Chapter 1

The Role of Innovation in Sustainable Entrepreneurship: A Holistic Framework

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ABSTRACT

Literature argues that innovation has an inherent and critical relevance in sustainable entrepreneurship (SE). However, due to the variety of innovation types and the broad spectrum covered by this concept, there is not a clear understanding of which roles innovation plays in SE. To address the limitations of current literature, the main objective of this chapter is to conduct a literature review on underlying the roles of innovation in SE. The literature analysis reveals seven different roles that innovation adopts in SE and that those have seldom been related to each other. This chapter closes this gap by discussing and suggesting an integrative and dynamic framework of how these roles possess parallel ways, superpose, and influence one another, suggesting that SE actually is about a multi-innovation implementation process.

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INTRODUCTION

In recent years, a significant body of literature has developed around sustainable entrepreneurship (SE) as well as the importance of innovation as a driver to accomplish real sustainable firms (Aghelie, Sorooshian, & Azizan, 2016; Gerlach, 2003; Schaltegger & Wagner, 2011; Shepherd & Patzelt, 2011). Hockerts and Wüstenhagen (2010) establish that SE is a unique opportunity to guarantee the well-being of future generations, due to the conception of the triple bottom line (economic, social and environmental aspects) within the entrepreneurial process and businesses. For their part, innovation is seen as one of the most important issues to achieve SE (Fellnhofer, 2017; Gerlach, 2003). Sustainable businesses, both new and incumbents firms defined as companies that has minimal negative impact on the society, environment and economy (Cooney, 2009), can be benefited by product/service, process, organizational/managerial and marketing innovations (Gibbs, 2009; Hall & Wagner, 2012; Klewitz & Hansen, 2013; York & Venkataraman, 2010).

Due to the great importance that innovation plays in traditional firms (Gunday, Ulusoy, Kilic, & Alpkan, 2011; Varis & Littunen, 2010; Wolff & Pett, 2006), it is expected that in sustainable businesses, where innovation is seen as a key element to achieve, maintain and improve SE practices (Aghelie et al., 2016; Gerlach, 2003), this relevance will be even greater (Fellnhofer, 2017). That is why literature has bestowed different roles for innovation within SE (Hall & Wagner, 2012; Klewitz & Hansen, 2013; York & Venkataraman, 2010). Taking a step forward, Gerlach (2003) argue that to accomplish practices leading to achieve the triple bottom line goals, it is essential to carry out an innovations system.

The broad concept of innovation (Brockhoff, 1994; Hall, 2009; Kanter, 1983) and the rapidly increase of sustainable entrepreneurship research (Sarango-Lalangui, Santos, & Hormiga, 2018) have created widely dispersed knowledge about the role of innovation in SE (Gerlach, 2003). Despite this growing relevance of innovation within this field, little effort has been made to run an exhaustive review of existing literature, opening a research gap in literature that must be filled. These highlight the need to synthetize and analyze the existent research in order to present a well-established and comprehensive literature analysis of the diverse roles of innovation in SE field. So, to close this gap, this research aims to paint a more holistic framework of innovation roles on sustainable entrepreneurship. For this purpose, the following research questions were established as the guide for this study:

1. What are the roles of innovation in sustainable entrepreneurship?
2. Are there robust approaches to create a holistic framework of the roles of innovation in sustainable entrepreneurship?

The main objective of this chapter is to conduct a literature review focusing on the limitations of previous research of the different roles that innovation can have in the SE field. First, the constructs of SE, innovation and their connection are explained. Subsequently, a literature analysis addresses the state of research on the innovation roles in SE. Finally, a theoretical framework through a synthesis of the literature review results is presented, as well as some suggestions for future research, conclusions and limitations.