

INDIA – MALAYSIA

Bilateral Relations in the 21st Century

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Dr. I. Parvin Banu

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India – Malaysia Bilateral Relations in the 21st Century

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THE ROLE OF INNOVATION IN SUSTAINABLE DEVELOPMENT

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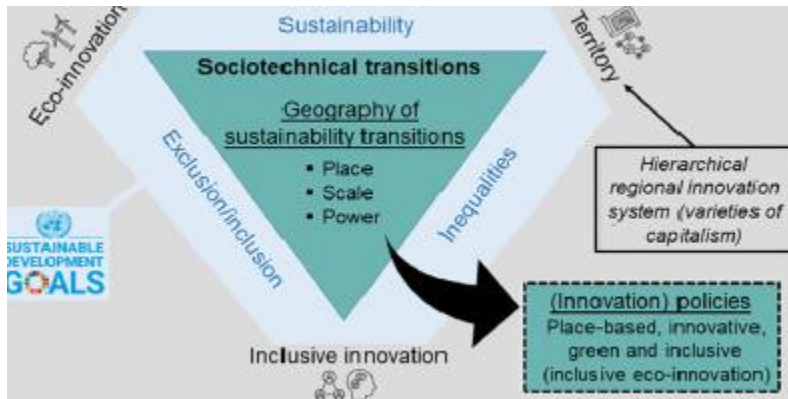
Abstract---Sustainable innovation consists of making intentional alterations to an organisation's services, processes, and products to create long-term environmental and social benefits while ensuring economic profits for the business. This kind of innovation allows companies to invent and provide novel services or products that directly contribute to achieving global sustainability. However, businesses can also innovate sustainably while providing existing services or products when they integrate sustainable product design into their processes. Process changes can happen in a multitude of areas, including production, design, marketing, and human resources. Sustainable innovation intentionally aims to further the climate agenda. It requires organizations to actively embed issues like climate change and human rights into their innovation processes. Businesses that engage in sustainable innovation go further than merely seeking profits. They think of growth in the long term and about investing in people and technology for the future.

Keywords---Innovation, Sustainable Development, Technological Innovation, Environment Development.

1. Introduction

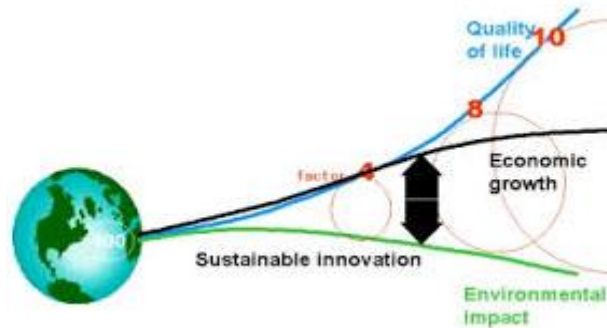
Innovation also plays a critical role in addressing social challenges. Poverty, inequality, and access to basic services such as healthcare and education are some of the most significant social challenges faced by communities around the world. Through innovation, we can develop new solutions that address these challenges, improving the lives of millions of people. For example, innovative technologies such as telemedicine can help provide access to healthcare in remote areas where it was previously unavailable. Similarly, innovations in education such as e-learning platforms can help make education accessible to people who may not have access to traditional educational institutions.

In addition to environmental and social challenges, innovation can also play a significant role in economic development. Innovation can help create new industries, jobs, and opportunities, driving economic growth and development. For example, the development of new technologies and products can lead to the creation of new industries and markets, boosting economic growth. Similarly, innovation in agriculture can help increase food production, improving food security and providing new opportunities for farmers.



A historical contribution to the building of the concept of innovativeness was made by J. Schumpeter, whose work was devoted to clarifying and emphasising the role of innovation and entrepreneurship. J. Schumpeter pointed to have cases of innovation as follows (Schumpeter, 1960):

- The implementation of new products that consumers had not been familiar with prior to this, or a new type of product.
- The introduction of a new production method, which has not yet been practi-
- The introduction of a new production method, which has not yet been practi-
- The introduction of a new production method, which has not yet been practi-cally tested in a given industry.



2. Business Model Innovation

Sustainable innovativeness has for some time been acknowledged to be a key determinant of business and societal change, as well as the answer to the increasing complexity of the environment in which businesses operate. Despite considerable interest in the drivers of sustainable innovation at the level of enterprises, there is little knowledge about the role of sustainable activities in the innovative models and the performance of innovation-focused enterprises (Al-Baghdadi et al., 2021).

A. Osterwalder and Y. Pigneur described the BM as the fundamental principle of creating, maintaining and exchanging value – the BM should be dynamic due to the constantly changing environment (Osterwalder & Pigneur, 2010). BMI was initially as the process of discovering fundamentally new BMs in an existing business (Markides, 2006), thereby modifying or modernising the exist-ing business logic of how value is created and captured (Foss & Saebi, 2017).

3. Sustainable Business Model Innovation

In recent years, a new form of BMI has emerged by incorporating the sustainability concept into the firm's goals and processes. We define sustainable business model innovation (SBMI) as a change in how a firm operates to create a positive impact or reduce the negative consequences for the environment and society (Ferlito & Faraci, 2022). SBMI builds on the traditional BMI but applies it to a more expanded context. The basic idea is to test the company's current BM for sustainability against a broader temporal, societal, and spatial context so that its vulnerability to externalities, its sustainability limits, and its potential to create new environmental and societal value all become apparent. Secondly, it explores BMs by applying a combination of modular "transformations" to address limits and leverage potentials. Subsequently, it connects

BMI's back to the core drivers of business advantage and financial performance to assess how they can deliver both value and sustainability. New models are piloted and tuned to seize an advantage in the market, and also with investors and stakeholders, as well as to understand what changes are needed in the business ecosystem or at the industry level to create the right context for success (Young & Reeves, 2020).

Six policy areas are central to this sustainable development strategy:

1. **Energy:** The development of cheap and efficient clean energy technology has changed the landscape for sustainable development. Policies that scale up renewable energy generation and distribution need to be top priority, as they will fundamentally change the strict growth-environment trade-offs that have historically characterised economic development.
2. **Conservation:** Developing countries enjoy abundant reserves of valuable natural assets, such as forests and biodiversity. Their depletion severely affects human wellbeing and is a major source of emissions. Conserving these assets in a way that minimises economic costs is of paramount importance.
3. **Firm upgrading:** Firms do not have the right incentives to deliver the necessary amount of innovation for sustainable development. There is thus a strong case for the government to promote green innovation through firm-upgrading policies, using a mix of subsidies, taxes, and regulation.
4. **Labour markets:** Unemployment among youth and in urban areas are major policy problems for low- and middle-income countries. Tackling these issues has become more urgent due to climate change, since formal jobs can offer protection against climate shocks. Hence, establishing adequate skill creation and worker-firm matching policies will be essential to fairly sharing the gains from development with the new generations and broader sections of society.
5. **Spatial:** Economic development is accompanied by fast urbanisation and large movements of people across space. Governments in developing countries need to make the necessary investments to ensure their cities offer maximum protection from environmental externalities. Further, they need to minimise barriers that may prevent the reorganisation of labour and capital across space in response to a changing environment. Place-based policies can maximise the gains of spatial reallocation, boosting productivity in winning locations and offering policy support to rural locations that will experience large out-migration.