

# IMPACT OF SUSTAINABILITY ON BUSINESS ECOSYSTEM: GOING GREEN

*Research review*

Mario Silic, Swiss School of Business and Management, Switzerland, mario@ssbm.ch

Marijana Leontic, Visoka skola za sigurnost (VSS), Croatia, marijana@vss.hr

Luka Lesko, Visoka skola za sigurnost (VSS), Croatia, Swiss School of Business and Management, Switzerland, luka@vss.hr

## Abstract

*Impact of sustainability on business ecosystem is an important area that may impact various organizational aspects. Being more competitive and gaining a competitive advantage is something that each organization is looking to achieve. Is sustainability the right direction and how it may help companies in achieve the competitive advantage? Research in this is still at nascent stages and more research will help to better understand the complex interplay between the sustainability and going green. In this research review, we explain the complexity behind the sustainability and the business dimension and propose several new avenues for research. This research review can provide useful insights to practitioners and scholars on the role of sustainability in the business model innovation.*

*Keywords: business ecosystem, going green, sustainability*

## 1 Introduction

Sustainability is an increasingly important topic for many businesses. According to Joo et al. (2018), a sustainable business can be an important source of competitiveness. The call for a more sustainable economy has been even more pronounced during the Covid 190 pandemic (Bamakan, 2021). This “brave new world” (Sarkis et al., 2020) led us to learn some important lessons while transitioning to sustainable business operations.

Clearly, a legitimate question would be: how business ecosystems can drive sustainability?

Business sustainability, in this context represents all practices in which a business would be operated and run in such a way that environment impact would be minimal. Porter and Derry (2012) developed a complexity-based framework for understanding and managing sustainability in complex adaptive systems and called this approach “sustainability thinking”. Despite a number of scholars that approached this complex topic from various angles, is clear that driving the change requires significant efforts and different levels and layers of an organization.

An interesting idea of creating a business ecosystem that would drive sustainability emerged recently suggests that the right approach should take “a specific form of business collective action wherein a dynamic group of independent businesses creates products or services that together constitute a coherent solution to a marketplace or consumer need” (David et al., 2021). Indeed, a business ecosystem is a fairly complex approach that requires a thought approach before the implementation phase.

Ludeke et al. (2018) suggest that the right business model innovation should be used to approach the sustainability. They proposed 45 patterns to support sustainability-oriented business model innovation. Interestingly, Schaltegger (2012) explained that significant body of literature dealt with the creation of economic value while, at the same time, leveraging sustainability and increasing corporate environmental and social performance.

In this paper, we discuss the challenges and difficulties that can be found in the literature when it comes to leveraging sustainability through a business ecosystem.

We use a meta literature approach to systematically analyze past literature. Our results demonstrate that going green is not the task that can be easily achieved as building a business ecosystem goes beyond a mere implementation of the sustainability and the underlying mechanisms.

## **2 Going green**

Čekanavičius et al. (2014) suggest that going green may vary considerably between one country to another one. Authors analyzed green way of doing business by comparing Lithuanian and Irish companies and found that “green” attitudes and practices are not the same. For example, for Irish companies being “green” opens new revenue-raising opportunities. Eltayeb (2014) research found that green initiatives can lead to significant “triple bottom line” of social, environmental, and economic benefits and, therefore, contributing to sustainable development of the society.

We can see that going green is not a simple and straightforward way that can be easily adapted without thinking of possible risks and consequences. Interestingly, even between two different countries there can be different views on how and what going green is.

In this context, impact of going green on the business continuity should be carefully evaluated and taken into consideration.

There are many positive aspects of going green and make our entire society a better place to live and work but if done wrongly the business continuity could bear important risks that should be mitigated.

For Ma et al. (2018), there is a strong link between urban sustainability and business ecosystem innovation. In their study, they showed that there is a mutual influence where sustainable values and practices can be embedded into fast changing urban context and business innovations in Shanghai.

