious businesses into new domains. Green innovators will stand out and draw more environmentally aware consumers.

Green innovation is also driven by social elements. Growing environmental consciousness makes people more choosy about their purchases and businesses. These changes in customer behavior have driven companies to follow more sustainable policies to retain market leadership. Social media has also enabled environmental activists to speak out more, hence stressing corporate conduct. Companies are therefore more and more include CSR and sustainability in their strategy planning. Building trust and loyalty as well as supporting green innovation have grown more dependent on interaction with stakeholders—consumers, employees, and local communities[29].

Technological advancement pushes green innovation. Fast technical development has led to the creation of new environmentally-friendly techniques, processes, and materials. Innovations in ICT have made smart grids, energy-efficient appliances, and sustainable transportation possible. Sustainable agriculture, waste management, and carbon capture and storage have been advanced as a result of research and development. In many industries, these technology developments increase efficiency and create new opportunities for sustainable practices[7].

Regulations also influence environmental innovation. Governments all around the world are adopting sustainable and greenhouse gas-reducing measures. These policies might call for sustainable building and transportation requirements, tighter emissions limits, and renewable energy tax credits. Such regulatory policies encourage green innovation by reducing the barriers to sustainable technologies and habits. International agreements such as the Paris Agreement show the worldwide dedication to combat climate change and support green innovation projects[30].

These reasons build a complicated ecosystem that propels green innovation. While cultural effects might cause companies to follow more sustainable practices even without legal limits, economic incentives could encourage investment in renewable energy technologies. On the other hand, rigorous legislation could drive companies to manufacture to meet legal standards, hence promoting sustainability. Designing green innovation projects depends on understanding the synergies and tensions of these elements[31].

Apart from these main drivers, various background elements might influence the dynamics of green innovation. Leadership and culture mostly define corporate sustainability. Visionary leaders that give sustainability top priority are more likely to support green innovation and risk-taking. Stakeholder collaboration—including businesses, governments, and NGOs—helps green innovation initiatives as well. Sharing resources and knowledge helps stakeholders to handle common issues and speed the change to a sustainable economy[32].

For companies and world sustainability, green innovation is very important. Green innovation might help the globe fight climate change and meet international sustainability targets including the UN Sustainable Development Goals (SDGs). Sustainable consumption and production patterns need green innovation to reach these objectives. Encouraging environmentally friendly innovation might enable businesses to create a more equitable and robust world economy[33].

Green innovation includes legal, social, technical, and economic issues. Knowing these processes helps to establish an environment that supports sustainable actions and tackles environmental deterioration. As the globe battles climate change, green innovation is very vital. Promoting sustainability, it lets businesses flourish and help the world. More study on green innovation reveals a dynamic relationship between several elements; so, it is important to find this interaction and create strategies to use it for transforming influence[25].

5. REGULATORY PRESSURES

Businesses now have to strike a balance between legal limits, consumer expectations, technological developments, corporate social responsibility, and market demand. Operational frameworks and strategic choices shape how companies engage with the environment and stakeholders. These elements highlight the requirement of flexible business plans and the need for companies to align their operations with societal standards and expectations[34].

Many laws and standards govern companies; regulatory forces have grown increasingly important. Global governments are implementing rigorous business ethics, responsibility, and transparency policies. Usually, these laws cover financial disclosures, consumer protection, workers' rights, and environmental sustainability. Examples of corporate responsibility and social impact laws are the EU's Green Deal and the US's Dodd-Frank Act. Companies are actively working to make sure their actions meet legal requirements and stakeholder ethical criteria as they follow these policies[12].

Growing aware and socially conscious consumers are driving fast change in market demand and consumer expectations. Modern consumers buy with quality, price, and ethics in mind. Many are willing to spend extra for socially responsible, ethical, and sustainable products. Changes in consumer behavior have caused companies to rethink their value offers and include sustainability into their plans. Businesses that do to meet these evolving needs run the danger of losing market share to ethical and sustainable competitors. Companies that want

to know client preferences and customize their products are increasingly relying on market research and consumer analysis[35].

