

The role of sustainable development to increase the survival rate of start-ups

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Abstract

Most of all, the globe is concerned about our influence on the environment. Sustainable development has become a key concern of now and tomorrow, and ecology has become a good trend to follow.

The research employs a qualitative descriptive approach. The purpose of this paper is to explain and expose green startups and their connection to sustainable development. As a result, this research looks at a theoretical way to showing the link between these two concepts.

According to the findings, a broad sustainability orientation among start-ups might hasten the entire process of reshaping industry and commerce toward more sustainable business practices. Whereas entrepreneurs' opinions on ethical, social, and environmental issues appear to be comparable to those of huge companies, entrepreneurs are more concerned with about the participation, such as customers, workers, suppliers, and investors.

Keywords: start up, green, sustainable development, survive.

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INTRODUCTION

According to PitchBook, almost 1,200 privately owned green businesses raised a record \$45 billion last year, about doubling the previous year's amount. Sustainability-related companies raised just as much money by going public on US stock exchanges, giving the industry a \$90 billion war fund (Ramkumar, 2022).

Additionally, companies and industries face serious the dual issue of developing economic prospects while also dealing with environmental challenges. As a result, green growth comes out as a viable answer to this twin dilemma. The startup environment is dynamic, with ever-changing trends, technology, and new areas. That is why companies must be informed on the state of the industry.

There is a growing interest in sustainability, as well as a shared awareness that sustainable development must take into account three pillars: ecological, economic, and social sustainability (Brundtland et al. 1987).

In reaction to global climate change and economic recession, businesses embrace green innovation to increase the value of their products and support economic growth, establishing the green economy as a new worldwide economic development trend. Customers, on the other hand, are becoming more conscious of green products and ethical consumption, and executives are becoming more aware that there is a balance between companies' economic ambitions and environmental conservation by attempting to make their products environmentally compatible.

According to the “green economy”, numerous innovative efforts have recently been committed to the challenge of using and looking for alternative energy sources to lessen the impact of human activities on Earth. Indeed, seeking sustainable development is becoming increasingly a worldwide concern (Serio et al., 2020).

Although there are papers addressing sustainability in start-ups, they are still scarce and unstructured. Because of the rate at which the market develops, the growth of the number of start-ups, and the rising social

awareness of environmental issues, the outcomes in numerous situations contradict each other (Boar-Boar & Oliveras-Villanueva, 2019).

The key question in the debates taking place in these sectors is what it means to be social or responsible. The United Nations' Sustainable Development Goals are the most commonly acknowledged framework for articulating both social and environmental goals (2017) (Tiba et al., 2021).

This implies that "green" start-ups, which develop and implement products or services that contribute to the goals of a green economy (lowering greenhouse gas emissions, increase energy efficiency, incorporating a circular economy method, and so on), ought to be a big issue in innovation and environmental policy. However, little is known about the unique problems that green start-ups face (Bergset & Fichter, 2015).

As a result, sustainable competitiveness has recently been defined as a set of rules and guidelines that enable a company to grow more productive over time while also developing sustainably, with natural resource management, environmental protection, ecosystem stability, social equality, social evolution, and well-being as core business objectives (Mensah, 2019).

In his study, Gerlach (2013) aimed to systematise current conceptual approaches to sustainable entrepreneurship and define the role that sustainable entrepreneurs might play in the implementation of innovations in the context of sustainable development. Hence, the application of sustainable development, from this perspective, is an issue of successful innovation management. As a result, the promoter model – an innovative management model – is proposed to determine the role of sustainable entrepreneurs for sustainable development.

Ambec and Lanoie gave a first comprehensive assessment of this favourable link (2008). Their research is talking about the determinants of green technology focuses on the impacts of environmental legislation on the one hand, as well as their effect on business economic and financial performances on the other (Colombelli & Quatraro, 2017).

Start-ups and its solution are considered beneficial for long-term development if its predicted effect is greater than the current socio-technical regime. The SNB idea is particularly useful for our study since it allows us to distinguish between effect and non-impact start-ups by examining if a business brings more sustainable alternatives to the socio-technical system (Horne & Fichter, 2022).

This paper is aimed at filling this gap by linking the concepts start-ups and sustainable development, and in particular the literature on their complex and systemic nature, to the wide body of literature that has investigated the relationship start-ups and sustainable development at the regional level

The guiding research question is: **“what is impact of sustainable development to make start-ups survive? “**

Based on this guiding question, it is hoped that this study will answer the following questions:

- What are green start-ups?
- What is the effect of sustainable development on start-ups?

