The Impact of Sustainable Development Goals on Collaborative Entrepreneurship and Creating Transformational Leaders Towards Sustainable Business Models

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Abstract

The 2019 Coronavirus pandemic has revealed a world where the status quo no longer holds, reigniting the social debate on sustainability. Many people are becoming aware of the planet's vulnerability to natural disasters resulting from our current way of life and business practices. Due to these climate emergencies, climate change's impact could cost corporations $1 trillion in the next five years.

In 2015, The 193 United Nations General Assembly member states witnessed and endorsed the '2030 Development Agenda' titled 'Transforming Our World.' The Sustainable Development Goals (SDGs) are a collection of 17 interconnected global goals set by the United Nations to serve as a "blueprint to achieve a better and more sustainable future for all." The question then arises, what should be done?

This research aims to determine how Sustainable Development Goals (SDGs) inspire collaborative and transformational leaders within the organization, thereby creating Sustainable Business Models. The empirical data for this study was collected from 327 respondents from various industries in Indonesia. According to this study, the UN's SDGs are ineffective motivators for developing a Sustainable Business Model. However, business process sustainability becomes evident when collaborative actions and transformational leaders are utilized as intermediaries.

Keywords Sustainable Development Goals, collaborative entrepreneurship, transformational leadership, sustainable business model, sustainable development

INTRODUCTION

Our world is becoming increasingly complex. While many countries have seen remarkable economic growth and made considerable progress on critical development issues in recent decades, these accomplishments have disguised key weaknesses in our present development model. These flaws are causing an increasing list of environmental and social consequences, resulting in a climate emergency, posing greater threats to our way of life, and making the globe a much less feasible place for its people to expand the economy. Most of us know something is amiss, but who will take responsibility for making things right? Who will lead us into a prosperous and sustainable future?

The year 2015 became a revolutionary year. The 193 United Nations General Assembly member states attended and endorsed the '2030 Development Agenda' titled 'Transforming Our World' (Schaltegger et al., 2018; United Nations, 2015), also known as the Global Goals. The Sustainable Development Goals (SDGs) are a collection of 17 interconnected global goals set by the United Nations to serve as a "blueprint to achieve a better and more sustainable future for all." The question then arises, what should be done?

This research aims to determine how Sustainable Development Goals (SDGs) inspire collaborative and transformational leaders within the organization, thereby creating Sustainable Business Models. The empirical data for this study was collected from 327 respondents from various industries in Indonesia. According to this study, the UN's SDGs are ineffective motivators for developing a Sustainable Business Model. However, business process sustainability becomes evident when collaborative actions and transformational leaders are utilized as intermediaries.

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Development Goals (SDGs) or Global Goals are a collection of 17 interconnected global goals set by the United Nations to serve as a "blueprint to achieve a better and more sustainable future for all."

According to Indonesia Climate Change Trust Fund (ICCTF, 2021), since September 2015, when the SDGs were announced, Indonesia has actively aligned with and participated in several global forums. Under the supervision of the Ministry of National Development Planning, also known as Badan Perencanaan Pembangunan Nasional (Bappenas), Indonesia has aligned its national development vision, Nawacita, with the Sustainable Development Goals (SDGs). Through Bappenas, SDGs are articulated in strategies, constitutions, policies, and development programs for the 2015-2019 National Medium-Term Development Plan (RPJMN) and further reflected in the annual Government Work Plan and Budget (RKP). Following the conclusion of the Millennium Development Goals (MDGs), the Indonesian government has been planning and implementing the SDGs with the participation of all stakeholders. Politicians, philanthropists, corporate sectors, media, academics, and experts are all involved in the creation and execution of the SDGs.

Sustainable Development Goals (SDGs) are not just concerned with earning wealth or constructing an affluent consumer society. They are also worried about underlying challenges that must be addressed to sustain life on our planet and allow for the future growth of humanity. In light of this, businesses are expected to participate and must adopt an innovative and proactive approach to tackling societal challenges. They are also reminded that achieving one or more SDGs, particularly climate action, is crucial to several sectors and enterprises' long-term success and survival. Although national governments carry the primary responsibility, the SDGs cannot be achieved without collaborating with businesses, private sectors, and other organizations (Adams et al., 2018).

A company's sustainability has become critical to an organization's long-term performance (Eccles et al., 2011; Ortiz-de-Mandojana & Bansal, 2016), and it has been studied more often in scholarly publications over the past few decades (Gregory Stone et al., 2004a). In general, corporate sustainability refers to integrating the triple pillars of economic growth, environmental protection, and social development into an organization's purpose and activities that generate long-term shareholders value (Elkington, 1998; Lo, 2010; Schaltegger et al., 2016). In assessing the dimensions, the 17 SDGs sustainability scores are deconstructed into three pillars: economic growth (SDG #7–9, 11, and 12), environmental protection (SDG #6, 13–15), and social development (SDG #1–5, 10, 16, and 17) (D’Adamo et al., 2021).