Technological developments test corporate settings. Rapid technical development has increased business operations' efficiency, consumer participation, and product and service creativity. By boosting supply chain transparency and customer responsibility, artificial intelligence, big data analytics, and blockchain are altering business operations. Including these technology raises moral issues around data privacy, security, and job loss. When companies implement new technology, they have to negotiate these issues while following ethical and societal standards[21].

Company strategy has also been significantly influenced by corporate social responsibility (CSR). CSR is made up of several techniques that create financial gain while fostering environmental and social well-being. Companies are coming to understand that their social influence determines their long-term success. As CSR initiatives, this knowledge has resulted in ethical labor practices, community involvement, and sustainability. Adopting a CSR system helps companies to strengthen their standing, customer loyalty, and market position[13].

Business strategy has to include CSR, technology developments, market demand, and regulatory pressures. Companies have to obey policies and change with evolving society and consumer expectations. One need ongoing development, inventiveness, and moral values. In this complex setting, companies have to additionally consider how their activities influence stakeholders like workers, consumers, communities, and the environment[36].

Ultimately, the modern corporate environment is shaped by legal requirements, market demand, technology developments, and corporate social responsibility interacting. To survive and flourish, companies have to change with these factors. Adopting a proactive and ethical business approach helps companies to meet consumer and legal requirements as well as help the environment and society. As the scene changes, companies that embrace ethics, accountability, and sustainability will thrive in an aware and competitive market[23].

6. DISCUSSION

A key field of study and practice in strategic management is the junction of green innovation and sustainable business models. The results of this study highlight the need of including sustainability into the fundamental strategy framework of businesses as they negotiate an ever more complicated terrain formed by environmental concerns and changing stakeholder expectations. This conversation intends to emphasize the important functions of leadership, corporate culture, and policy in promoting a green transformation, investigate the motives and obstacles to adopting sustainable practices, and clarify the consequences of our results[18].

Our study shows that adopting green innovation is a strategic need rather than just an operational choice as it may improve long-term competitiveness. Using the Resource-Based View (RBV), we show that companies may create distinct competencies around sustainability that set them out in the market. As customers grow more eco-conscious and expect more responsibility from companies, this distinction becomes more and more important. Sustainable innovation may be a competitive advantage for companies, helping them to develop special value propositions that appeal to eco-conscious consumers[12].

Furthermore, the Dynamic Capabilities Framework underlines the need of flexibility and reactivity in a fast changing corporate environment. Companies that effectively include green innovation into their strategic management procedures not only react to present environmental issues but also forecast future trends. This proactive strategy enables companies to take advantage of developing prospects in green sectors, hence improving their resilience and guaranteeing continuous profitability[37].

There are several reasons for using sustainable business practices. Our research shows that intrinsic motivations—such as a dedication to environmental stewardship and corporate social responsibility—are especially important in promoting green innovation. Leaders that give sustainability top priority usually inspire their companies to have purpose and create a culture that values ethical behavior and long-term thinking. As people are more attracted to companies that fit their personal beliefs, this natural drive can result in greater staff retention and involvement[38].

The adoption of sustainable methods is also greatly influenced by outside factors including market needs and regulatory pressures. Companies are pushed to innovate and change to be competitive as governments tighten environmental rules and customers more and more want sustainable goods. External pressure may be a driver of transformation by encouraging companies to reconsider their business strategies and make investments in green technology[39].

Though our results also draw attention to some obstacles companies encounter in this change, the obvious advantages of including green innovation into corporate plans are undeniable. The perceived high expenses connected with adopting sustainable practices is one major barrier. Worries about quick financial returns make many businesses reluctant to spend in green technology. As the first investment in sustainability usually pays off

over time via cost savings, improved brand loyalty, and market uniqueness, this short-term viewpoint might impede long-term strategic thinking[40].

Sustainable business models may also be hindered by organizational inertia and change resistance. Established company cultures could give conventional methods top priority and fight the change toward sustainable. Leaders must develop an organizational culture that welcomes creativity and supports calculated risk-taking if they are to overcome these obstacles. Top management's dedication to support sustainability projects and to convey their significance across the company will help to drive this cultural change[41].