Existing research on can be structured, as following: in the first section, the theoretical framework is developed talking about sustainable development pillars and start-ups. The second section presents the impact of innovations to apply sustainable development pillars. In addition, investigating the link between entrepreneurship and innovation for sustainable growth. Ultimately, a conclusion will be presented at the end of the work.

1- Conceptual framework

1-1 Sustainable development

The term sustainable development first emerged globally in the 1980s. Recent study on sustainable development has highlighted the difficulties that societies face in achieving this goal “meet the needs of the present without compromising those of the future” ([WCED, 1987](#)). In light to a

rising understanding of the importance of balancing social and economic growth with environmental care (Agbedahin, 2019). Before any people can appreciate and take the necessary activities to support Planet's carrying capacity into the twenty-first century, they must first build a sustainable alternative (Weaver, 2015).

Sustainable is a set of organizational principles that are contained and linked to achieve human development goals while also preserving natural systems' ability to supply the natural resources and ecosystem services that the economy and society rely on (ADEUSI & Elisbeth, 2022).

The major purpose of development initiatives is to stimulate private sector-driven economic growth since it immediately decreases income poverty and provides money for improving general social, humanitarian, and environmental circumstances in developing nations (Seelos & Mair, 2005). The inference is that both extremes of poverty and luxury pose a danger to ecologically sustainable development (Perrings & Ansuategi, 2000).

However, the notion is now expanding and considering a larger range of rules and interactions, necessitating the addition of new dimensions. All complimentary pillars of sustainable development (cultural, institutional, and spiritual), according to Burford et al. (2013), are targeted at dealing with human values and how they impact personal and professional life (Huttmanová & Valentiny, 2019).

The concept "sustainability" refers to a variety of programs, efforts, and actions focused at preserving a certain resource. However, it truly relates to four separate areas: human, social, economic, and environmental sustainability, which are referred to as the four pillars of sustainability.

1-1-1 Social Sustainability

To begin, social sustainability is concerned with people and their human capital. Firms and institutions committed to social sustainability strive to ensure that all people have access to universal human rights and to enhance their living situations. In other words, they help to create communities that are healthier, more equitable, and more habitable. As a result, this notion is

frequently linked to themes like health, wellbeing, safety, inclusivity, and community mobilization, and some others.

1-1-2 Environmental Sustainability

On the other side, environmental sustainability entails ensuring the long-term availability of natural resources. The ratio of emissions released into natural resources should not exceed the rate of treatment of pollutants exposed to filtration; the rate of emissions emitted into natural assets should not exceed the rate of self-refresh. Biodiversity, human health, soil and water quality, and fauna and flora life preservation are all part of the phenomena of environmental sustainability (Tufaner, 2020).

1-1-3 Economic Sustainability

Most businesses believe they are on solid ground when it comes to the economic pillar of sustainability. A firm must be lucrative in order to be long-term viable. Profit, however, cannot override the other two pillars. The economic pillar, in reality, isn't about generating money at any price. The economic pillar include actions such as compliance, effective governance, and risk management.. While they are standard operating procedures for most North American businesses, they are not so in other parts of the world ([Beattie](#),2021).

