

EDITED BY

Quazi Tafsirul Islam • Richa Goel • Tilottama Singh

FOSTERING
SUSTAINABLE
BUSINESSES
IN EMERGING
ECONOMIES

The Impact of Technology

Fostering Sustainable Businesses in Emerging Economies

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Fostering Sustainable Businesses in Emerging Economies: The Impact of Technology

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INVESTOR IN PEOPLE

To my daughter, Quazi Myra Islam Ayaat, who is my source of inspiration and resilience and inspires me to build a more sustainable world for her future and future generations.

—Quazi Tafsirul Islam

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Foreword

In an era of rapid technological advancements and shifting economic landscapes, the role of sustainable businesses in emerging economies has never been more significant. As we grapple with the challenges of climate change, social inequality, and economic development, it is essential to explore the transformative potential of technology to build sustainable businesses that not only contribute to economic growth but also address pressing societal and environmental issues. “Fostering Sustainable Businesses in Emerging Economies: The Impact of Technology” provides a timely and insightful analysis of this critical subject, offering readers a comprehensive understanding of the interplay between technology, sustainability, and entrepreneurship in emerging economies.

The editor’s extensive research and expertise in the field of sustainable business shine through in the carefully structured chapters, each of which delves into various aspects of technology’s role in fostering sustainable businesses in emerging economies. Drawing on a wealth of case studies, this book presents innovative solutions, best practices, and success stories that demonstrate the power of technology in driving positive change and creating value for both businesses and society at large.

One of the key strengths of this book is its practical approach. The editors not only present a compelling case for the importance of sustainable businesses in emerging economies but also provide actionable guidance and strategies for entrepreneurs, policymakers, and investors to harness the potential of technology in their pursuit of sustainable business growth. By doing so, this book serves as both an inspiring read and a valuable resource for those seeking to make a meaningful impact in the world.

In my own experience, I have witnessed firsthand the transformative power of technology in shaping the trajectory of sustainable businesses. As a reader, I found the editor’s and author’s insights and analysis to be both informative and thought-provoking, sparking new ideas and challenging conventional wisdom. This book is a testament to the editor’s dedication and passion for the subject matter, and I have no doubt that it will inspire and empower readers to think differently about the role of technology in fostering sustainable businesses in emerging economies.

As our world continues to evolve and face new challenges, the importance of fostering sustainable businesses in emerging economies cannot be overstated. “Fostering Sustainable Businesses in Emerging Economies: The Impact of Technology” serves as a vital guide for anyone interested in understanding and

contributing to this crucial endeavor. By showing how technology can be harnessed for positive change, this book not only inspires hope for a brighter future but also equips readers with the knowledge and tools needed to play their part in building a more sustainable and equitable world.

Preface

In the rapidly evolving global landscape, emerging economies have become the focal point for sustainable development and growth. As businesses and governments alike strive to create a more resilient and sustainable future, the role of technology in fostering sustainable businesses in these economies cannot be overstated. This book, “Fostering Sustainable Businesses in Emerging Economies: The Impact of Technology,” aims to explore the intersection of sustainability, technology, and business innovation in the context of emerging markets.

The recent “eco-awakening” among consumers worldwide has driven a growing demand for sustainable products and services. This book acknowledges the need for businesses to adapt their models and practices to meet these expectations while balancing economic growth and social responsibility. It also recognizes the role that governments play in creating the right environment for sustainable businesses to thrive, as seen in the study of emerging economies’ performance over 50 years.

Drawing from various fields and international perspectives, this book delves into the concept of corporate social responsibility (CSR) as a tool to promote sustainable development in developing and emerging markets. It examines how technology can be harnessed to enhance CSR initiatives, thereby contributing to a greener and more inclusive economy.

One of the critical aspects covered in this book is the role of technology in driving sustainable behavior and enabling businesses to adapt their operations accordingly. We will discuss various technological innovations that have the potential to shape sustainable business practices, from renewable energy sources to advancements in supply chain management and digital communication.

Furthermore, the book highlights examples of entrepreneurs and businesses that have thrived in challenging and restrictive conditions, showcasing the resilience and adaptability of enterprises in emerging economies. These case studies provide valuable insights into the strategies and best practices that can be adopted by businesses seeking to create a sustainable competitive advantage.