Driving the green transformation of companies depends on leadership, which is increasingly important. Our research underlines that good leaders not only express a vision for sustainability but also show actions that fit that goal. Particularly in creating a culture of creativity and responsibility are transformational leadership styles, marked by the capacity to inspire and drive people[41]. Leaders that give sustainability top priority can foster a climate in which staff members feel enabled to support environmental projects, hence improving general company performance.

Moreover, company culture is essential in influencing staff members' views and actions toward sustainability. Those that include sustainability into their fundamental ideals and activities are more likely to see positive results. Cultural integration is about giving staff members training and tools, encouraging interdepartmental cooperation, and acknowledging and rewarding sustainable behaviors. Companies may efficiently match their strategic goals with social and environmental responsibilities by building a culture that values green innovation[42].

At last, one cannot understate the significance of consistent policies in fostering green transformation. Our results imply that the readiness of companies to invest in sustainable practices may be greatly increased by encouraging regulatory systems and incentives. Establishing unambiguous rules and criteria that promote green innovation depends much on legislators as they also offer the required tools and assistance for companies to move to sustainable models. Public and private sector joint initiatives can help green technology investment, resource allocation, and knowledge exchange[43].

Ultimately, including green innovation into sustainable business models is both a strategic need and a strategy to reach long-term competitiveness and resilience. Understanding the drivers, obstacles, and important elements of this integration will help managers and legislators to more effectively negotiate the complexity of sustainability in business[44]. The findings of this research offer a basis for promoting a more sustainable and responsible corporate environment as companies react to environmental concerns and stakeholder expectations changing[45].

7. CONCLUSION

This paper investigates the junction between green innovation and sustainable business models under strategic management. Companies are coming to see more and more the need of including sustainability into their fundamental strategy as environmental issues grow and stakeholder expectations change. The results of this study highlight the need of using a whole strategy to green innovation, stressing that it is not only an operational change but a basic revolution that may propel long-term competitiveness. This finding emphasizes the consequences for both theory and practice, hence stressing the significant insights obtained from our study, and it also provides suggestions for future research.

For companies, the need to tackle environmental issues is no more a peripheral issue; it is a main strategic priority. Our study shows that businesses who actively participate in green innovation help to lower their environmental impact as well as establish themselves as leaders in the developing eco-conscious market. According to the Resource-Based View (RBV), businesses could use certain resources and skills to obtain a competitive advantage. In this regard, green innovation is a vital resource that may set a business apart from its rivals, draw eco-conscious customers, and build brand loyalty.

The Dynamic Capabilities Framework also stresses the necessity for companies to change and rearrange their resources in reaction to evolving environmental conditions. Companies that adopt green innovation are better able to negotiate the intricacies of sustainability, hence enabling them to react to regulatory demands, changing customer tastes, and the more general society movement toward sustainability. In a fast changing corporate environment, where failure to innovate might cause obsolescence, this flexibility is very critical.

Our work finds a number of important enablers supporting the effective execution of sustainable business models. A main engine of green change is leadership dedication. Leaders that give sustainability top priority motivate their staff and build a company culture that respects creativity and environmental responsibility. Encouraging an atmosphere where people feel empowered to support sustainability projects and try with fresh ideas depends on this cultural change.

Moreover, the road to sustainability depends on active involvement of stakeholders. Businesses that actively include stakeholders—including consumers, suppliers, staff members, and community members—in their sustainability initiatives are more likely to see significant results. This cooperation may result in the co-creation of value, as stakeholders provide ideas and resources improving the company's sustainability efforts. Open

communication and openness help companies to create trust and improve their connections with stakeholders, hence enabling more strong sustainable business models.

Though green innovation and sustainable business models have obvious advantages, our study also draws attention to several challenges businesses have to negotiate. The natural aversion to change that often prevails inside companies is a major difficulty. Conventional corporate attitudes and procedures can impede the acceptance of creative ideas for environmental preservation. Businesses have to spend money on change management plans that inform staff members on the need of sustainability and the possible advantages of green innovation in order to overcome this opposition.