Integration of the three sustainability pillars can potentially mitigate corporate risk in the future, preferably for the reasons listed below (WBCSD, 2021). First, as the 2030 timeframe for achieving the Sustainable Development Goals (SDGs) approaches, several governments may implement new legislation to guarantee the Goals are met on time, such as imposing higher taxation rates for firms with unsustainable business practices. When achieving the SDGs, stakeholders worldwide expect businesses to take the initiative; firms that fail to respond risk eroding public confidence in the private sector and incurring long-term reputational harm.

Regarding all of the information above, the authors wish to apply sustainable development goals to the organizational level. The research builds to clarify the fundamental parts of the Sustainable Development Goals to create corporate sustainability by establishing a sustainable business model, which will influence internal organizational factors such as value creation for the firm performance. The study also aims to contribute to leaders such as CEOs, directors, investors, and various decision-
makers to transform their organizations through leadership, building specific strategies, business models, and policies to work collaboratively within organizations. Where the collaboration works, it contributes towards the Sustainable Development Goals while achieving the sustainability purpose of the organizations.

LITERATURE REVIEW
The theoretical framework of a research study is the structure that may sustain or support its hypothesis. The theoretical framework presents and examines the theory explaining the research topic explored in Chapter 1. This chapter revisits the literature related to the topics discussed in this thesis. It discusses the literature review of the constructs in this research: The United Nation’s Sustainable Development Goals, Collaborative Entrepreneurship, Transformational Leadership, and Sustainable Business Model.

United Nation’s Sustainable Development Goals
The academic community has spent years debating Sustainable Development’s significance and meaning (Hopwood et al., 2005). The SDGs of the United Nations (UN) have been praised because they provide a global framework for all actors to pursue social, economic, and environmental sustainability (Sachs, 2012). Furthermore, “Our Common Future,” a report by the United Nations Commission on Environment and Development (Brundtland Commission), is credited with coining the term Sustainable Development. This concept asserts that development must be planned to “meet the current generation’s needs without compromising the ability of future generations to meet their own needs” (Brundtland, 1991).

The Sustainable Development Goals and their objectives are anticipated to guide decisions over the next fifteen years. It significantly influences international politics and the resources available for sustainable development, impacting future political initiatives and natural capital movements (Terama et al., 2016). In addition, governments are expected to utilize these goals to combat challenges such as extreme poverty, and assuring environmental, social, and economic sustainability their communities (J. Choi et al., 2016).

The SDGs framework controls trade-offs and optimizes synergies across objectives, and it can be applied at all levels, from global to local. It blends social, economic, and environmental factors and offers recommendations for human development over the long term (Griggs, 2013). If we want to progress toward a more sustainable future, we must give careful consideration to three crucial and connected areas.

Collaborative Entrepreneurship
Entrepreneurship entails the management of individual, social, and business networks to pursue opportunities beyond the scope of current business operations (Austin et al., 2006). Entrepreneurship facilitates value creation by promoting innovation, employment, and economic expansion. In developed nations, the term entrepreneur has been used interchangeably for business owners and administrators (Gilmore, 2011). Due to the ideologies associated with entrepreneurialism, entrepreneurship is commonly regarded as a phenomenon in the developed world (Ratten, 2014a). Entrepreneurship recognizes diligence and individual accountability as essential characteristics of motivated people (Shane & Venkataraman, 2000).

Innovation is a component of collaborative entrepreneurship in developing nations, where individuals collaborate to effect societal change (Ratten, 2014b). It is a fundamental aspect of individual, community, and social entrepreneurship (Ramadani V & Schneider, 2013). In developing countries, a constant demand for inventiveness generates revenue-generating concepts. Brem and Wolfram (2014) have focused on using frugal innovation in developing countries to address the requirements of low-income individuals and devise solutions by working backward (Brem & Wolfram, 2014). This approach to entrepreneurship is prevalent in developing nations, where entrepreneurs frequently begin with a problem and then seek a solution based on the
availability of resources.

To generate future development, collaborative entrepreneurship entails developing, discovering, and exploiting opportunities in developing nations. The entrepreneurial perspectives of individuals, organizations, and communities are the source of collaborative entrepreneurship. For collaborative entrepreneurship to occur in developing countries, several entrepreneurial characteristics are required. These characteristics include financial management, sense of business, and interpersonal communication. The connection between the commercial ambitions of organizations and the social aspirations of a developing country must be established to accomplish collaboration. Collaboration between individuals and organizations on collective initiatives is necessary for the entrepreneurial success of a developing nation. The acceptance of collaborative entrepreneurship is predicated on knowledge and motivation being more effective as joint rather than separate components of development opportunities (Shepherd & Patzelt, 2011).