“Fostering Sustainable Businesses in Emerging Economies: The Impact of Technology” serves as a comprehensive guide for business leaders, policymakers, and academics interested in understanding the complex interplay between sustainability, technology, and economic growth in emerging markets. Through this book, we hope to inspire readers to contribute to building a more sustainable and inclusive global economy.

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Our heartfelt appreciation goes to our families, who have been our pillars of strength during the challenging times of compiling and editing this book. Their unconditional love, patience, and understanding have been instrumental in empowering us to focus on our passion and achieve our goals.

We extend our sincerest thanks to all the contributors, reviewers, and editors who have been an integral part of this project. Their invaluable expertise, dedication, and hard work have significantly enriched the content of “Fostering Sustainable Businesses in Emerging Economies: The Impact of Technology.” We are truly grateful for their commitment to this publication, as their collective wisdom has elevated the quality and coherence of the chapters.

Many of the contributors graciously took on the additional role of reviewers, and, for that, we are especially thankful. Their constructive feedback, attention to detail, and critical analysis have allowed us to refine our ideas, delve deeper into specific concepts, and bolster the arguments presented in this book. Their efforts have undoubtedly contributed to the overall excellence of this publication.

Lastly, we express our gratitude to all the mentors, colleagues, and friends who have supported us throughout our careers, providing invaluable insights and encouragement in our exploration of sustainable businesses and the transformative power of technology.

With profound appreciation, we dedicate “Fostering Sustainable Businesses in Emerging Economies: The Impact of Technology” to everyone who has played a part in its creation. May this book inspire and empower readers to contribute to the growth of sustainable businesses and harness the potential of technology for the betterment of our world.

Quazi Tafsirul Islam, Richa Goel and Tilottama Singh

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Chapter 1

Technology-Driven Social Innovation in the Emerging Market

*Bilkisu Maijamaa, M.U. Adehi, Babagana Modu
and Muhammad Idris Umar*

Abstract

This book chapter focuses on firstly social innovation and tools used to address the social needs and foster social innovation initiatives. Looking at the world economic forum and how it supports the social innovations, currency swings, low paying jobs growing rapidly, rapid change and growth as a result of high volatility and high returns, respectively. Secondly looking at the emerging market brought about by the social innovations and how they interconnect. Leading innovation emerging market has three main industries semiconductors, fin-tech, and electric cars. It also looks at the significance of technology in the development of business emerging markets, the role of technology in the emerging market and activities over the decades. Small firms in emerging areas face three major challenges which technology might help overcome. The challenges are trust, sustainability, and network. The role of technology replacing analog chip used for power supply, sensors, wideband signal make up the large semiconductors in the United States replaced with digital chip such as logical operations, data storage, computer information management all this have given birth to artificial intelligence, autonomous machines, self-driving cars, supply-chain management, cloud computing, and software-as-a-service (SaaS) applications are all made possible by digital chips. These are also used for e-commerce, mobile payment, fine-tech, 5G telecom, health-care advancement, remote learning, online entertainment, and cloud computing. Technical advancements that has sparked a revolution that would be especially advantageous for emerging market and small-cap enterprises are the causes of these benefits of how it has affected countries such as Europe, the United States, China, and India to mention a few.

Keywords: Emerging market; challenges; innovative technology; social innovation; rapid change; computer information management

Introduction

Both academics and policymakers have noted a remarkable growth of social innovation (SI) over the past few decades (Adams & Hess, 2010). Innovative actions that are driven by a social need are referred to as social innovations (SI), according to Mulgan (2006).

According to Howaldt and Schewarz (2010), innovation is “social” in the sense that it may not always be “excellent,” but it is socially desirable and meets a social need that the market does not consider to be important (Mulgan, Tucker, Ali, & Sanders, 2007). The definition of SI given by Auerswald (2009, p. 52) is “a innovative solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value gained accrues predominantly to society as a whole rather than private individual.”

SI, thus, is tied to all social and societal demands and issues where any kind of innovation can bring about an advancement based on novelty and advancement. Identifying new concepts or social structures is how some scholars define SI as a means of addressing needs or solving issues. This explanation prompts a change to a demand-pull paradigm where solutions are embraced by a large number of people who actively contribute to their growth with a clear focus on social interactions.