Inconsistent regulations and legal frameworks can contribute to confusion for companies trying to adopt sustainable practices. Creating an enabling climate for green innovation is mostly the responsibility of policymakers. Governments may motivate companies to put money into green technology and sustainable business models by setting unambiguous rules and incentives for sustainable activities. Fostering a culture of sustainability that penetrates the whole economy depends on this convergence between policy and corporate strategy.

The effective integration of green innovation into corporate strategies depends on corporate culture, which is increasingly important. A culture that values sustainability motivates people to adopt creative ideas and own sustainability projects. Businesses that foster a strong sense of purpose, where staff members grasp the larger influence of their job on society and the environment, are more likely to motivate dedication to sustainability objectives.

Furthermore, companies have to understand that sustainability is a never-ending road rather than a goal. Environmental issues are always changing, hence companies have to be nimble and receptive to fresh ideas. Businesses may build an atmosphere where green innovation flourishes by encouraging a culture of ongoing learning and experimentation. Ensuring that sustainability stays a central priority of the company even when external circumstances change depends on this cultural change.

The results of this study are important for both politicians and management. The study emphasizes for managers the need of including sustainability into the strategic decision-making process. Adopting a proactive attitude to green innovation helps companies not only reduce their environmental effect but also find fresh value streams. This calls for a dedication to promoting a culture of sustainability, including stakeholders, and always assessing and changing corporate plans in reaction to developing trends.

Conversely, lawmakers are essential in changing the scene for sustainable corporate practices. Governments may help companies to give sustainability top priority by building encouraging regulatory systems and offering incentives for green innovation. Cooperative initiatives between the public and commercial sectors might result in creative solutions tackling urgent environmental issues that also foster economic development.

Although this work adds to the current understanding on sustainable strategy, it also paves paths for further investigation. The study of certain businesses and sectors to see how green innovation appears in various settings is one subject that merits more research. Comparative research could highlight excellent practices and lessons learnt from companies that have effectively adopted sustainable business strategies.

Longitudinal studies might also help to highlight the long-term effects of green innovation on organizational performance and competitiveness. Knowing the time dynamics of sustainability projects can help academics to spot elements supporting ongoing success in green innovation.

Examining the role of technology in enabling green innovation helps to highlight last possible future research as well. Digital technologies' ability to promote sustainable behaviors and improve operational efficiencies should be investigated as they progress. Examining the interaction between technology developments and sustainability can help companies wanting to use creativity for environmental advantage to get insights.

Ultimately, for companies negotiating the complexity of the contemporary business scene, combining green innovation and sustainable business models is a strategic need. Embracing sustainability as a fundamental element of their plans helps businesses not only solve environmental issues but also provide fresh possibilities for expansion and distinction. The results of this study underline the importance of leadership, corporate culture, stakeholder involvement, and policy consistency in promoting green transformation. The ideas offered here provide a useful road map for both managers and politicians as companies change in reaction to shifting society demands, hence guiding a more sustainable and responsible future.

REFERENCES

- [1] A. Salamzadeh, M. Hadizadeh, Y. Yazdanpanah, and A. G. Agu, "16 Marketing Innovation Drivers: Toward Reusing and Recycling," in *Fashion and Environmental Sustainability*, L.-P. Dana, R. Boardman, A. Salamzadeh, V. Pereira, and M. Brandstrup, Eds., De Gruyter, 2023, pp. 203–222. doi: 10.1515/9783110795431-016.
- [2] S. E. Ogbeibu Jude; Senadjki, Abdelhak; Gaskin, James; Kaivo-oja, Jari, "Technological turbulence and

