Conference proceedings
Conference “New Business Models” – Exploring a changing view on organizing value creation

Toulouse Business School
Chair d’Excellence Pierre de Fermat
16-17 June 2016
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Colophon

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Preface

For several years, many emerging organizations propose not only offers that are totally different from those of incumbents, but new ways to produce these offers through relationships between economic and other actors that have dramatically changed. In a number of industries, these so-called new business models challenge the competitive equilibria and threaten companies that have taken decades to build strong competitive advantages. For large hotel chains, for example, the emergence of business models like the one proposed by Airbnb is far more unsettling than the one of low-cost hotels in the 1980s. In many cases, traditional analysis models are no longer appropriate to understand how markets work and what are the relative bargaining powers of stakeholders. Researchers cannot ignore the current changes, even if they lead them to question their certainties and convictions, to revise the fundamental principles of their research and to deeply modify their teaching. Indeed, some cornerstones of our traditional analyses of companies' management have changed. Let's take a look at some example. Property is no longer the central concept in industrial sectors (e.g., the music industry), as many customers favor access to services. The competitive forces that shape competition change, many customers becoming themselves suppliers which leads to a very strong increase in the level of competition in oligopolistic industries or in sectors in which companies have benefited from economic rents (e.g., taxis). The number of collaborations between actors also increases and they become more complex. Besides the economic short-term concerns, companies focus on sustainable development: it reinforces their social role but makes performance assessment much more difficult.

Scholars must analyze the questions raised by the emergence of such phenomena: what are the main features of NBMs? Do different types of NBMs can be identified? Is it possible to distinguish between breaking innovations and more incremental ones? What are the main conditions of success of NBMs? What is their social usefulness and what should be the involvement of public authorities in their development, particularly at regional level? How traditional companies can address these BMs: should they attempt to shape the future, choose an adapter posture or reserve the right to play? How can parties realize 'shared value creation' for the different stakeholders? These are some of the topics to be discussed during the conference.

In this context of tremendous changes and strong uncertainties, Toulouse Business School, which aims to develop research in connection with the current problems of business and society, is proud to host the first conference dedicated to New Business Models under the Pierre de Fermat Chair led by Professor Jan Jonker and supported by the Languedoc Roussillon Midi-Pyrenees Region.

We hope that through the various presentations and the exchanges between the participants, this conference will bring answers to some of the issues raised by this new environment but will also open research avenues for the coming years.

I wish you fruitful discussions and a good stay at TBS.

Denis Lacoste
Dean of Research Toulouse Business School
Toulouse, May 17 2016
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Word of welcome

Dear participants, welcome to the first International Conference on “New Business Models – Exploring a changing view on organizing value creation” that takes place at the Toulouse Business School (Toulouse, France) on June 16 and 17, 2016. This conference marks the end of a two-year research period concerning new and regional business models that was undertaken under the supervision of the Chair d’Excellence Pierre de Fermat. This chair enables researchers from abroad to explore and develop regional research projects based on knowledge and experience, gained abroad, in order to enrich the level of knowledge and understanding of New Business Models in the region of Languedoc-Roussillon Midi-Pyrénées. We are very grateful to those that have decided on the chair holders this exclusive research focus on New Business Models.

Preparing an international conference is a challenging endeavour, certainly when it is the first time on a subject that is relatively new in the academic realm. During the entire two-year period of the Chair d’Excellence Pierre de Fermat, the aim has been to create and disseminate knowledge among students, researchers, and the wider public. In addition to this, courses have also been provided to pupils of the Lycée Pierre de Fermat in Toulouse, France. As a result, a series of activities such as workshops, guest lectures, projects, research seminars, and ateliers have been undertaken. This international conference is the third event in a row. The previous two events at the Toulouse Business School, were international research seminars, laying the foundations for this final event.

We are very proud that for this very first conference on New Business Models, over 30 submissions have been received and over 50 people will attend the conference covering more than 10 nationalities, underlining the true international character. We hope that during the two days, a vivid exchange of insights, ideas, and concepts will take place. After all, an academic conference is about debate, in order to enrich work in progress. Furthermore, we hope the conference will provide ample input for the special issues of the ‘Journal of Cleaner Production’, ‘Studies of Organizational Management and Sustainability’, and possibly a book publication. It goes without saying that we also hope that the abstract submitted for this conference will find their way into other international journals and relevant publications.

We are very grateful to the Toulouse Business School and the team that has helped to organize this event. Without their precious and long-standing assistance, it would be virtually impossible to make this happen. Last but not least, we are very proud that this conference will continue over the years to come. For a period of five years, arrangements have been made to assure its continuity. The next edition of this international conference will be hosted by Romana Rauter and Rupert J. Baumgartner at the University of Graz, Austria, on June 21 and 22, 2017. In 2018, Rumen Gechev and Nikolay Dentchev will host this international conference in Sofia, Bulgaria. Without the Chair d’Excellence Pierre de Fermat, initiated by the region Languedoc-Roussillon Midi-Pyrénées, such a start and these prospects would not have been possible.