**Transformational Leadership**

Leadership is a shape of power exercised by a single person that may influence the values, beliefs, behaviors, and attitudes of another (Ganta & Manukonda, 2014). Therefore, an individual with outstanding leadership abilities will serve as a model for their staff. This is since a leader who effectively achieves a positive outcome or accomplishment gets the trust and respect of their people and unwittingly influences their values, beliefs, behavior, and attitudes. Therefore, imitation of leaders by their followers is the highest compliment (Grint, 2007). This statement is also supported by Northouse (2009), who adds that influential leaders can convince people to attain the aims and objectives of the business (Northouse, 2009).

Leaders of organizations undergoing transitions must equip their subordinates to deal with greater responsibility and uncertainty. To succeed, leaders must act as agents of change, fulfilling the recently dubbed transformational leadership role. In other words, leaders must be more than just managers. They must cultivate followers, boost their needs, energize them, and create big positive change at various levels across the organization (Avolio et al., 1991).

Instead of concentrating exclusively on maintaining the status quo and daily operations, transformational leaders attempt to preserve and express a vision of where they want their team, division, or organization to go (Avolio et al., 1991). They concentrate on perceiving problems as opportunities and take an active interest in the professional growth of each employee. Stone et al. (2004) found transformational leaders transform followers’ values to support the organization’s vision and objectives by creating an environment conducive of relationships and by establishing a culture of trust conducive to sharing concepts (Bass & Avolio, 1990; Gregory Stone et al., 2004b). Avolio et al. (1991) determined that transformational leadership comprises four primary behaviors.

**Sustainable Business Model**

Following the United Nations (UN) World Commission on Environment and Development study titled Our Common Future, the idea of sustainable development became official in 1987 (Commission on Environment, 1987). This research introduced the concept of sustainable development, as was a new qualitative definition of economic growth and, at the same time, socially and ecologically sustainable economic growth. BM or Business Model is the rationale of how firms do business and can create, deliver, and capture value (Teece, 2010). BM is more than just a theory. It is an unspoken understanding of how a company’s aggregated activities are represented and provide value when integrated (Wirtz et al., 2016). It has been recognized as a tool for analyzing and describing how businesses run, leading to their perception of BM as an activity-oriented framework, encompassing its external and internal stakeholders (Zott et al., 2011).

The essential moral responsibility of sustainability is to protect human existence from social, ethical, environmental, and economic degeneration. Sustainable development is the merging of three pillars of development: economic growth, social advancement, and environmental challenges.
Consumers want sustainable goods, which is changing the competitive environment and forcing organizations to modify their products, processes, technology, and business models (Nidumolu et al., 2009). Furthermore, investors consider external factors like emissions, water usage, and management of waste as part of a firm's success, as well as stakeholder requests for releasing information relevant to such challenges (Lubin & Esty, 2010). Finally, for the sake of a business case, sustainability is defined as a voluntary action that contributes to the resolution of social or environmental issues by generating profits (Schaltegger et al., 2012). In reaction to such issues, governments must place rules on companies in order to steer them toward sustainability (Chofreh et al., 2014). This realization may have been detected ten years earlier when firms started to include sustainability in their operations (Stubbs & Cocklin, 2008).

Sustainable development encompasses three interconnected components: the economy, the social, and environment. All these areas are impenetrable to promoting sustainable development (Štreimikiene et al., 2019). To become sustainable, Streimikiene (2019) found that organizations may choose to produce goods and provide services during a specific period to meet public expectation. Organizations are expected to control and improve the product's quality, reduce manufacturing costs, make the product appealing and unique, and produce environmentally friendly products (Bagdoniene & Kazakeviciute, 2009). As a result, environmental effects reveal to customers the seller's care for the environment and public welfare.

**METHODOLOGY**

**Research Method**

This study, a combination of a descriptive, explanatory, and confirmatory study, aims to use quantitative methods to investigate the relationships between the research constructs and the context. This study's hypotheses adhere to the positivism research philosophy, which means that theoretical literature is used to explain and construct the relationship, which is then tested. Hypotheses were developed using a logical synthesis of previous studies and a literature review to determine how the various constructs work together. The research paradigm of this study is deductive, which means it concludes by analyzing data to determine whether the hypotheses are true or false, utilizing a technique that focuses on primary data collected through surveys and questionnaires.