- greening of team creativity, product innovation, and human resource management: Implications for sustainability,” *Journal of Cleaner Production*, vol. 244, no. NA, pp. 118703-NA, 2020, doi: 10.1016/j.jclepro.2019.118703.
- [3] C. C. Cheng Liebing; Zhong, Huihui; He, Yining; Qian, Jiahong, “The Influence of Leader Encouragement of Creativity on Innovation Speed: Findings from SEM and fsQCA,” *Sustainability*, vol. 11, no. 9, pp. 2693-NA, 2019, doi: 10.3390/su11092693.
- [4] H. von W. Evanschitzky Florian; Woisetschläger, David M., “Service & solution innovation: Overview and research agenda☆,” *Industrial Marketing Management*, vol. 40, no. 5, pp. 657–660, 2011, doi: 10.1016/j.indmarman.2011.06.004.
- [5] M. Ajzen, G. Rondeaux, F. Pichault, and L. Taskin, “Performance et innovation en PME : une relation à questionner1,” *ipme*, vol. 29, no. 2, pp. 65–94, Nov. 2016, doi: 10.7202/1037923ar.
- [6] T. M.; P. Amabile Michael G., “The Dynamic Componential Model of Creativity and Innovation in Organizations: Making Progress, Making Meaning,” *Research in Organizational Behavior*, vol. 36, no. 36, pp. 157–183, 2016, doi: 10.1016/j.riob.2016.10.001.
- [7] J.-A. Héraud, “A New Approach of Innovation: from the Knowledge Economy to the Theory of Creativity Applied to Territorial Development,” *Journal of the Knowledge Economy*, vol. 12, no. 1, pp. 201–217, 2016, doi: 10.1007/s13132-016-0393-5.
- [8] B. Frank, “Artificial intelligence-enabled environmental sustainability of products: Marketing benefits and their variation by consumer, location, and product types,” *Journal of Cleaner Production*, vol. 285, p. 125242, Feb. 2021, doi: 10.1016/j.jclepro.2020.125242.
- [9] S. Rendle, C. Freudenthaler, Z. Gantner, and L. Schmidt-Thieme, “BPR: Bayesian Personalized Ranking from Implicit Feedback,” 2012, arXiv. doi: 10.48550/ARXIV.1205.2618.
- [10] J. A.; C. Colletti Lawrence B., “Change Management Initiatives: Moving Sales Organizations from Obsolescence to High Performance,” *Journal of Personal Selling and Sales Management*, vol. 17, no. 2, pp. 1–30, 2013.
- [11] M. Giroux, J. Kim, J. C. Lee, and J. Park, “Artificial Intelligence and Declined Guilt: Retailing Morality Comparison Between Human and AI,” *J Bus Ethics*, vol. 178, no. 4, pp. 1027–1041, Jul. 2022, doi: 10.1007/s10551-022-05056-7.
- [12] J. C.; N. Anderson James A.; van Rossum, Wouter, “Customer value propositions in business markets,” *Harvard business review*, vol. 84, no. 3, pp. 90–149, 2006.
- [13] M. S.; R. Balaji Sanjit Kumar, “Value co-creation with Internet of things technology in the retail industry,” *Journal of Marketing Management*, vol. 33, no. 1–2, pp. 7–31, 2016, doi: 10.1080/0267257x.2016.1217914.