Jan Jonker and Niels R. Faber
Introduction

Why and how we should explore a changing view on organising value creation
by Florian Lüdeke-Freund
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“Until the 1990s, companies didn’t have ‘business models’” (Codrea-Rado, 2013). Of course, they did. But this finding from a linguistic analysis of the emergence of the business model notion points to an important landmark in business practice and research. During the last fifteen years, those dealing with entrepreneurship, management, strategy and innovation became increasingly aware of the role and importance of companies’ business models as well as concepts and tools for their development and management. We all know the story that, triggered by the dot-com hype of the late 1990s and early 2000s, the business model notion evolved into a major management and innovation concept and that it found its most prominent representation in a tool named “Business Model Canvas” (Osterwalder & Pigneur, 2009). But most of us also know that this is by far not the end of the story. Both practitioners and researchers are trying to overcome the limitations of early business model concepts, which are some kind of heritage from their emergence within the mainstream mindset of business practice and research. A major limitation is their exclusive focus on supporting companies to survive and prosper in financial terms under circumstances of zero-sum game market competition. Accordingly, the initial definitions of value creation were a far cry away from inclusive notions of value open to ecological and social benefits, for example. The first New Business Models conference is an attempt to bring together researchers and practitioners working on a new foundation for our understanding and use of the business model concept. As such, this conference must not be seen in isolation. It is related to a broad range of activities such as an upcoming special issue in the Journal of Cleaner Production developed by Nikolay Dentchev and colleagues, a special issue of Studies of Organisational Management & Sustainability by João Carcalho and colleagues, a book based on contributions to the Toulouse conference as well as the first massive open online course (MOOC) on New Business Models launched by Jan Jonker. The emerging New Business Models community can also build on work already done in related fields such as sustainability innovation and sustainable entrepreneurship, as for example discussed in a recent special issue of Organization & Environment. Whatever we call it, “sustainable business model”, “responsible business model”, “social business model” or “business model for shared value”, the overarching mission can be defined as understanding and developing new business models that allow forms of organising, and not just business organisations, to create value with and for society while going beyond narrowly defined forms of financial value creation. The search for such business models has some tradition especially in the domains of social and sustainable entrepreneurship. Pioneers in these fields recognised the potential of business models to support their social and green innovations and to introduce new rationales of organisational value creation. Accordingly, early research was trying to shed light on how business models can help setting up viable organisations at the “bottom of the pyramid” and how they can bring eco-technologies to the market. Reviewing this body of literature reveals intriguing cases such as Indian eye care provider Aravind, who can be seen as a pioneer of “social freemium business models”. Starting in the 1970s, Aravind developed...
a model based on cross-subsidisation that allows more than fifty percent of their patients – several hundreds of thousands every year – to obtain high-quality eye care for free; decades before companies like Spotify discovered the strength of freemium models. A current example of how business model innovation can become a wake-up call for traditional industries is US American e-mobile manufacturer Tesla. While incumbents in the automobile industry are bound to one century of technological specialisation, nurture their core competencies and even engage in fraud to “improve” their ecological performance, Tesla developed a whole new business environment that integrates the development of alternative products (cars) and the socio-technical system that is necessary to use these products (e.g. charging infrastructure). By doing so, he actually revives a technological pathway that can be traced back to the mid-19th century when combustion and electrical engines started side by side (we know who won that race in the 20th century). These cases are compelling as they showcase important role models and counter-examples to traditional ways of doing business. But we also have to go beyond single cases and try to understand their commonalities in order to support their growth, take up and replication by others (Schaltegger et al., 2016a). This in turn requires a re-conceptualisation and re-contextualisation of the business model concept as a means to describe and share the particular business rationales that may drive social, sharing, de-growth or circular businesses, for example. In an attempt to offer a general definition of “Business Models for Sustainability” we formulated the following characteristics (Schaltegger et al., 2016b, p. 6): “A business model for sustainability helps describing, analyzing, managing, and communicating (i) a company’s sustainable value proposition to its customers, and all other stakeholders, (ii) how it creates and delivers this value, (iii) and how it captures economic value while maintaining or regenerating natural, social, and economic capital beyond its organizational boundaries.” This is, of course, an ambitious vision of a business model. It points to particular model functions, such as describing; it claims that value has to be proposed to all business models stakeholders, not only customers; it refers to the general purpose of creating, delivering and capturing value; and it demands that organisations not only use but also maintain their internal and external ecological, social, and economic capital base. Obviously, there is a lot to do for business developers. But such ambitions are needed to leave the era of purely financially-driven business development. While these characteristics help in describing what we should aim for, we also need principles that guide our theoretical and practical work towards businesses with these characteristics. The design of business models that are not only financially viable but deliver “true value” can therefore follow three general principles (Jonker, 2014):

1. The principle of collaborative value creation, which is the idea that constituents invest in creating value together.
2. The principle of shared value creation, which is the idea that constituents share in the value they have created collaboratively;
3. The principle of multiple value creation, which is the simultaneous provision of ecological, social, and economic value.

This approach replaces the mere strategic intention of addressing societal needs and challenges in order to improve business success, as for example emphasised by the “Creating Shared Value” concept put forward by Porter and Kramer (2011), with the fundamental principles of collaboration, true sharing, and multiple forms of value. These principles provide
the basis for a new generation of innovative businesses created by established and emerging actors, laying the foundation for a new and hopefully more sustainable and just economy. “Until 2016, companies didn’t have ‘sustainable business models’”. I do not think so. The examples are out there. We simply have to learn seeing and sharing them to enable researchers and practitioners to grow, take up and replicate their new, sustainable and socially responsible business models.

References


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International Conference on New Business Models
Venue: Toulouse Business School (TBS), Toulouse (France)
Date: June 16 and 17, 2016

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Abstracts – Session 1

ASSESSING THE ENVIRONMENTAL IMPACT OF NEW CIRCULAR BUSINESS MODELS

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Keywords: Circularity assessment; circular business; sustainability assessment; sustainable business; circular design; streamlined LCA.

Abstract

Circular business models are increasingly viewed as a key driver for business competitiveness and sustainability. Yet it is unclear what the positive (or negative) environmental impact of such new business models might be. Existing methods such as Life Cycle Assessment and Mass Flow Analysis, typically more suited for product-level and material-level environmental assessment respectively, may be modified to assess the impact of new circular business models. However, these might be too time and resource-intensive to effectively guide decision-making. Building on earlier work on circular design and business models, the performance economy and life cycle and systems thinking, this work proposes a list of guiding principles to start assessing the impact of new circular business models. The guiding principles are organised according to the following high-level strategies: Slowing effects; Closing effects; Life cycle effects, and Systems effects. Slowing effects are linked to long lasting products and extending product life as part of the new business model. Closing effects relate to the potential for recycling, or product life post-consumer use, as a result of the circular business model innovation. Life cycle effects are the effects not yet captured within these slowing and closing effects, which arise across the product life cycle from raw material sourcing up until production, transport, use and disposal of products. Finally, Systems effects are the wider impacts of circular business model innovation. For each high-level strategy key questions were formulated to assess the environmental impact reduction of the new circular business model.
It was found that the strategies and guiding principles help stimulate debate on the environmental direction of new circular business models. This work has provided insights to guide a potential direction for assessing the environmental impact of new circular business models, and added to the sparse body of literature in this field.
THE BACKCASTING AND ECO-DESIGN FRAMEWORK FOR CIRCULAR ECONOMY IN THE SERVICES SECTOR

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Abstract
The incumbent economic system has resulted in rates of natural resource depletion and waste production that are incommensurable with the limitations of a finite planet. There is therefore a requirement, if the modern aspirational quality of life is to be maintained, for the global economy to be decoupled from resource consumption (and the subsequent disposal of wastes) (Jackson, 2009).

The circular economy is one proposed solution to this challenge, based on its ability to maintain, or grow, current levels of economic output, but in ways through which material input efficiency may be maximised. At the same time waste management systems such as reuse, recovery and recycling, have the potential to minimise waste output, often across multiple supply chains.

