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## A GREEN MODEL FOR BUSINESS IMPROVEMENT

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**Abstract:** The paper investigates the possibilities of improving the competitiveness of domestic companies through the integration of the concepts of sustainable development, knowledge and innovation. Starting from a theoretical literature review, a green model of business improvement was developed that connects the ecological, social and economic dimensions of sustainable development. The model shows how the rational use of resources, the implementation of clean technologies and the raising of environmental awareness can become a source of innovation and stable market positions, while continuous learning and development of employees strengthen the productivity and competitive position of the company. The paper provides guidelines for the introduction of socially responsible and long-term sustainable business, highlighting the importance of education, innovation and strategic management of resources. Although the model is based on theoretical insights, its practical application opens up space for empirical verification and adaptation to the specifics of the domestic economy.

**Key words:** green model, sustainable development, competitiveness, innovation, knowledge, socially responsible business

### INTRODUCTION

The domestic economy in the new development phase should create and maintain a competitive advantage through entrepreneurship and enterprise innovation, in accordance with the concepts of sustainable development important for business and the environment [1, 2]. Raising the level of knowledge and accelerated technological development increase economic and technical opportunities, and this topic is significant because it is necessary to emphasize the management and management of business and market development through learning and application of knowledge as a factor of productivity and sustainability [3]. It is important to know that the application of the concept of sustainable development integrated with the knowledge and learning of organizations represents socially responsible business with a large number of positive effects [4, 5].

Sustainable development and economic progress of domestic companies requires the need to develop a competitive economy based on knowledge, new technologies and innovation. Managers must be effective together with all employees of the company. In an organization based on knowledge, quality and innovation, the productivity of each individual employee makes the entire system productive and sustainable [6]. Sustainable development, with its goals and vision, is established again and again in specific situations between different groups. That is why the education and information of managers and employees and the creation of their environmental awareness is a very important factor in establishing economic sustainability [7].

Domestic companies need a culture of business and education that will help to understand and establish sustainable development. Every company must first properly understand the long-term importance of sustainable development and socially responsible business. In order to successfully implement the dimensions of sustainable development, a company must effectively analyze and manage the dimensions. Therefore, domestic companies and their sustainable operations require coordination of sustainable development dimensions and support in the implementation of their policies. Also, it is necessary to remove the deficiencies in the implementation of aspects of sustainable development and to encourage companies to operate in a socially responsible and long-term sustainable manner [8, 9].

This paper aims to investigate and theoretically present the aspects of sustainable development and competitiveness of enterprises and, based on theoretical insights, to develop a green business model applicable in the domestic economy. The goal of developing the model is to adopt the concepts of sustainable development in business and highlight the advantages that sustainable business processes bring to companies.

## **METHODOLOGY**

### **The problem and the subject of research**

In modern business conditions, domestic companies face the challenge of how to simultaneously develop a competitive advantage and ensure long-term sustainability. However, many organizations still do not have a sufficiently developed culture of learning, environmental awareness and corporate social responsibility, which makes it difficult to integrate sustainable development concepts into growth and competitiveness strategies. Rapid technological progress, knowledge growth and the need for innovation require management to align business goals with the principles of sustainable development.

The subject of the research is a theoretical analysis and consideration of how the concepts of sustainable development can be integrated into the business processes of domestic companies in order to strengthen their competitive advantage, as well as the development of a green business model that can serve as a framework for long-term socially responsible and productive functioning of the domestic economy.

### **Research goal**

The goal of the research is to develop a green business model, based on theoretical insights, that connects the principles of sustainable development with strategies to increase the competitiveness of domestic companies.

### **Research question**

Based on analyzed theories, we will try to answer the following question:

- How can the application of sustainable development concepts, relying on knowledge and innovation, contribute to creating and preserving the competitive advantage of domestic companies?

### **Research method**

This is a form of theoretical research in which conclusions are made by considering previous conducted research, studies and literature.