- [14] M. A.; T. Goralski Tay Keong, “Artificial intelligence and sustainable development,” *The International Journal of Management Education*, vol. 18, no. 1, pp. 100330-NA, 2020, doi: 10.1016/j.ijme.2019.100330.
- [15] S. Ouhadi, A. Hamliri, and L. Boumahdi, “Modalités d’utilisation des indicateurs de performance par les dirigeants des PME marocaines : les résultats d’une recherche empirique The different uses of the Performance measures by the managers of moroccan SMEs: the results of empirical research,” vol. 4, p. 18.
- [16] C. F. Fearon Marco; van Vuuren, W.; McLaughlin, Heather, “Developing new opportunities, entrepreneurial skills and product/service creativity: a ‘Young Enterprise’ (YE) perspective,” *Studies in Higher Education*, vol. 46, no. 6, pp. 1081–1098, 2019, doi: 10.1080/03075079.2019.1672643.
- [17] A. Bozorgi, S. Samet, J. Kwisthout, and T. Wareham, “Community-based influence maximization in social networks under a competitive linear threshold model,” *Knowledge-Based Systems*, vol. 134, pp. 149–158, Oct. 2017, doi: 10.1016/j.knosys.2017.07.029.
- [18] M. Guo, X. Li, and Y. Wei, “Bibliometric analysis of the art market: from art price to market efficiency,” *Data Science and Management*, vol. 7, no. 4, pp. 349–360, Dec. 2024, doi: 10.1016/j.dsm.2024.03.006.
- [19] F. Brulhart and S. Ghera, “Stratégie environnementale proactive, compétences naturelles, et performance économique : une approche par la théorie des ressources et compétences,” *mi*, vol. 20, no. 1, pp. 94–113, May 2018, doi: 10.7202/1045358ar.
- [20] A. Hassi, “Empowering leadership and management innovation in the hospitality industry context: The mediating role of climate for creativity,” *International Journal of Contemporary Hospitality Management*, vol. 31, no. 4, pp. 1785–1800, 2019, doi: 10.1108/ijchm-01-2018-0003.
- [21] N. J. Coviello Richard M., “Creating Major Innovations with Customers: Insights from Small and Young Technology Firms,” *Journal of Marketing*, vol. 76, no. 6, pp. 87–104, 2012, doi: 10.1509/jm.10.0418.
- [22] N. A. S. R. Burhan Razli Che; Salleh, Fauzilah; Tovar, María Elena Labastida, “The higher intelligence of the ‘creative minority’ provides the infrastructure for entrepreneurial innovation,” *Intelligence*, vol. 65, no. NA, pp. 93–106, 2017, doi: 10.1016/j.intell.2017.09.007.
- [23] M. Elo, I. M. Coy, S. C. E. Silva, and X. Zhang, “Diaspora networks in international marketing: how do ethnic products diffuse to foreign markets,” *EJIM*, vol. 14, no. 4, p. 693, 2020, doi: 10.1504/EJIM.2020.107606.
- [24] Z. Alrawadieh, Z. Alrawadieh, and G. Cetin, “Digital transformation and revenue management: Evidence