Different businesses require different approaches to the circular economy, depending on their own specific characteristics, and those of their sector. Accordingly, although a relatively nascent field, a number of different approaches are emerging in the literature to foster circular-economy in such different environments.

Such frameworks (for example, Ardente and Mathieux 2014; Rashid et al. 2013; EMF, 2015a) typically focus on developing circular solutions for particular products and processes that rely on a throughput of physical materials. Whilst this is understandable considering that consumption of goods is directly linked to material use and waste output (EMF, 2015b), it does not acknowledge the fact that the services sector accounts for over 70% of GDP in the European Union (CIA, 2015), and is thus likely to be a significant consumer of materials.

The paucity of research on circular economy implementation for businesses in this sector therefore represents a significant opportunity to explore the potential for such organisations to contribute to a circular economy and, importantly, how such aspirations may be realised. This paper describes how one such framework “BECE” (Backcasting and Eco-design for the Circular Economy) (Mendoza et al., 2016), was adapted for use in a case setting with a small-medium enterprise in the IT Support Sector, whose business is primarily focused on the sale of knowledge rather than physical products.

Bringing in theory from strategy (backcasting) and industrial ecology (eco-design), BECE consists of 10 iterative steps that take the user from the development of an overarching vision that is compliant with the circular economy, through specific objectives, the development of business alternatives, the identification of pathways to application, and ultimately to final implementation by the focal business.

This same process was applied to the business in the IT support sector through two workshops, bringing in new tools such as the Business Model Canvas, as a means of
understanding the company’s incumbent business model, and how this may require BECE to be adapted. Preliminary results suggest that whilst the framework will analyse the limited number of maintenance products and parts used by the business, the nature of the business as a service provider means that the primary focus will be on increasing equipment longevity, communicating circular economy principles to the customer, and expanding the company’s reuse and recycling service. More radical innovations in the company’s business model will also be considered, for example, asset sharing by providing 3D printing services to businesses. The authors believe that the adapted framework empowers businesses to approach the circular economy in a holistic way, in which the call for action is specific to the business, and its overarching corporate objectives. Based on this call, the participating IT business was able to identify appropriate solutions that are commensurable with such objectives, whilst also being compliant with the principles of a circular economy. For example, suppliers were sought who could evidence their environmental performance, but who would were also of enough quality to ensure that customer satisfaction was not compromised (a key pillar of the company’s strategy).
This suggests that the flexibility of the BECE framework makes it a suitable tool for implementing the circular economy in the services sector, and importantly that there is some potential for this sector to contribute to EU ambitions for a resource efficient economy.

References


HOW CAN VALUE SHAPE BUSINESS MODELS FOR THE CIRCULAR ECONOMY

Insights from the field of engineering linking usefulness of materials to value creation

Ivo Kothman

Keywords: business model, circular economy, value, engineering

Abstract

On the path towards sustainability, the circular economy is rapidly gaining traction. The circular economy is generally described as a circular way of organizing material flows deducted from nature via biomimicry. It is seen as a way to transition from the linear paradigm of make-use-dispose to a circular reuse-recycle-upcycle model, retaining value. When considering the circular economy, I argue that value can be directly related to the usefulness of materials. In this perspective, business models can be regarded as ways to describe how adding usefulness to materials can be organized. I present a case study on the materials inside mobile phones to illustrate how the value of the materials can shape new business models for the circular economy. This contribution presents some insights in (1) how usefulness of a material is considered in various relevant fields of engineering, (2) how this is linked to value creation in the perspective of a circular economy and (3) how this can shape related business models.

The level of usefulness of a material is determined by its position in the technical value chain. When a product is broken, it may have lost its usefulness to its user. However, if the materials inside the product can be fully recycled, value can be re-added or increased time and again (McDonough & Braungart, 2013). I present a case study on the Dutch initiative ‘Closing the Loop’ as an example of a business model that revolves around regaining the value from broken mobile phones, a practice also referred to as ‘urban mining’. The case shows how a business model can inspire the transformation from a linear to a circular economy. There are several schools of engineering related to the circular economy, e.g. cradle to cradle, life cycle analysis, material flow analysis and biomimicry. All these fields provide clues regarding the usefulness of materials, the value of materials and ways in which these can be organized. Depending on the position in the supply chain, usefulness of a material and therefore its value, can for instance be described as how easily a material can be reshaped, transported with minimal logistical effort or its durability in a certain application. Design, methods for manufacturing and the supply chain are interlinked; a transformation in one dimension will affect all three dimensions (Fixson, 2005). By exploring the various theoretical engineering fields related to the circular economy, I aim to derive various mechanisms in which the usefulness of materials can be increased, and therefore offer opportunities for value creation.

The most commonly used definition of the circular economy is of the Ellen Macarthur foundation (Ellen MacArthur Foundation, 2013). It has two limitations considering the applicability of this definition. First, this definition considers the entire economic system, which cannot be covered by a single business model. In order to create an applicable business model, narrowing of the scope is required. Second, this definition recognizes the importance of the highest possible utility and value of products, components and materials, but this...
remains a matter of perspective. I argue that this can be deduced to a business model centered around creating value by increasing the usefulness of materials within a circular supply chain.

Business models in general describe ways in which the generation of value is organized. For example, the well-known business model canvas revolves around the value proposition but is limited to describing it as creating value for a specific customer segment (Osterwalder, Pigneur, Smith, & Movement, 2010). In this regard, the usefulness of materials is considered only from the perspective of the consumer, implying that when a product has lost its usefulness to the customer, there is no more value. This is at the essence of the linear economy. When striving for a circular economy, usefulness of materials changes perspective, depending on its position in the value chain. Viewing the supply chain as a value added network is considered common ground (Christopher, 2005), making it a small step towards value added circles where, just as in nature, for every state of the material in the technical cycle, there is opportunity for adding value. This can shape new business models.

The originality of this paper lies in relating the various fields of engineering via one principle to value creation in related business models. This can offer a way to bridge the gap between engineering and economics, while striving for a circular economy. The limitation of the holistic approach in this paper means the derived mechanisms can only be described in a broad sense. The case study used to illustrate the principles provides only limited empirical data. More research is needed to better understand the mechanisms and their practical limitations.

References


THE ELEPHANT IN THE ROOM

A Review of Theory and Practice regarding the concept of the Circular Economy

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Abstract

In recent years the concept of the circular economy has gained a lot of attention in the academic literature. Most scholars conducted empirical studies on the micro- and meso-level. The circular economy is also a macropolitical concept, which origins can be traced back into the classical economists. Our findings indicate that, while there are some common theoretical bases, the relative usage of these concepts varies over time, between countries and between sectors.