While there are very few empirical investigations, a significant discussion concerning the definition of social innovation (SI) is emerging in the literature. Information technology (IT) tools and applications now account for a significant portion of new solutions. According to Bulut, Eren and Seckin Halac (2013), the social context in which SI emerged was investigated, as well as the causal links between technological innovation and SI. They also clarify SI’s “relativity” and the way that it is oblique to various geographical and socioeconomic activity (which suggests it is important to understand how SI initiatives develop and grow based on cross-industry flows of opportunities and cross-scale processes).

This evidence is noteworthy since there is little information about which digital tools are really used to meet social requirements in the literature that examines the crucial role that IT and digital tools play in altering how people interact, enabling technology’s impact on social innovation.

Digital tools and IT play a key role in changing how people interact because interactions among people are complex, especially when there are many players involved. These tools and technologies help to make information explicit, enable participants to stay in touch, and help to solve social and societal problems more quickly and effectively, highlighting its capacity to support the collective aspect of decision-making and knowledge flows.

Many people can now actively engage in the production and implementation of new ideas as a result of the introduction of an incredibly broad range of digitalized tools (Hutter, Hautz, Füller, Mueller, & Matzler, 2011). Digitalization of social issues, especially related to the importance of social connectivity,

according to Vaccaro and Madsen (2009) Technologies based on the internet can help businesses improve interactions between customers and corporate operations in respect to moral dilemmas and social issues.

The technologies of the Fourth Industrial Revolution (4IR) provide us a wide range of opportunities for social and human services, allowing us to address our most difficult environmental and social issues while also reaching more people, particularly the disadvantaged and hard-to-reach.

Utilizing 4IR capabilities, social innovators are addressing some of the biggest issues facing the planet. More than 622 million people's lives have been better thanks to the social entrepreneur community at The Schwab Foundation, which has also given out \$6.7 billion in loans or the value of goods and services to help people improve their standard of living.

Here are some examples of how social innovators are using disruptive technology to better address the world's pressing issues, from changing mental healthcare to giving a billion people digital identities.

How Does the World Economic Forum Support Social Innovation?

Social innovators are tackling some of the most pressing and pervasive problems in the world, such as illiteracy, access to clean water and sanitation, the education of girls, prison reform, financial inclusion, and disaster assistance.

Over 400 of the world's top social innovators working in over 190 nations are supported by the Schwab Foundation for Social Entrepreneurship. A total of 722 million lives have been directly enhanced thanks to the efforts of this group of eminent social innovators since its founding in 1998. Outstanding social innovators are invited to be nominated by our international network of experts, partner organizations, and World Economic Forum members.

Giving each individual a legal identity, more than just opening a bank account is involved with a legal identity. Your right to vote and access to healthcare may be at stake. However, the World Bank estimates that slightly fewer than 1 billion individuals worldwide lack identity documentation. It's a problem that Joseph Thompson has managed to solve. Due to his new venture, people without official documentation can now build a personal legal identity using a digital app made by AID:Tech.

The user's digital identity is protected from tampering by Thompson's software using block chain, and it is only available to the individual whose ID it stores. It fits well with the way many individuals in emerging nations use smart phones to manage their accounts as a digital solution. In addition to working on projects for financial inclusion in Uganda, Nigeria, and Southeast Asia, AID:Tech recently approved a project that will assist 2 million individuals. It is now focusing on providing financial services to the nearly 40 million Europeans who are unable to access them. Preparing delectable scientific goodies to benefit the environment.

The existing meat-based food system is doomed to fail as the world's population approaches 10 billion, posing urgent problems with regard to climate

change, food poverty, and public health, according to David Yeung, CEO and Founder of Green Monday. One of Asia's top manufacturers of plant-based foods is called Green Monday. By encouraging people to adopt a plant-based diet at least once a week, Green Monday is establishing new social norms and providing realistic alternatives to diets based on meat.

The decrease of animal protein should be a primary objective as we rethink and re-engineer the entire food supply chain, according to Yeung. Alternative protein technology is an innovation that benefits the environment, human health, and animal welfare all at once. To increase its reach, OmniPork has formed partnerships with regional eateries as well as fast-food chains like Taco Bell and White Castle. Long before sustainability became a common consideration for investors, social considerations have been a key driver of firm performance in emerging markets.

Rising inequality, lower average household incomes, and more official meddling in domestic affairs are all characteristics of emerging market nations. Due to the combination of these forces, businesses that make socially incorrect decisions typically pay a hefty price from both their customers and regulators. Companies that seize the chance to improve people's lives, communities, or countries, on the other hand, can provide a lot of value.

