Chapter 3.6
A Model for Improving the Adoption of Sustainability in the Context of Globalization and Innovation

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ABSTRACT

This chapter presents the foundations of a conceptual model for connecting the key elements necessary for corporations to adopt sustainability in the context of the global economy and strategic innovation. While there are numerous theories and practical methods for managing in a national or even regional markets, most of them lack the sophistication necessary for leading change in a global business environment. With the advent of globalization, the complexities of doing business on a global basis have increased dramatically over the last two decades. While sustainability involves many perspectives, strategies, actions, and management constructs, the chapter focuses on how global corporations employ strategic innovations in response to the driving forces in the global economy and how they can improve their level of management sophistication in a turbulent business environment. The model incorporates the concepts of sustainability and sustainable development in creating the solutions, systems and structures for doing business in the global economy. It focuses on strategic innovations that provide more positive aspects and fewer negative ones. Sustainability and sustainable development are based on proactive strategies and actions that exceed expectations and outperform peers and competitors alike. Strategic innovations are dramatic changes that have the potential to create dramatic new solutions that create exceptional value and eliminate or reduce negative effects and impacts. Strategic innovations include radical technological innovations, business model innovations, product developments, and organizational developments that are game changers.

INTRODUCTION

This chapter presents a model for adopting sustainability and sustainable development (SD) in business organizations based on the perspectives of globalization and the management constructs associated with strategic innovation. Globalization involves the development of an integrated global economic system. It is based on fewer time and distance constraints, the reduction in the costs of global communications and logistics, the removal of trade restrictions, and enhancements in information flows and currency exchanges. Today, advanced technologies and sophisticated management methods and practices have dramatically improved the efficiency, effectiveness, and benefits of international trade. While incredible improvements have been made over the last decade, there are many more changes necessary to ensure that globalization is a positive force resulting in sustainable outcomes for all of the participants. Given that globalization is still far from a true reality, sustainability and SD are essential constructs for achieving positive gains and reducing negative effects and impacts.

Sustainability involves the quest toward more ideal solutions and sustainable success over time. It necessitates more inclusive and innovative approaches for collaboration, cooperation, integration, and innovativeness in developing and deploying the best possible solutions for enhancing the well being of people, preserving the natural environment, and ensuring social and economic stability. It requires creating new-to-the-world solutions that are based on clean technologies and innovative products and more efficient, effective, and less polluting systems; ones that provide mostly positive benefits with few defects, burdens, problems, and significantly less pollution and waste. Sustainability involves a transformation to higher levels of sophistication in how business leaders and government officials formulate and implement strategies, policies, and actions plans to achieve such outcomes.

SD is a critical element of sustainability that focuses on developing and deploying strategic innovations that exceed the expectations customers, stakeholders, and people. SD focuses on protecting the natural environment and enhancing the social and economic world as well as achieving superior strategic, market, and financial results by the corporations. SD involves obtaining the best outcomes possible for the present generation and ensuring that future generations can realize their aspirations for social and economic well being in harmony with the natural world. SD originated in 1987 by the World Commission Environment and Development for the General Assembly of the United Nations that prepared the Brundtland Report, entitled *Our Common Future*. In the report, SD refers to the notion "that it [humankind] meets the needs of the present without compromising the ability of future generations to meet their own needs." (The World Commission of Environment and Development, 1987, p8)

Strategic innovation refers to technological innovations and high-level product developments that have the potential to change the global competitive landscape based on advancements in the benefits provided to customers and stakeholders, and significant reductions in the negative effects and impacts associated with existing technologies and products. Creating, developing and deploying strategic innovations offer bright prospects for an enhanced global business environment with the greater possibilities for more people worldwide to enjoy the solutions provided by businesses.

Specifying precisely what strategic leaders must do to achieve sustainability, SD and strategic innovation is an arduous task. Given that an all-compassing model linking globalization, sustainability, SD and strategic innovation may not be possible in the short term, developing and gaining acceptance of a general model that fits multinational enterprises (MNEs), transnational

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