The aim of this paper is to review the conceptual and empirical literature on the concept of the Circular Economy (CE) in order to identify its origins, key arguments and areas for further empirical research and theoretical grounding from a macroeconomic perspective. Attention is paid to the similarities and differences between CE and related concepts, including industrial ecology, environmental economics and the notion of sustainable development.

On a macro level, there seems to be a disconnect between the current popularized version of macro circularity, practical concepts of the circular economy and the macro literature on sustainable development, steady state economics (SSE) and degrowth. This disconnect is twofold. First, popularized CE (EMF, 2012) may appear at odds with the ecological economic discourses of degrowth or SSE. Notions of circularity, or decreased throughput combined with increased product durability and regeneration are however conveyed through both the degrowth and SSE literature. Since the popularized macro circular discourse analysed here belongs to the neoclassical economic approach, its fundamental aspects and principles can and should be adapted and integrated into the ecological approaches. This alters the macroeconomic judgement of the success of CE.

Second, in the literature there is ample attention for feedback-loops, substitution effects and second- or third-order effects in value feedback loops on a micro and meso level. It is mostly assumed that circular practices at lower levels of activity will add up to a macro-circularity. Most attention is directed towards resource and material feedback loops, but these also affect behavior of other actors in the economy. This induces behavioral effects of other agents in the economy, and might change the outcome of circularity on a macroeconomic level.

It is concluded that descriptive and normative perspectives which dominate the literature of macro circularity which dominate the literature should be supplemented by more critical accounts which recognize the rhetorical and discursive significance of CE in (re)constructing the economic paradigm, mobilizing collective engagement and challenging or reinforcing traditional forms of organization.
Abstracts – session 2

BUSINESS MODEL INNOVATION FOR SUSTAINABILITY

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Abstract

In a context where Sustainable development goals (SDG), recently adopted by the UN members as a post-agenda to the Millenium development goals, are viewed by many “as a way of expressing the broader expectations of society as a whole” (ISO 26000, 2010), many questions arise on the ways of responding to these goals. In this paper, we propose to link various kind of innovations, such as technical innovation, process innovation, managerial innovation and organizational innovation, to foster the design of more sustainable business models. We use the term sustainable business models as referring to those who integrate both social and ecological issues, including social justice, meeting primary needs, while respecting the environment, using less natural resources, in particular scarce resources, striving for the conservation of biodiversity, aiming at reducing pollution of soils and providing access to clean air and water for all living beings; in short globally addressing issues caused by manhood and which consequences may be dire for current and future generations.

According to Teece (2010), “a business model articulates how the company will convert resources and capabilities into economic value”. For Baden-Fuller & Haefliger (2013) one important characteristics is that “a business model should be able to link two dimensions of firm activity: value creation and value capture”. Nevertheless, the widely accepted meaning of value creation is narrowly reduced to the sole economic value generated by a given venture, inside its boundaries, rather than on a global value from procurement to the end of the useful life. Social and environmental factors are most of the time not valued, even though a triple bottom line framework - encompassing economic, social and environmental profitability (Elkington, 1997) - has been developed, but implementation remains so far very limited.

Furthermore sustainability issues need to be addressed at the overarching level of the value chain outside firm boundaries. Indeed, following the definition proposed by Magretta (2002), business models describe “the logic of the firm, the way it operates and how it creates value for its stakeholders”. Value capture here is an important aspect, encompassing both economic and non-economic return distributed across value chain actors and the communities they live in.
We therefore believe that designing business models differently is a way to contribute to a more sustainable world. We want to build on existing research on business models that display a concern for both social and environmental issues, which is the case for alternative business models - and also social business models - that have emerged and widely be financed by development aid, in order to empower people and help alleviate poverty. Studying business models for Bottom of the Pyramid (BoP) populations is all the more interesting to us since they focus on addressing primary needs and on the optimal utilization of scarce resources to the benefit of stakeholders, even if the optic is often not so much to meet sustainability goals but rather for economic reasons. We do not try to address the issue of poverty alleviation nor do we consider BoP populations, who live on less than 2 dollars a day in developing countries, as a market opportunity (Prahalad, 2009). Our objective is rather to try to work towards defining a sort of “base” business model which integrates sustainability issues and may help entrepreneurs to develop efficient and innovative ventures for sustainability.

We will start by looking into existing typologies of business models for BoP populations and to characterize their key components. We will focus on two categories: business models aimed at BoP customers and business models centered on BoP producers.

For each of these models, we will identify what main innovations have been key success factors driving their institutionalisation and the conditions in which similar innovations could help to craft more sustainable models. We aim at linking the business model design with technical and process innovations for addressing BoP needs, innovations can also be directed to more inclusive governance designs, with input from the various stakeholders of the value chain.

We will then present two exploratory case studies of business models related to solar energy and addressing BoP customers. We chose two projects which were presented at a COP21 conference on African climate entrepreneurs that one of the authors attended. We draw both on primary and secondary sources to explore what we have identified as being two contrasting business model designs.

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<table>
<thead>
<tr>
<th>Description</th>
<th>BM on BoP Customers</th>
<th>BM centered on BoP Producers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pay-per-use</strong></td>
<td>Similar to pay-per-view for films</td>
<td><strong>No Frills</strong></td>
</tr>
<tr>
<td><strong>Para-skillling</strong></td>
<td>No frills + reengineering process</td>
<td><strong>Shared Channels</strong></td>
</tr>
<tr>
<td><strong>Contract production</strong></td>
<td>Fixed term contract, inputs provided</td>
<td><strong>Deep Procurement</strong></td>
</tr>
<tr>
<td><strong>Demand-led product/service</strong></td>
<td>(adapted to the specific needs of the market)</td>
<td><strong>Micro-franchising models</strong></td>
</tr>
</tbody>
</table>

Source: Adapted from Monitor Group, "Emerging Markets, Emerging Models", 2009

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Project 1: Station Energy, West African sub-region
Station Energy provides access to solar-powered energy in shared micro-service stations for rural populations in West Africa. Electrical loading per unit are sold in multiservice shops, for instance to load mobile phones, or to sustain solar energy systems providing essential services such as pumping for irrigation and cold rooms.

Project 2: Lagazel, Burkina Faso, West Africa
Lagazel designs solar metal lamps tailored for the needs of low-income populations. Exposing the solar panel to the sun in daytime will provide for a full-night lightning. The lamp can be used as a reading lamp or a torch. Sold with a two-year warranty, Lagazel lamps have an estimated life-time of five years after which they need to be replaced, since the battery cannot be disassembled.