To Assist, Put This Idea Into Practise; Let's Look at Three Groups of Business Examples

First, Take Into Account the Company's Relationship With Its Employees

It goes without saying that businesses with happier workers are more likely to perform well, but we believe this is especially true in developing economies where the difference between the best and median employment experiences is likely to be substantially higher. For all of our investee firms who declare it, we track staff attrition as a significant statistic, and we engage with those that do not want to encourage them to reveal the data.

Our investment case for Tata Consultancy Services (TCS) is based on the company's current attrition rate of 7%, which is between one-third and one-half lower than that of its competitors and fosters a positive feedback loop between employee happiness, client satisfaction, and growth (Table 1).

How does it keep its employees happy? How does it keep its staff content?

(1) *By providing them a great deal of discretionary power.*

By examining the organizational structure, this is best understood. Even though the corporation generates \$25 billion in revenue and has 500,000 workers, it is divided into roughly 50 distinct business divisions, each with its own P&L and "mini CEO." As a result, decision-making can go more quickly and empowers lower levels of management.

(2) *By making management decisions with the welfare of the workforce in mind.*

The Covid-19 incident significantly disrupted the Indian IT sector, but TCS not only returned workers home without suffering any financial losses, but

Table 1. TCS Employee Figures.

<i>Global, Diverse Workforce</i>	
Employees	488,649
Nationalities	154
Women	36%
<i>Talent Development</i>	
Learning hours logged	43 million
Trained in agile	457K
Employees trained in new technologies	457K
<i>Talent Retention</i>	
Attrition on IT services	72%

Source: TCS annual reports.

also built a new working model called Secure Borderless Workspaces TM, which has since become the norm for remote working. Following that, it personally coordinated vaccinations for all employees and their families and provided personnel with a 24-hour medical helpline.

(3) *By providing them with substantial training opportunities.*

TCS established its own internal learning platforms to promote employee involvement through gamification and by connecting skills acquired to employee career trajectories, and its employees completed over 43 million training hours in the most recent fiscal year.

How did this improved treatment of employees affect the success of the business?

A better customer experience and greater profit growth have been fueled over time by TCS's decreased attrition rate. The aforementioned graphs contrast its personnel turnover and profit growth with those of its closest rival.

Second, think at how a company interacts with the communities that surround it. In recent years, it has been especially profitable to ask "How can we improve the lives of people around us?", in growing nations. In order to help the massive domestic unbanked population gain access to financial services, Safaricom, the top telecom provider in Kenya, launched its mobile money service M-Pesa in 2007. One of the earliest large-scale financial inclusion programs ever created, it has brought about far-reaching advantages.

These are what?

(4) *Increasing production and employment.*

Safaricom believes that despite having only 6,230 permanent, contract, and temporary employees, it directly and indirectly supports more than 1 million employments in the local economy.

(5) *Making payment distribution possible.*

Because the nation has a digital payments layer, the Kenyan government was able to provide payments to its citizens during the Covid crisis in an effective and secure manner. To encourage the local community to use electronic money rather than cash and lower the danger of disease transmission, Safaricom has banned payment costs for peer-to-peer money transactions with a value of less than KES 1,000.

(6) *Assisting the neighborhoods.*

Safaricom's operations are profitable enough to generate excess funds that the corporation can put back into charitable endeavors. For instance, the business launched the Keeping Girls in School project in 2021, through which it provided 800,000 girls with a 3-month supply of sanitary napkins, underwear, and education on menstrual hygiene.

In 2016, Safaricom aligned their business strategy with the UN Sustainable Development Goals, becoming one of the first companies to do so. In addition to helping the community, Safaricom has also been a world-beating investment, with profits increasing by 5 times and share price increasing by 10 times in the last 10 years. This indicates that societal impact, profitable expansion, and return to shareholders don't necessarily have to be trade-offs.

The true value assessment calculates the Safaricom sustained over 1,92,747 direct and indirect jobs during the year and, if the wider effects on the economy are included, this number increases to over 1,013,728 jobs (Table 2).

Because of the nation's digital payments layer, Kenya's government was able to provide payments to its citizens during the Covid issue in an effective and secure manner. Safaricom has also stopped using Paym.

