

Chapter 10

Business Model Innovation and Gender: The Relationship With Digital Broadband and Sustainability in the Next Normal

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ABSTRACT

This chapter determines how digital broadband as the basis for remote work (DBD) and sustainability (SUS) influence the business model innovation for social impact startups by gender management (BMI) facing the post-COVID-19 pandemic ravages in emergent economies like Mexico to the next normal. The literature review applied the analytic hierarchy process to determine the model's factors and variables. The survey data was on 180 Mexican social startup CEOs as survivors in the second half of 2020. Confirmatory factor analysis and structural equation modeling were applied for the model's validity. Fuzzy set qualitative comparative analysis was extracted with different patterns solutions combinations of BMI factors: entrepreneurship profile, market knowledge, strategic analysis, key performance indicators, business plan, value proposition, the relationship with digital broadband as the basis for remote work, and sustainability eliciting business strategies.

INTRODUCTION

To face the COVID-19 crisis, government institutions, business chambers and academic centers have called for innovation initiatives, such as the launching of startups (CEPAL, 2020). However, in Mexico, 75% of startups closed their business after the second year of existence, which means that only 25% of them remain up-to-date (El Financiero, 2016).

The COVID-19 pandemic and the next normal have triggered and accelerated the shift to the automation and digitization revolution to the next normal. Approximately 39% to 58% of work worldwide in operationally demanding sectors can be automated using currently demonstrated technologies (McKinsey,

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2020a). Simultaneously, due to their innovative nature of the SIS and their growth, these situations have created many female entrepreneurship opportunities. However, the mainstream literature on startups has elaborated the gender performance gap hypothesis (Demartini, 2018). Therefore, the challenge, usefulness, and originality of this research lie in the proposal of a framework and confirmation of every underlying factor, variable, and indicator involved in social impact startups managed by women in order to address emergency contexts (such as COVID-19 pandemic) and face the economic ravages in the next normal.

The Oslo Manual and the Business Model Innovation

The last edition Oslo Manual defines innovation (OECD, 2018, p.20):

“An innovation is a new or improved product or process (or a combination thereof) that differs significantly from the unit’s previous products or processes and that has been made available to potential users (product) or brought into use by the unit (process).”

Hence, here we adopted the concept of a SIS as a business model innovation that (OECD, 2018, p.242) “...it relates to changes in a firm’s core business processes as well as in the main products that it sells, currently or in the future” based one or several sustainable development goals published by United Nations (UN, 2015).

The Meaning of the Social Impact Startup in Mexico

According to ASPEN (2017), in Mexico, are registered 416 startups, with more than half aimed to work with social impact interest; Mexico is the country where startup ecosystems are more distributed in its territory, with 32% of startups in Mexico City, 10% in Guadalajara, and 8% in Monterrey (OECD, 2016).

Unfortunately, the COVID-19 pandemic and the next normal ravaged that economic backbone by failing to contain the loss of 12.5 million jobs in Mexico. The country’s employed population fell from 55.7 million in March to 45.4 million in April of 2020; this means 2.1 million formal jobs versus 10.4 million informal jobs (El Financiero, 2020).

Some innovative new SIS have responded quickly and flexibly to the pandemic, which is essential to help many countries switch to digital education, work, and health services provided innovations in medical goods and services (OECD, 2020). Additionally, the SIS concept is defined here as a startup that is aimed to solve one or several of the 17 sustainable development goals determined by the United Nations (UN, 2015).

Despite all of the above, most startups have a common denominator: they usually fail. Hence, this study aims to determine factors and indicators involved as a reliable business model innovation scale, capable of maintaining the successful momentum of the startups that respond quickly to market changes, focus on results, and deliver value to customers (McKinsey, 2020b).

The Role of Gender in the Management of the Social Impact Startup

Several studies have shown that there is no gender difference between the performance of firms (Johnsen & McMahon, 2005). However, other studies have pointed out that is gendered organizational performance. In this sense, firms owned by women are less successful than those owned by men (Shaw et al.,

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