Even if at first sight the projects looked similar, very quickly we could distinguish two different models: one based on the sale of the usage of solar energy, similar to the “pay-per-use” model, and one based on the sale of solar energy lamps to cover basic needs, similar to the “no-frills” model.

We intend to analyse the innovations at work in our case studies to meet sustainability goals. One objective is to show the social, cultural, and organizational change that may arise in shifting from a production-oriented economy toward a functional economy (Stahel, 1986). Functional economy is not a new concept but it has been mostly used by engineers in product design and very little in business model design although some authors consider that it would be adapted for addressing BoP needs because of the decoupling between natural resources consumption and growth. Business models for sustainability could also benefit from a functional economy approach that integrates all the issues down the value chain and technical, process and organizational innovations. Trustworthy labeling and certification processes will be needed to clarify social and environmental standards for marketing sustainability-oriented products (SOP).

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LOCAL STRATEGY FOR A FUNCTIONAL AND COOPERATIVE ECONOMY DEVELOPMENT

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Abstract

Enterprises are particularly involved in new business model or new economic model development. But enterprises engaged in model shift face difficulties because the institutional and economic environment is mainly in line with industrial ways of thinking. So, local authorities have a particular role in creating the conditions that help the shift to happen and the few first leaders to persevere in their innovative way of thinking and doing. This contribution studied how a French local authority has dealt with this question in the last 15 years. The former Nord-Pas-de-Calais Region¹ is admitted to be at the edge of the new economic model development and particularly through the functional and cooperative economy’s model². More than 70 enterprises are now engaged in their transition toward this new economic model by means of regional support and other local network intervention. The region intervention does not only consist in financial help. The region has built a strategy that aims the improvement of local immaterial resources, and tries to reveal, develop and contributed to an Immaterial Collective Heritage³.

This institutional innovative strategy is in the main point of this contribution. The authors will introduce the concepts of Immaterial Collective Heritage and its importance in Functional and cooperative economy. Then they will analyze the institutional construction from 2002 to nowadays.

¹ Since 1st January the region is now Nord-Pas-de-Calais-Picardie.
² The region is also known for the third industrial revolution master plan launched by Jeremy Rifkin in may 2013
THE ROLE OF PUBLIC-PRIVATE PARTNERSHIPS FOR FUNCTIONAL ECONOMY IN URBAN MOBILITY

findings from four case studies through Osterwalder Canvas analysis

Xuan LIU

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Abstract

The concept of the functional economy was first raised in the 1980s by the influential Swiss environmental scientist Walter Stahel, but its real development came after 2000 with the Product-Service System (PSS). As a concept it is studied in different disciplines; existing research can be classified into four categories:

- PSS development and engineering such as offer modelling, process and evaluating economic and environmental potential;
- PSS marketing, mainly concerned with pricing and customer satisfaction;
- Strategy, innovation and organizational change with issues like competitive advantage, business models and organizational design/transition;
- Public policy in both macroeconomic and sustainability aspects.

The last two categories of research are relatively less studied.

Functional Economy needs case studies

Monts (2002) found that the drivers, barriers and opportunities for companies to shift to a PSS are highly context-specific. This means that case studies are a powerful way to contribute to an understanding of the functional economy concept. Other scholars’ work confirms this. “In academia, many argue for a quantum jump in academic rigour in the design of tools/methodologies, with much better links to case studies to facilitate rigorous cross-case analyses.” (Baines, Lightfoot, Evans, Neely, et al., 2007) “If PSS ever wants to create a science field in its own right, it is paramount” [. . . ] “to greatly enhance the scientific rigor in, for instance, case study research” (Tukker & Tischner, 2006). So good case studies can move the discussion forward.

“Mobility as a service” and “city as a customer”

In the developing world, one of the mega trends of our time is urbanization. In the developed world, though urbanization rates have stabilized, urban mobility activities intensify. Driving one’s own car creates congestion everywhere from London to Rio, and thus is inappropriate for a sustainable urban future for both the developing and developed world. So city dwellers’ mobility needs have to be met without individual car ownership.

To attract and retain investment and jobs in a globalized era, municipality, metropolitan or regional authorities compete to provide better urban life quality and business environment in all aspects, including “mobility as a service”. Here “mobility” refers to traditional forms like mass public transportation and taxis, but also new forms like Paris Vélib, Autolib, and Uber.
For companies such as the Vélib operator JCDecaux or Autolib operator Bolloré, local authorities are stepping out of their traditional role as regulator and administrator, and taking up the new role of “city as a customer” that purchases “services” from private companies to satisfy society’s needs. Through this kind of public private partnership around urban mobility, a functional economy is created.

My research analyses four functional economy cases about urban mobility with the Osterwalder Canvas, a simple and powerful way to explain a business model and its key enabling factors. By comparing the Canvas - especially three categories of “key partner”, “key resources” and “key activities, my research aims to bring a better understanding of the role of public-private partnerships for functional economy in a comparative perspective. These four case studies are:

A – Didi, a Uber-like Chinese car-sharing multi-functional mobile APP offering customer tailored bus services.
B – BYD, a leading Chinese manufacturer which “rents” its electric taxis and buses to local authorities in China, Europe and Latin America.
C – Michelin Solutions, which “manages” tires and fuel consumption for urban bus systems in Europe and North America.
D – Michelin Fleet Solutions, which “manages” tires for urban bus systems worldwide.

More details about these four cases, as well as information about the author are provided in annexes.

References


Annex I - Four case studies

Case A - Didi in China
Didi is a Chinese car sharing platform started in 2012, which had 7 million rides per day and 1.45 billion rides in total in 2015.¹

Through the same platform, Didi offers diverse mobility services, like private cars, taxis, the social carpooling service Hitch, Didi bus and enterprise services. It also offers other services

¹ It was only in Christmas period of 2015 that Uber reached its 1 billionth ride world-wide since its inception in 2010.
such as: locating a doctor of your choice for home diagnosis, social matching for the social carpooling service, and driving experience of chosen models of new cars. Didi, with more than a 90 per cent share of the Chinese market, is becoming a competitor for Uber in the US, India and South East Asian Countries.  

Case Study B - BYD electric taxis and buses in South America
BYD is a world leader in fabricating electric vehicles, and in the Brussels’ 2014 electric taxis bidding, its e6 model beat its European peers from Nissan and Renault. BYD has launched the ‘Zero Down Payment, Zero Costs, Zero Emissions’ Solution to the taxi and bus markets, to ease adaption of the new technology in the public transport sector and solve the financial pressure for users to access new technologies that are more environmentally friendly.