This study employs a quantitative approach, and cross-sectional data are collected because the questionnaires are administered in two phases. The first phase consists of a pilot test to determine if additional enhancements or revisions to the measurement are required. The second phase consists of actual data collection using the reworked or developed questionnaires from the pilot test participants among the targeted respondents. Finally, each concept will be evaluated and analyzed using statistical methods Structural Equation Modelling based on the results of the survey and questionnaire. In this research, our research context is Entrepreneurs and Intrapreneurs in Indonesia in various industries and segments, 327 respondents were retained as the final data.
sample for further analysis.

**FINDING AND DISCUSSION**

This research has theoretical implications for Sustainable Development Goals, Collaborative Entrepreneurship, Transformational Leadership, and Sustainable Business Model. The results indicate that Sustainable Development Goals have a positive relationship with Collaborative Entrepreneurship, Transformational Leadership; Collaborative Entrepreneurship has a positive relationship with Sustainable Business Model, and Transformational Leadership has a positive relationship with Sustainable Business Model.

There are two contradictory perspectives regarding the effect of the Sustainable Development Goals (SDG) on creating a Sustainable Business Model (SBM). This research explains previous empirical research. Most research on implementing sustainable practices and recommendations focuses on the influence of regulatory instruments and stakeholder pressure (Calabrese et al., 2013; Kolk, 2010; Spence et al., 2010). Sustainability-oriented businesses are driven largely by a desire to contribute to sustainable development rather than traditional profit maximization (D. Y. Choi & Gray, 2008). The researcher discovered that Sustainable Development Goals (SDG) do not influence the understanding of Sustainable Business Model (SBM), namely that SDG cannot directly affect an organization to create a business model that promotes sustainability but must travel through two mediating variables, which are Collaborative Entrepreneurship (CE) and Transformational Leadership (TL).

This study's findings have theoretical implications for the current Collaborative Entrepreneurship (CE) concept. Companies cannot flourish in failing societies; long-term success depends on achieving the SDGs (WBCSD, 2021). It is predicted that entrepreneurs and global organizations may contribute significantly to achieving Sustainable Development Goals by incorporating the SDGs into their strategy and operations and offering innovative solutions to global sustainable development challenges (UN Global Compact, 2018). Among the vast literature on organizational leadership, a small but rising number of studies have sought to establish links between leadership and sustainability (Glass et al., 2016). Several authors take a leader-centric perspective, arguing that leadership requires "exceptional leaders" who view sustainability as a systemic problem necessitating considerable organizational reforms (Metcalf & Benn, 2013). This study's findings corroborate all of the previously mentioned studies.

Despite the findings of a negative relationship between Sustainable Development Goals and the Sustainable Business Model in the context of our research, we believe that SDGs will continue to play an essential role in Sustainable Development in various industries. Management of organizations, especially at the top and middle management levels, must have visions that enable the organizations to move in specific directions. These visions, supported by a strong foundation act of leadership that promote social good, facilitate such catalyst reinforcement for change for corporate sustainability. Consequently, this will help organizations achieve their long-term objectives.

**CONCLUSIONS AND FURTHER RESEARCH**

In this study, the researcher discovered that SDGs influence the behavior of entrepreneurs and intrapreneurs, particularly in terms of the motivation of individuals who view sustainability as a systemic problem necessitating considerable organizational reforms (Metcalf & Benn, 2012). Global organizations may contribute substantially to achieving the Sustainable Development Goals. Nevertheless, several variables can impact organizations' actions to address sustainability challenges (Rosati & Faria, 2019). Following Rosati’s (2019) research, SDGs are not a strong enough variable to encourage the creation of a Sustainable Business Model. However, when mediated by collaborative actions and transformational leaders, business process sustainability becomes evident.

In general, corporate sustainability refers to the integration of economic growth, environmental
protection, and social development into an organization's purpose and activities (Elkington, 1998). Without a proper balance of commitment to sustainable development, corporate sustainability cannot be achieved, regardless of the strength of a particular dimension; in this study, societal dimensions that focus on the development of people are the primary focus, as indicated by the respondents' results. In addition, in the context of Indonesian entrepreneurs and professionals, SDG may have less influence on organizational performance due to the SDG's relatively recent awareness, which typically arises during pandemics.

Sustainable Development Goals are a relatively new concept, announced only eight years ago, and have gained more attention since the global pandemic. The context of this research is in Indonesia, which, according to the 2022 SDG Index report, is still familiarizing itself with sustainability concepts, in contrast to the prevalence of the study of SDGs and sustainable development in Europe and North America. Future studies should look at the link between each dimension and each construct in more depth since the dependent variable's data is collected across two or more periods. As previously said, since sustainability is relatively new in Indonesia, future research may examine studies from multiple nations from different regions to determine if those nations' demographics influenced the outcome. Finally, since this research was conducted in Indonesia, the demographics of the case study may have impacted the findings, as performance may vary across areas due to cultural differences.

REFERENCES