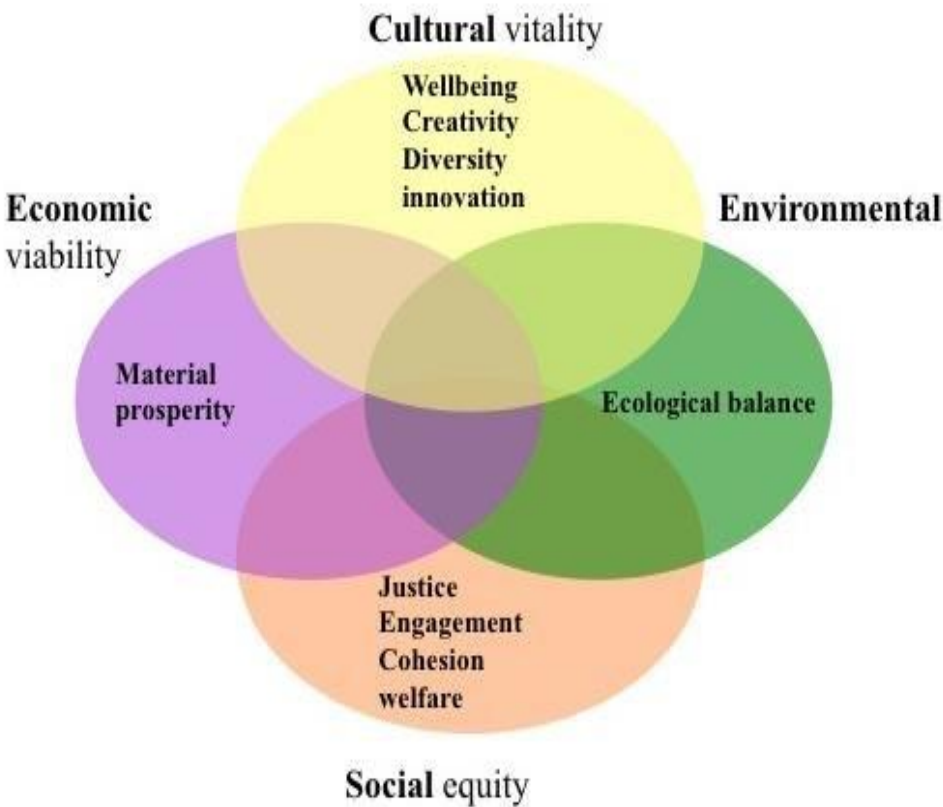
The economic dimension is very crucial links these various perspectives is the perception of 'economic' insufficiency, whether from an environmental or social aspect(Purvis et al., 2018).

1-1-4 Cultural Sustainability

Cultural industries are difficult to identify, analyse, and incorporate into a sustainable framework due to their constant change. Rather than avoiding the problem, appropriate policies are needed to regulate, support, and strengthen the role of cultural industries in achieving long-term growth (Sabatini,2019).Culture is a horizontal priority in connection to sustainable regional development, and it plays a significant role in not only stimulating,

but also facilitating sustainable development .As a result, regional success is dependent on innovation, a creative culture, and a creative economy.

Figure 01: Representation of the four pillars of sustainable development



Source: Source: Interpretation from Hawkes, 2001)

1-2Green start-ups presentation

A start-up is a business or a project that is started by entrepreneurs to create, manage, and administer a firm in its early phases of operation. The initiative provides self-employment opportunities with the goal of coming

up with unique company ideas and providing jobs for others (Chanana & More,2020).

Start-ups are new businesses created with the goal of creating a one-of-a-kind product or service, bringing it to market, and making it enticing to customers (Baldrige, 2022).

We refer to new and developing commercial companies or initiatives that are founded with the primary goal of reducing environmental consequences as "green" (or "sustainability") startups. Due to their intrinsic triple bottom line, social duty, economic value, and environmental effect, green businesses confront extra obstacles. These businesses, on the other hand, are more likely to have founders with the passion and drive to overcome obstacles, and they may develop quickly while helping to safeguard humanity's and Earth's health. Green startups play an important role as a catalyst for structural change. While established businesses excel at refining current goods, start-ups are the forerunners in bringing fundamental environmental improvements to market (Olteanun & Fichter, 2020).

But being a green start-up does not necessarily mean working in the field of ecology, or even the environment. To be defined as green, companies have to do everything possible to reduce CO2 emissions as much as possible, through innovative and effective means, in order to minimize the impact on the planet and the environment as much as possible. Thus, even a start-up working in the field of transport or real estate, for example, can be qualified as green if it does everything possible to ensure that this transport and these buildings are as ecological as possible. But obviously, the real ecology would be not to use these transports or not to build new buildings. Green startups are attracting venture capitalists and gaining new support from socially responsible investors, green investors, and popular crowd funding platforms.

2- The relation between sustainable development and start-ups:

The performance of a firm is determined by a number of aspects, one of which is environmental sustainability. Environmental factors that contribute

to the economy include government policies, infrastructure, regulations, customers, market access, industry associations, and corporations (Chillakuri et al., 2020). The good and bad effects of entrepreneurship, as well as the likelihood of success and failure, raise the subject of entrepreneurial start-up sustainability. Although sustainability is viewed from a long-term perspective, it may also be viewed from a short-term viewpoint, regarding the goals of the entrepreneur (Karani & Mshenga, 2021).