Case Study C - Michelin Fleet Solutions (MFS) in Beijing
MFS signed a three to five years contract with their clients to oversee the tire asset management including in emergencies, and charges according to the distance driven by clients. In this model, Michelin’s profitability depends on its capacity to optimize tire management, and clients turn all tire-related costs into a variable cost and thus gain flexibility and productivity. MFS, launched in 2000, is operating in many countries including China. This case study will focus on MFS in Beijing’s bus system.

Case Study D - Michelin Solutions (MS) in Europe
Michelin Solutions, launched in 2009, is operating in North America and Europe. It has developed three different brands: Effitires which manages tire assets similar to MFS, Effifuel which manages fuel consumption, and Effitrailer which manages productivity of semitrailers. This case study will focus on MS in London’s bus system.

Annex II - About the author
Xuan LIU is in the second year of her PhD research in strategic foresight and sustainable development in the Business Strategy Department discipline at the Conservatoire National des Arts et Métiers (CNAM). Her advisor is Philippe Durance. In her PhD research, Xuan examines the evolution of sustainability trends in Chinese urban mobility in international perspective, including potential economic opportunities there for foreign companies. Financed by Michelin through a Cifre (Convention Industrielle de Formation par la Recherche) contract, she is also a full-time employee in Michelin Group’s Strategic Foresight team. Xuan graduated from the master’s program in urban affairs at Sciences Po Paris in 2011. After that, she worked as an intern researcher for one year in the Paris and Brussels based think-tank IDDRI, where she published n <Chinese influence on urban Africa> at the end of 2012. She then worked for one year as project associate in the Paris and Geneva based New Cities Foundation.

1 The American rival of Uber, Lyft sought to raise an amount exceeding 1 billion dollars in January 2016 of. The investors are General Motor (500 million), Kingdom Holding Company represented by Saodian prince Ben Talal (100 million), and three online companies: the Japanese online commence Rakuten, two Chinese companies Alibaba and Didi.
Abstract
The contribution questions the effective relations between ecodesign concept applications and commitments toward functional and cooperative economy. Relying on the French SMB UrbanéO’s case, the author reveals how ecodesign can be a step toward functional and cooperative economy commitments. This SMB designs, sells, installs and upkeeps made in France Street furniture mainly for mobility services. The R&D dynamic started with ecodesign and employees’ commitments in terms of environmental impacts reduction in products’ life cycle lengthen and improve themselves with offers’ servicial aspects. With the introduction of servicial logic, employees do not just care about the street furniture itself, but about how it improves mobility within territories.
Nonetheless, transition from an environmental improvement method focused on products toward a new economic model reflection claiming to be a way out of volume based wealth inherited from industrial production thought is not that easy. Tensions exist between the two conceptual frameworks. Some are attached to the business model the refers to: in functional and cooperative economy there is a change from selling goods toward the production of a “integrated solution” containing good and services, built to offer useful effects and formalized by a use performance commitment. Other are attached with labor changes, tacking account of immaterial resources within the economic model reflection.
The author’s hypothesis is that positive relation between ecodesign and functional and cooperative economy is conditioned by some elements within which the most important is the performance definition operating in labor and in value proposal associated to the offer.
DIFFERENT SHADES OF STRATEGY: A LITERATURE REVIEW ON STRATEGY DEVELOPMENT IN HUBS.

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Abstract

This contribution to the debate on New Business Models explores the ways in which strategy takes shape in non-hierarchical networking forms of organizing called hubs. This paper aims to clarify strategy formation in such context through a literature review in which we explore how two topics meet: (1) developments in collective strategizing and (2) developments around forms of multi-stakeholder organizing. Our research focuses on the question how strategy formation takes places in loosely coupled multi-party networking forms of organizing.

We observe the emergence of new, pluriform, non-hierarchical forms of organizing called hubs. Hubs are characterized as dedicated networks of collaborative constituents that are bound by common values and shared goals and that operate on a regional level. They implicitly aim to integrate a broader range of values e.g. ecological, economic, and social. In doing so, hubs enable a wide variety of constituents to engage into a process of collaborative and often community-based action while experimenting with new forms of organizing. This leads to the shaping and defining of goals and projects and a shared ambition to realise those goals. We assume that, along this, a collective strategizing process emerges. Yet, how constituents in a hub craft a strategy while simultaneously engaging in a process of cooperation and value creation is unclear. Assuming that hubs do engage in a process of strategy formation we want to know if and in what way existing insights into strategy formation relate to the strategizing processes in developing hubs.

Strategy development is discussed extensively in literature in various, distinct schools of thought. The main ‘Schools of Strategy’ focus on distinguishing different perspectives of strategizing processes in established organisations that operate on the basis of an organisational hierarchy and linear model of value creation. In this perspective strategy is a systematic approach of setting targets and future directions towards a - often single – pre determined goal. In contrast, hubs evolve to facilitate co-creation and value creation by a variety of autonomous constituents. Constituents in hubs realize new, cooperative,
experimental, and innovative approaches to accumulate human, social, natural, physical, and financial capital, aiming to accomplish common goals and to co-create shared values. We refer to this process as ‘strategizing by constituents in hubs’. The strategizing process in hubs seems to involve multiple strategies as it is shaped around multiple goals and by multiple organisations.

We find that these specific organisational developments need to be taken into account in the debate on collective strategy development, particularly in relation to the development of multi-party networking forms of organising.

We investigate how the process of strategy formation in hubs is shaped. More in particular we are looking for theoretical and empirical footholds that can help to understand how this process evolves. To do so, we question strategy formation in hubs from two perspectives: organisational sciences and strategic development. From the perspective of organizational sciences we look for studies that link the development of multi party networking forms of organising to strategy development. Next to this we are interested to learn how strategy literature relates to strategy formation in multi party networking forms of organising.

In this study we perform a structured literature search, examining a selection of Q1 journals in the fields of organisational science and strategic management. However, we acknowledge that hubs are new, still developing forms of organising and the organisational concepts that lie underneath may well be studied from other disciplines. This search is therefore broadened by journals in the field of social networks (actors in a network economy) and (strategic) decision-making. In order to do so we will execute a search using Mendeley software.

We start by determining an initial set of search key words that indicate strategy formation in pluriform organisations and strategy formation in networking forms of organising, such as strategy in an adhocracy, collective strategy, collaborative strategy, distributed strategy. We aim to provide a literature overview of how strategy development unfolds in nonhierarchical forms of organizing, thus contributing to the knowledge on strategy formation in hubs. This literature review will serve as a basis for further empirical research.
HOW CROSS-DOMAIN COLLABORATION OF GRASSROOTS LEADS TO A REGIONAL BUSINESS MODEL: THREE CASES

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Key words: grassroots innovation, collaboration, regional, sustainability, transition

Abstract

A transition can be defined as a fundamental change in the structures, cultures and practices of a societal (sub)system, thoroughly changing the way it functions, while altering at a non-linear rate (De Haan & Rotmans, 2011). Innovation communities play an important role in this process of fundamental change as they are change agents through enhancing behavioural change (Avelino et al., 2014).