## **RESULTS AND DISCUSSION**

### **Literature review**

Sustainable development of the company, i.e. corporate sustainability, is defined as a business approach focused on creating long-term value for the company, through consideration of all dimensions of the relationship to its economic, social and natural environment [10]. Creating an ecological, "green strategy" focused on the environment and including all aspects of environmental responsibility is considered an extremely important step towards sustainable development [11, 12]. The essence of the sustainable development of the company is in the economical and rational use of resources, and sustainable development enables an increase in the quality of life according to ecological possibilities. The concept of sustainable development represents a combination of scientific principles and human values, that is, it

implies a redetermination of rules in order to replace wasteful consumption with savings and conservation [13, 14].

When it comes to the strategy of sustainable development, the national economic development strategy of the Republic of Serbia recognizes three pillars of sustainable development, i.e. environmental, social and economic. In the part of the strategy that deals with the economic dimension of sustainable development, the basic assumptions based on knowledge as the most important resource, when it comes to the economy, are defined. Goals such as sustainable production and consumption, education and similar areas within the economic dimension are defined. In the part of the strategy that deals with the social dimension of sustainable development, social values, the well-being of society, gender equality, poverty and similar indicators were analyzed. The part of the strategy that includes the ecological dimension of sustainable development deals with the protection of natural resources, such as air, water, soil, forests etc [15].

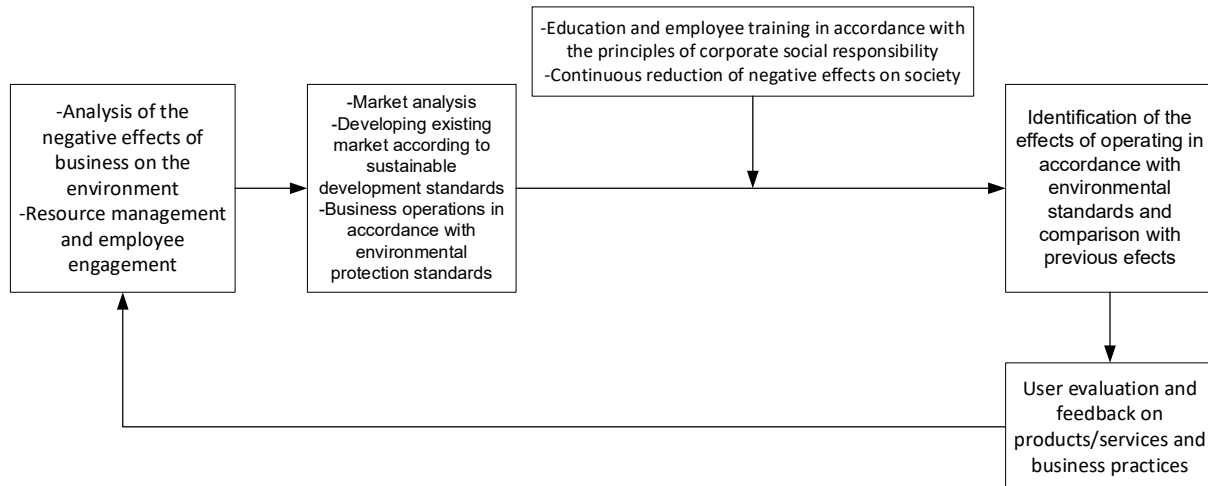
Competitiveness represents a series of institutions, policies and factors that determine the level of productivity of a country. The clearest manifestation of competitiveness is reflected in labor productivity and its level, which enables long-term sustainability of economic growth and development. Competitiveness is determined by the level of productivity with which a country uses resources, such as natural resources, human resources and capital, which is why it is a key factor that determines the well-being of the country and its citizens. Serbia, as a European country that aspires to reach a medium and high income level, should develop and implement a competitiveness strategy based on innovation. An economy driven by innovation creates a competitive position on the global market by constantly innovating products and services as a key factor of competitive advantage. Such an economy in a modern business environment uses the possibilities of modern technology in order to maintain competitive ability in the long term [16].

Improving the competitiveness of the economy implies successfully solving the entire complex of long-term tasks. The basis of the concept of long-term successful socio-economic development needs to be based on the project of reforming the economy, the content of which consists of four interconnected complexes, namely institutions, infrastructure, investments and innovations [17]. Without adequate and continuous application of knowledge in the process of managing the organization, there is neither economic development nor the establishment of the competitiveness of the national economy [18]. Therefore, education and knowledge are new factors of competitiveness. The most important course of action in the function of developing the competitiveness of domestic business organizations is more adequate use of knowledge in organizations. The task of education in the field of management techniques and skills is to acquire knowledge that is necessary to successfully manage business and enterprise, with the aim of increasing the productivity of both work and knowledge [19].