Nevertheless, establishing sustainability is more complicated than just balancing the good and negative effects of one domain on the other. It necessitates simultaneous development in the three aspects of economic, social, and environmental developments, all of which are interconnected. As a result, companies pursuing sustainability, particularly small and medium-sized businesses and start-ups, frequently face a scarcity of internal resources and capabilities (Jirapong et al., 2021).

Walley and Taylor identified three pillars of green entrepreneurs as three fundamental aspects of sustainable development, based on these characteristics: Economic success based on the pursuit of environmental quality to safeguard nature via creative and competitive processes, and economic progress based on the balance between economy and environment, and the corporate culture's social and ethical considerations centred on fostering green alternatives among businesses (Robina-Ramírez et al., 2019).

However, little is known about the unique problems that green start-ups face at this time. The funding of green start-ups, in particular, may differ significantly from that of more traditional start-ups (cf. Shepherd and Patzelt, 2011; Bergset & Fichter, 2015b).

Furthermore, born green businesses have distinct features from their larger, more established rivals. Many of the new green businesses start out as small and medium businesses (SMEs), often as spin-offs from universities or other sources. Unlike their more established and bigger predecessors, these

young businesses take their time to learn about sustainability and viability before swiftly expanding into profitable and technologically demanding niche green fields.

Green initiative start-ups are thus better positioned to benefit from radical developments based on breakthrough eco-technologies, and to internalise negative externalities at the same time (Demirel et al., 2017). There is a definite need to better understand sustainable start-ups as a particular sub-type of new ventures in both sustainable entrepreneurship research and policymaking aimed at supporting multilayer transitions toward sustainability (Olteanu & Fichter, 2022).

Entrepreneurial start-ups, charitable ventures, and established businesses engaged in digital sustainability activities are now dealing with issues that were once solely the domain of governments, non-governmental organisations, and international agencies, with a set of interventions primarily relating to the conservation and restoration of the natural world (George et al., 2020).

Green innovation in businesses has distinct qualities that are a focused representation of the enterprise's green innovation strategy. Firms in various industries with various characteristics may refer to the relevant green ideas to apply green innovation methods, save time, resources, and capital, and increase the efficiency of green innovation, if these qualities are comprehended and summarised (Zhang et al., 2020).

As a result, every company should be worried about how it contributes to planetary boundary violations. These great issues associated to ecological concerns, on the other hand, present significant potential for ecological entrepreneurs to generate and capture value by developing a business model that is oriented on the generation of such value (Kuckertz et al., 2019).

Conclusion

Green startups are starting to attract funding from venture capitalists, impact investors, and like entrepreneurs that see the necessity of sustainable enterprises as well as their value (social, environmental, and financial).

The broader support ecosystem for social companies, which includes training, incubators, mentorship, and finance, is beginning to emerge, although social entrepreneurs have viewed it as lacking thus far.

Governments have to encourage growing institutions to organise local or national groups and form cooperative networks in order to coordinate their activities. Supporting and aiding environmentally friendly (green) micro-enterprises in defining and developing their businesses by providing them with space to improve their goods and services.

Vision-directed innovation assistance is a routine practise, for example, the Ministry's steering of tenders toward the federal government's sustainability goals, but it should be stepped up, targeted toward critical green lead markets, and geared toward complete use systems.

In the same vein, the minister stated that a "room for communication between them was developed in order to encourage the collaborations that would be formed amongst green entrepreneurs." "The developing green and environmental institutions are regarded among the primary players in the transition to sustainable consumption and production practices, and they are particularly asked to engage actively in restoring the national economy.

Entrepreneurs frequently have expectations when it comes to spotting possibilities and turning them into business dreams and objectives. Failure should be one of the ambitions in business, as it is a vital component of the industry and, more often than not, acts as an informing consideration in business design and may help to long-term sustainability.

Startups do not really wait for enormous earnings to become environmentally sustainable as part of their goal to safeguard our world. They have always been environmentally conscientious, including sustainable practises and habits into the core of their energy-efficient business strategies. We are, of course, far from perfect. Sustainability may not necessarily necessitate large expenditures. It may sometimes be found in easy answers, and our goodness can help us see fresh possibilities where we previously only saw excuses. In the present climate, looking to the

future may seem challenging, but covid-19 provides a unique chance for entrepreneurs to reflect on themselves and reinvent their premises.

To sum up, the integration of new technology and the use of more ecologically friendly materials are both beneficial and very simple initiatives to take. A first step would be to replace outdated and antiquated lighting in its facilities with more environmentally friendly neon tubes.

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