

The Role of Sustainability in Business Model Innovation of Start-ups in Georgia

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Declaration

As the author of this paper, I declare that this thesis presented for the degree of Master of Business Administration is an original report of my research and has been written by me. Due references have been provided on all supporting literature and resources. I also confirm that this work has not been submitted for any other degree or professional qualification.

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Abstract

Despite the fact that the advantages of implementing sustainability in business models are well acknowledged, its role and value in the context of start-ups are still underexplored. This study adds to the existing literature by addressing this issue in new sectors, such as IT, E-commerce, in developing economies, using Georgia as one of the examples of such economies.

This study aims to examine the level of awareness about sustainability, factors encouraging and/or preventing the development of sustainable business models, and unpacking measures undertaken by startups to assess their sustainability activities.

Sustainability is highly regarded in academic works, yet often such practices are addressed in limited areas of business operations. The significance of startup sustainability is frequently underestimated. Therefore, an in-depth investigation of this subject will further contribute to encouraging the implementation of more sustainable business practices in startups. It would involve a mix of what has already been defined about start-up development, existing sustainability practices in startups, general procedures for sustainable development, and information about business model innovations. The current study addresses several research questions, unpacking the level of awareness in Georgian startups in regards to sustainability, factors encouraging startups to implement sustainable practices, barriers preventing them from implementing sustainability in their business models and tools used for measuring sustainability.

This descriptor-exploratory study utilizes qualitative research method. A non-probability, volunteer technique with self-selection was chosen to select Georgian startups, including members of Social Enterprise Alliance Georgia. Self-completed web-based and printed questionnaires were used for the data collection. In total, 50 startups participated in the research and quantitative data were analyzed using descriptive and regression analyses.

The study revealed a low awareness level of sustainability in Georgian startups. Climate change, environment, customers, ethics, innovation, and technology appeared as primary factors that encouraged startups to implement sustainability. Most of participating Startups did not use any of the measurement tools, as only a very limited number of startups have adopted sustainable business model innovation practices. Economic and financial barriers, social barriers and lack of experience and knowledge appeared as the main barriers for startups to implement sustainability practices. Time constraints, incomprehensive information about Georgian startups, and a low response rate from startups represented key limitations of the study.

Key words: Sustainability, Startups, Business model innovation, Georgian startups.