The importance of quality and innovation, both in business and in the entire economy, are closely related. Innovation means the ability of an economy, company or individual to translate new business ideas into new products, services, technologies, markets. The basic meaning of innovation is the process of arriving at new products and services in a more efficient way compared to the earlier period. Domestic companies on the territory of the entire Serbian market must adopt strategies based on innovation and knowledge. New and successful multinational companies with plans to create innovative products are investing in the global business scene, as are new innovative companies from developing countries.

### **Development of a green model for business improvement**

Based on the review of existing literature, that is, theoretical research, a green business improvement model was created that can be applied in the domestic economy, and which is based on the principles of sustainability, quality improvement and competitiveness. The model is presented in Figure 1.



*Fig. 1. A green model for business improvement*

The presented model is based on the assumption that companies can simultaneously build competitive advantage and long-term sustainability, which represents the integration of three dimensions of sustainable development, i.e. ecological, social and economic. The ecological dimension supported by the model includes the rational use of resources and the reduction of negative impact on the environment, through the introduction of green strategies in business processes. The social dimension implies the development of an organizational culture that encourages socially responsible business, employee education and raising environmental awareness, and the economic dimension implies the strengthening of productivity through continuous learning, innovation and the application of knowledge in business practices. Therefore, the created model shows the synergy of the mentioned dimensions of sustainable development because environmental goals become a source of innovation and new market opportunities, while social responsibility and education create a resilient and motivated workforce.

When it comes to practical applicability, the model provides a framework that domestic companies can use as guidelines for introducing green business strategies into their internal processes, training managers and employees to manage knowledge and innovation and increase productivity in the long term while preserving natural resources and caring for the wider community. The developed model represents an opportunity to strengthen the company's market position and implement cleaner technologies.

As a limitation of the model, the fact that it is based exclusively on theoretical analysis can be pointed out, which means that it should be empirically verified through certain case studies in domestic companies, in order to practically confirm its relevance. Further work could include measuring implementation effects, such as productivity indicators, emissions reductions and market share growth, as well as identifying barriers in practice, such as lack of financial resources or insufficiently developed awareness of the importance of sustainable development.

## **GUIDELINES AND RECOMMENDATIONS**

Based on the research and model presented in this paper, the following guidelines and recommendations are offered:

- Companies should integrate the three dimensions of sustainability into their business strategy, i.e. develop the environmental, social and economic dimensions in order to achieve a competitive advantage and stable growth.
- Companies should continuously invest in employee education and the creation of internal processes that encourage innovation, because knowledge and innovation are the main drivers of productivity and competitiveness.

- Implementation of clean technologies, rational use of resources and reduction of negative impact on the environment should become an integral part of business plans of companies and new market opportunities.
- Management should continuously work on educating and motivating employees for socially responsible business and the preservation of natural resources.
- The state should participate in the creation of a sustainable economy through various incentives and regulatory frameworks, in order to provide support to businesses in sustainable transformation.

## CONCLUSION

The results of theoretical research indicate that domestic companies can simultaneously build competitive advantage and long-term sustainability through the integration of three dimensions of sustainable development. The green model developed in this paper shows how environmental goals, through rational use of resources and reduction of negative impact on the environment, become a source of innovation and new market opportunities. At the same time, social responsibility and employee education create a resilient and motivated workforce, while the economic dimension, through continuous learning, innovation and application of knowledge, directly strengthens productivity and competitiveness. In this way, the application of sustainable development concepts, with reliance on knowledge and innovation, contributes to the creation and preservation of the competitive advantage of domestic companies (RQ:1). The proposed model can serve as a practical framework for managers and decision makers, as it highlights the need for continuous investment in education and innovation, as well as for the implementation of clean technologies that reduce risks and costs in the long term. Although the model is theoretically based and needs to be empirically verified in practice, it provides guidelines that can encourage domestic enterprises to improve sustainability and competitiveness strategies. In this way, it opens up the possibility to improve the economic position of the company and to contribute to wider social and environmental progress.

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