Last but not least, think about how a business interacts with its clients and ultimately its regulators. A failure to uphold social commitments to customers has repeatedly been observed to come back to haunt businesses, especially in emerging markets where the state is frequently more interventionist than in other places. Let's use the past 10 years in China as an illustration.

Table 2. True Value Assessment.

Percentage True Value: Impact on Society		
Impact on society	9 times profit generated	0.6%
Economic value added	358.6bn direct and indirect through operations and taxes	6%
Social value of M-PESA	234.1bn	9.7%
Environmental externalities	406.2m	1.5%

Source: extracts from Safaricom annual report, March 31, 2011 to March 31, 2021.

Due to consumer fear of domestic brands, foreign firms continue to hold a majority of the market. This is a result of the 2008 newborn milk scandal, which revealed that baby formula contained melamine. After Baidu's search engine pushed potentially harmful medical treatments in 2016, the company faced long-lasting regulatory and reputational issues that cost it its former monopoly as a reliable information source.

Of course, customer trust may be restored with the appropriate approach. Yum China was eventually able to win back customers' hearts after a food quality controversy in 2015 thanks to a shift in management and business strategy; today, we consider it to be best-in-class in terms of sustainability.

What Steps did Yum China Take to Improve Its Brand Image?

It has consistently prioritized doing the right thing over maximizing immediate profits.

I. Giving salaries and conditions first priority.

The business has made sure that pay and working conditions are far above minimal legal requirements or industry standards. This goes beyond and beyond simple financial aid; as the Covid pandemic began, for instance, it offered health insurance to restaurant owners and their families. Even more simply put, delivery drivers employed by KFC receive meals at significantly reduced prices, in contrast to their colleagues who work for delivery platforms.

II. Investing in guidelines for food safety.

Yum China has made enormous financial investments to guarantee that food safety regulations are upheld. Most recently, this meant making a large investment in an upstream poultry farmer who is a crucial supplier to the business. Yum China has tried to take a more balanced, long-term approach, which might not be pleasing to short-sighted investors who prefer their companies to be "asset light." It can generate good profits and free cash flow even with this investment, and it has secured the resources to continue doing so far into the future.

III. Assisting the neighborhoods.

The business has leveraged its on-site physical infrastructure, which includes upwards of 10,000 stores and 400,000 employees, as a basis from which to support the neighborhoods, for instance by establishing educational initiatives like reading clubs.

This kind of engagement improves brand quality and government relations while also boosting employee morale.

The businesses above are merely being used as examples. Their inclusion shouldn't be taken as a buy/sell recommendation. In conclusion, societal issues and rising markets are emphasized. The prospects for individuals who can solve problems are extensive, and the gap between the greatest and worst performers is

wide. This is why any strategy for investing in emerging markets must incorporate social considerations into decision-making.

Looking at developing nations.

Developing Nations

Emerging markets are those of developing nations that are quickly urbanizing and growing their economies. Nations in emerging markets are putting money into expanding their capacity for production. They are leaving behind economies that have historically been based on agriculture and the export of basic resources. The goal of leaders in developing nations is to improve the standard of living for their citizens. They are embracing a free market or mixed economy and industrializing quickly. Brazilian, Chinese, Indian, and Russian markets are a few examples of emerging ones.

Workings of Emerging Markets

A growing market has these five characteristics:

- (1) Low earnings.
- (2) Rapid expansion.
- (3) Extreme volatility.
- (4) Changes in currency.
- (5) Potentially lucrative.

All sizes of emerging markets exhibit these qualities.

Low-Paying Jobs Quick Growth

The first trait that distinguishes developing markets is that their per capita income is lower than the global average. The first crucial condition is low income because it encourages the second crucial criterion, rapid expansion. Emerging market leaders are ready to make the quick transition to an industrialized economy in order to support their citizens and hold onto power.

The World Bank no longer categorizes nations as “developing,” but rather according to their yearly per capita income, with low-income and lower-middle-income nations having an income of \$4,095 or less. A per capita income of \$12,696.2 is found in high-income economies. Major advanced economies like the United States, Germany, and the United Kingdom experienced an economic growth of 5.4% in 2021. Asia’s emerging and developing nations, including China, saw their economies expand by more than 8%.

High Volatility Is Caused by Rapid Change

The third characteristic of emerging economies is significant volatility, which is a result of rapid societal change. Natural disasters, outside price shocks, and unstable internal policies are three potential causes of that. Agriculture-based