## **3 Business ecosystem**

Creating a business ecosystem is all about designing a core value proposition which should then be embedded in the organizational strategy. For Hult et al. (2020), it is an opportunity to reposition company’s strategy to better promote overall ecosystem health. Authors suggest that Cisco was very successful in utilizing its strategy of mergers and acquisitions (M&A) for corporate growth based on a business ecosystem.

In today’s modern societies, creating a sustainable business ecosystem is a new way to achieving competitive advantage. In reality, achieving this strategic objective is not easy and requires different aspects to be taken into consideration. In order for a sustainable business to support itself and at the same time, provide profitable revenues to its owners, but on the other side, satisfy customer’s requirements, requires significant efforts and time. Larger the company gets; more difficult it can be to achieve the sustainable indicators.

When we speak of a sustainable approach, we usually speak of human, social, economic, and environmental aspects.

However, it must be taken into consideration also other factors that may not be so simple or visible at the first place.

Researchers such as Bradford et al. (2016) or Martens et al. (2017) have explored key factors of sustainability in telehealth services or project management respectively and found that corporate and academic contexts are important aspects that impact the implementation directly.

Coming back to our initial question of how business ecosystems can drive sustainability, we argue that business ecosystems need a complete business model innovation change that should be implemented at all organizational levels. It includes set of activities that should be conducted and leveraged in order to make sustainability part of the entire organizational operating model.

We argue that for such an important shift in the organizational approach, time is of essence as any business model innovation has to be implemented with the change management approach. That brings us to another point that should be further discussed and explained that refers to how to make the change. A lot has been researched and said in the past literature when it comes to the implementation of the change but in this context, where sustainability can be at the same time seen as an opportunity but also as a risk, it is evident that the right approach is needed. Question is: what is that right approach?

We believe that more research is needed in this are to uncover and bring new insights on the right approach that should be taken.

Different contexts can shed and reveal different results. We believe that business continuity as part of the entire organizational ecosystem is an important aspect that calls for further investigation.

## 4 Conclusion

Research in this area is still at nascent stages and there are some good reasons for that. Sustainability is something about what everyone talks about but when it comes to the practical implementations there are not so many good and successful examples. Real business model innovations done in a sustainable way are still missing. How could Cisco approach and build its ecosystem in the sustainable way? Cisco does a nice effort, like many other companies do, in presenting their environmental sustainability report (Figure 1).

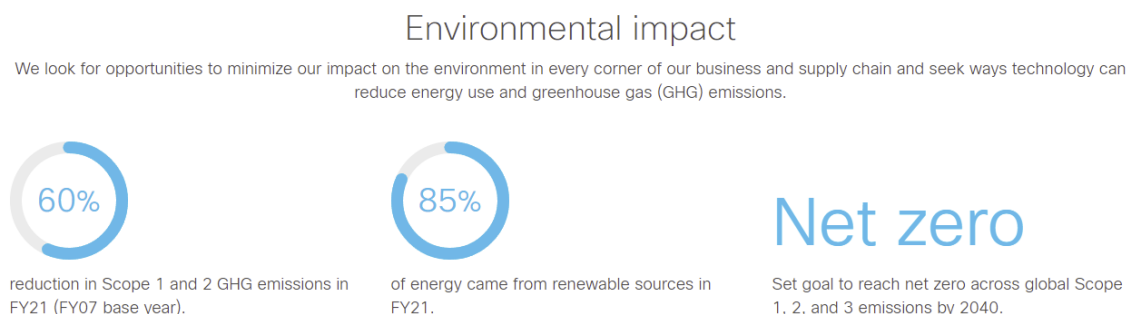


Figure 1. Cisco report (source: <https://www.cisco.com/c/en/us/about/csr/environmental-sustainability.html>)

However, quite often, the reports are just reports and more research based evidence is needed to demonstrate how business ecosystems could benefit from the sustainability in the short and long term.

According to Winn and Pogutz (2013), more research is needed in this area.

In conclusion, there is an important avenue for new research that could provide new insights into the role of sustainability in the organizational context and in particular when building business ecosystems. In other words, going green is direction to take but how, when and at what price are the questions that call for further research.

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