In Europe, citizens are taking a variety of self-driven initiatives to enhance sustainability. These initiatives appear as social networks at a local and regional scale, and cover a range of initiatives including those that produce food, organize elderly care, provide collective transport or access to fibre-optic technology. These citizen initiatives can be categorised as among ‘grassroots innovations’ (Seyfang & Smith, 2007), which are defined as “networks of citizens and organizations generating novel bottom-up solutions for sustainable development; solutions that respond to the local situation and the interests and values of the communities involved” (Seyfang & Haxeltine, 2012; Seyfang & Smith, 2007; Smith, Hargreaves, Hielscher, Martiskainen, & Seyfang, 2016; Smith & Seyfang, 2013). Grassroots innovations may be viewed as emerging ‘niches’ that demonstrate how changed social, ecological and economic values and visions are put into practice, thereby creating new small-scale appliance domains, eventually leading to the development of community-based business models. A business model reflects the way a business is organised and managed in order to create, deliver and capture value (Osterwalder & Pigneur, 2010). These grassroots initiatives show a strain of emerging business models based on collective action thus enabling the transition towards a more sustainable and circular economy (Jonker, 2013, 2014). The transition literature offers a framework to better understand how grassroots innovations exert influence on, and interact with, a regime in the course of a transition. What is omitting is to elucidate how this interactive process emerges. Here the assumption is that this emerges via cross-thematic collaboration of the grassroots. Many of the grassroots sustainability

1 Hilde Engels is a doctoral candidate at the department of Sustainable Entrepreneurship of the Radboud University, in the Netherlands. She researches the influence of collaboration between grassroots communities on mainstreaming new practices, from a transitional perspective.
initiatives focus on one domain only, either energy, water, transport, housing, food, or others, thus providing sub-optimal sustainable solutions. What is the use of an electric car if the electricity is still produced from fossil fuels, for example? So the smart integration of certain domains would offer better sustainability solutions. Collaboration between and integration of various grassroots initiatives would foster a better solution. The aim of this paper is to advance knowledge of this cross-domain collaboration by elaborating on the inducing conditional factors.

The study takes a qualitative case-study approach (Yin, 2009) by exploring three cases. The methodology consists of desk research (literature and internet search), combined with field research in the form of interviews. It uses an interpretive approach (Yanow & Schwartz-Shea, 2006), gaining a narrative of the critical events and turning points in the emerging process of collaboration, thus leading to the identification of conditional factors.

The three examined European cases are known for their roots in the local community while stimulating a regional transition to sustainability. The cases are: Samsø Island in Denmark, the Peel and Maas region in the Netherlands, and Nord-Pas de Calais in France. All three cases show bottom-up cross-domain collaboration. The preliminary results show three patterns regarding the conditional factors. First, economic interests seem to be the engine for capturing ecological and social values. Second, a sequential change pattern emerges across the different domains: first energy reduction, then installation of renewable energy, next greening of transport and finally adoption of ecological food. Third, local participation plays a pivotal role in the successful implementation of sustainifying technologies and corresponding ways of organising. The cross-domain collaboration that emerges across these patterns reinforces the regional economy, in which citizens progressively participate, enabling them to gain extra revenues. As a whole this adds to the social and economic viability of the region, giving way to an emerging regional business model.

References


JUMP-STARTING THE NEW ECONOMY WITH A NEW MULTI-CAPITAL SOCIAL CONTRACT FOR CONTEXT-BASED SUSTAINABILITY

How regional constituents can change the game by forming and opting into New Economy Networks

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Keywords: New Economy Networks, social contract, multi-capitalism, context-based sustainability

Abstract

This paper explores ways to revitalize or renew the broken social contract between market, state and the commons (Faber & Hadders, 2015). We aim to develop a blueprint of a new social contract for multi-capital, context-based sustainability in relation to new business models, reporting, and accounting, fostering a new inclusive, regenerative economy. This involves a myriad of constituents, all looking for feasible elements of a green and inclusive ‘new economy’ they can refer to and build on. We apply the main principles and functionality of measuring sustainability in context (Faber & Hadders, 2015) in our exploration of this new economy. Still, in spite of all the talk, the question remains if New Social Contracts and new economies are even being tried yet? We theorize new economies e.g., a circular economy, as steady-state (Daly & Cobb, 1989), and ground these in a doctrine of multi-capitalism (McElroy, 2015). Multi-capital-based economies operate within a safe and just space for humanity; empirically sustainable relative to ecological (ceilings), and social and economic (floors) thresholds. Multi-capitalism dictates that all actors in a geographical space, use shared measurement for their performance outcome(s) in terms of (a) the impacts on all vital capitals (not just financial-economic) and (b) stakeholder well-being (not just shareholders). It is also a context-based approach to performance accounting that defines actor-specific sustainability norms, and measures performance against them. It adheres to a vision that all social contract-partners operate within this safe and just space, as a blueprint for what a new economy could be. An economy that is about distributive justice, procedural justice, and interactive fairness.

New Economy Networks (NENs) intend to provide an answer to the ever growing need for a collaborative, neutral, safe space, multi-stakeholder, and systemic environment that serves the real needs of a new green and inclusive economy. It is an open-source social innovation meeting the requirements of new economies i.e., (1) steady-state and (2) multi-capitalism based (McElroy, 2016). It also is an executable model for new economies consisting of self-organizing affinity networks of social contract partners using a social charter. Its members agree to follow three simple ‘swarm’-rules. First, members perform more than a certain percentage of their transactions with other NEN-members (e.g. commerce, government,
commons). Second, they apply multi-capital measurement, managing, and reporting. Third, members report economic performance in non-GDP terms. We argue that opt-in networks with built-in interdependencies and shared benefits may be used to jump-start new economies (e.g., ‘wisdom of the crowds’) and that the introduction of multiple capital accounting to all constituents can catalyze sustainability in the regional network as a whole. In a comparative analysis, the ‘Economy of the Common Good’ initiative (Felber, 2015) seems to be a promising approach. However, in contrast to the approach we suggest, it lacks a multi-capital and context-based accounting foundation. Inspired by this initiative, we propose to develop, and test the NEN concept in action, in the three northern provinces of The Netherlands supported by the Noorden Duurzaam Society. The tests are used to refine and evaluate our model for how social contract parties can make the transition from ‘growth’ to ‘steady-state’ economies. Other goals are (a) to launch and test a prototypical ‘new contract’ and ‘new economy’ in the real world using the model, (b) to use and test the blockchain technology for distributed, smart social contracts, and (c) to design, test and evaluate a supporting platform for how to help various forms of organizing make such transitions. Finally, we provide several conclusions and recommendations for further action. We describe the key steps, timeline and deliverables in our initiative, and we give an indication of the expected outcomes and resource requirements.