- from the hotel industry,” *Tourism Economics*, vol. 27, no. 2, pp. 328–345, Mar. 2021, doi: 10.1177/1354816620901928.
- [25] J. S. Guo Qin; Zhang, Qian, “Individual Creativity during the Ideation Phase of Product Innovation: An Interactional Perspective,” *Creativity and Innovation Management*, vol. 26, no. 1, pp. 31–48, 2017, doi: 10.1111/caim.12205.
- [26] A. E. Guenther Boris; Dong, Andy, “Creativity and successful product concept selection for innovation,” *International Journal of Design Creativity and Innovation*, vol. 9, no. 1, pp. 3–19, 2020, doi: 10.1080/21650349.2020.1858970.
- [27] C. Mele, “Value innovation in B2B: learning, creativity, and the provision of solutions within Service-Dominant Logic,” *Journal of Customer Behaviour*, vol. 8, no. 3, pp. 199–220, 2009, doi: 10.1362/147539209x469308.
- [28] V. Kumar and S. Mittal, “Mobile marketing campaigns: practices, challenges and opportunities,” *IJBIR*, vol. 21, no. 4, p. 523, 2020, doi: 10.1504/IJBIR.2020.105996.
- [29] B. S. Fahimnia Joseph; Davarzani, Hoda, “Green supply chain management: A review and bibliometric analysis,” *International Journal of Production Economics*, vol. 162, no. NA, pp. 101–114, 2015, doi: 10.1016/j.ijpe.2015.01.003.
- [30] H. S. Bansal and P. A. Voyer, “Word-of-Mouth Processes within a Services Purchase Decision Context,” *Journal of Service Research*, vol. 3, no. 2, pp. 166–177, Nov. 2000, doi: 10.1177/109467050032005.
- [31] S. M. Im Mitzi M. ; Workman, John P., “Antecedents and Consequences of Creativity in Product Innovation Teams,” *Journal of Product Innovation Management*, vol. 30, no. 1, pp. 170–185, 2012, doi: 10.1111/j.1540-5885.2012.00887.x.
- [32] E. Moriuchi, “‘Social credit effect’ in a sharing economy: A theory of mind and prisoner’s dilemma game theory perspective on the two-way review and rating system,” *Psychology & Marketing*, vol. 37, no. 5, pp. 641–662, 2019, doi: 10.1002/mar.21301.
- [33] C. Prahalad, “The Core Competence of the Corporation,” in *Strategic Learning in a Knowledge Economy*, Elsevier, 2000, pp. 3–22. doi: 10.1016/B978-0-7506-7223-8.50003-4.
- [34] D. C. Ahrholdt, S. P. Gudergan, and C. M. Ringle, “Enhancing loyalty: When improving consumer satisfaction and delight matters,” *Journal of Business Research*, vol. 94, pp. 18–27, Jan. 2019, doi: 10.1016/j.jbusres.2018.08.040.
- [35] A. Ahani et al., “Revealing customers’ satisfaction and preferences through online review analysis: The case of Canary Islands hotels,” *Journal of Retailing and Consumer Services*, vol. 51, pp. 331–343, Nov. 2019, doi: 10.1016/j.jretconser.2019.06.014.
- [36] N. A. S. Almurqab, “Determinants that Influence Consumers’ Intention to Purchase Smart Watches in the UAE: A Case of University Students,” *Adv. sci. technol. eng. syst. j.*, vol. 6, no. 1, pp. 1249–1256, Feb. 2021, doi: 10.25046/aj0601142.
- [37] L. Z. An Wenjing; Ou, Menghua; Li, Gang; Yu, Chuanming; Wang, Xiaofen, “Measuring and profiling the topical influence and sentiment contagion of public event stakeholders,” *International Journal of Information Management*, vol. 58, no. NA, pp. 102327-NA, 2021, doi: 10.1016/j.ijinfomgt.2021.102327.
- [38] A. Lemmens and S. Gupta, “Managing Churn to Maximize Profits,” *SSRN Journal*, 2017, doi: 10.2139/ssrn.2964906.
- [39] A. De Keyser, S. Köcher, L. Alkire (Née Nasr), C. Verbeeck, and J. Kandampully, “Frontline Service Technology infusion: conceptual archetypes and future research directions,” *JOSM*, vol. 30, no. 1, pp. 156–183, Jan. 2019, doi: 10.1108/JOSM-03-2018-0082.
- [40] J. A. Altarriba Mary C., “Divergent Thinking in Survival Processing: Did Our Ancestors Benefit From Creative Thinking?,” *Evolutionary psychology: an international journal of evolutionary approaches to psychology and behavior*, vol. 19, no. 1, pp. 1474704921994028-NA, 2021, doi: 10.1177/1474704921994028.
- [41] D. W. ; M. Dahl Page, “The Influence and Value of Analogical Thinking During New Product Ideation,” *Journal of Marketing Research*, vol. 39, no. 1, pp. 47–60, 2002, doi: 10.1509/jmkr.39.1.47.18930.
- [42] O. A. van W. Desmet Marjolijn; Poelman, Mariska; Hoogeveen, Lianne; Yang, Yao, “Validity and Utility of the Test of Creative Thinking Drawing Production for Dutch Adolescents,” *Journal of Advanced Academics*, vol. 32, no. 3, pp. 267–290, 2021, doi: 10.1177/1932202x21990099.
- [43] S. S. Armstrong Anders; Bostrom, Nick, “Thinking Inside the Box: Controlling and Using an Oracle AI,” *Minds and Machines*, vol. 22, no. 4, pp. 299–324, 2012, doi: 10.1007/s11023-012-9282-2.
- [44] J. D. ; I. Hoffmann Zorana; Maliakkal, Nadine, “Creative Thinking Strategies for Life: A Course for Professional Adults Using Art,” *The Journal of Creative Behavior*, vol. 54, no. 2, pp. 293–310, 2018, doi: 10.1002/jocb.366.
- [45] K. R. ; K. Tuli Ajay K. ; Bharadwaj, Sundar G., “Rethinking Customer Solutions: From Product Bundles to Relational Processes,” *Journal of Marketing*, vol. 71, no. 3, pp. 1–17, 2007, doi: 10.1509/jmkg.71.3.1.