References


LOCAL ECONOMIC DEVELOPMENT AND NEW BUSINESS MODELS

*How to combine (new) actors and (new) values.*

Bartjan W. Pennink

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**Abstract**

In the process of Local Economic Development, it was discovered (Pennink, 2012, 2015) that not only entrepreneurs were involved and that, similar to the circular economy, the actors were searching for ways to find out how new activities can be discovered or created and how they can be worked out in such a way that more people in local situations would continue participating. This process has certain analogies with the theories on Circular Economics wherein the innovative power is coming from finding new combinations of actors and new forms of value creation. New refers to the concept that innovations in economic development will not come from only entrepreneurs. It also refers to more than the classical value creation of Return on Investments (Jonker, 2014). Based on comparing the two fields of (1) Local Economic Development and (2) Circular Economy, we will compose a matrix in which we hope to provide a framework for the following questions: Which actors can be involved? Which values can be included? In which ways can the actors be involved? How can different combinations of these answers be supportive for LED?

In the first field, we will demonstrate how working in the field of Local Economic Development applied in developing countries has similarities with the multi-value creation process. Stimulating local communities by only focusing on becoming an entrepreneur (one value) did not work. In the process of establishing local economic activities, it was not just creating entrepreneurial attitudes but also creating shared values of trust, a willingness to cooperate, and creating a shared idea about the future. Moreover, we noticed as well that, during this process, several actors were involved with different roots within the local society (farmers, entrepreneurs, civil servants, members of NGOs). We learned from this field how to involve actors in new economic and social activities and that we should not limit this process to only entrepreneurs. This project work occurred from 2005 to 2011 and research activities related to that work from 2005 to 2016.

Our work in the stimulating LED appears to be similar to several aspects of New Business Models; more actors and more values are involved. Based on this experience and the research results, we believe that raising questions on how to create the value will be interesting.

In the second field, we refer to an example of an NGO in a developed world with a shrinking economy in the north of the Netherlands that wanted to introduce new activities related to those already existing. The new activities were closely related to the Circular Economy principles and also focused on how to form a relationship with the local situation. During this
process, we observed (based on an applied action research project for this NGO in 2015) that, besides the question of how to create the new activities/new values, the question of which actors can be involved also became important. In the Circular Economy, we observed similarities based on a specific example: a variety of actors, more values involved, and questions regarding which actors should be involved and which values should be shared.

Based on on work in these two fields, we will create a structured matrix that incites questions on the multi-value creation process and how these answers in different combinations can be supportive for Local Economic and Social Development. This matrix will encompass more than, for example, the MultiCapital Scorecard of McElroy & Thomas (2015) or the ideas suggested by Faber and Hadders (2015) on the social contract between actors. By creating a matrix, we add to the field of New Business Models by arguing that our questions address new value creation directions that can be employed for new business models, in general, but can also be utilized for Local Economic Development in developing countries, especially for regions in developed countries with a shrinking economy.
DESIGNING FOUR ECOSYSTEM CONSERVATION-ORIENTED BUSINESS MODELS FOR ECOLOGICAL VALUE CREATION.

An action-research with a leading French water company

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Abstract

Reducing firms’ environmental impact is a question now widely addressed in the management and sustainable development literature. Increasingly, new frameworks and tools are introduced to help business better measure and reduce their impacts on biodiversity and ecological systems. Yet, the specific issues faced by environmental sector companies that try to develop commercial services dedicated to the management of ecosystems are today still largely unexplored. For them, the core issue regarding sustainable business model innovation is not so much the one of ‘greening’ their supply chains, but rather of imagining, designing and proposing original services and business models for the creation of ecological value.

In this paper, we distance ourselves from existing propositions to use economic valuation and standard monetary pricing of biodiversity and ecosystem services (the benefits humans receive from good ecosystem functioning) as a basis and precondition for the development of new biodiversity markets and business models. Instead, we suggest that “ecological value”, defined in most general terms as the improvement of ecological systems’ quality (i.e. higher biodiversity richness, better freshwater quality, improved ecosystem functioning, etc.), is always co-defined and co-created by multiple stakeholders in a given ecological, organizational and political context. Therefore, we call “conservation-oriented business models” negotiation models for firms who engage in the co-definition and co-creation of ecological value in various contexts, by proposing legitimate and valuable commercial contributions to the collective management of ecosystems.

This paper is based on a three years long action-research conducted at the heart of a leading French water company. The firm’s core business model is based on long-term contracts with municipalities for the provision of water services. The profitability of this core business model is continuously eroding since the beginning of the 2000s, due to higher competition on prices
and the rise of ecological threats on the quality and availability of water resources that require new investments. To diversify its portfolio of activities, the company has adopted in 2009 an explicit strategy of developing new commercial services and innovations to improve the collective management of freshwater quality (freshwater quality monitoring, voluntary plans to reduce agricultural pollutions etc.), and more largely, to contribute to the restoration of the landscape’s ecological quality (ecological restoration, biodiversity offsetting, artificial wetlands, adaptation to climate change, etc.).

The paper first describes how managers experiment different practical paths to develop new business models supporting the development of such services in various commercial and ecological settings in France. We show the diversity of challenges and obstacles that they encounter such as: issues of legitimacy and license to operate as they try to establish relationships with new stakeholders and clients in the domain of environmental management; issues of quantification of the ecological value generated by their new services, etc.

The paper then describes how we used theoretical frameworks adapted to the collective management of ecological issues, as well as action-research methods such as focus groups, scenario building and simulation games to design four original conservation-oriented business models dedicated to ecological value co-creation. We show how each model responds to very different possible contexts where public funding and public initiative for ecological restoration is rather high or low. We describe how, in each of the four models, the company can develop different “services for ecosystems” value propositions that combine ecological engineering services, ecosystem assessments and accounting services, and organizational activities.

The paper then discusses how in each of the four models, the company needs: (1) to negotiate its value proposition with different types of clients; (2) to organize various relationships with different communities of stakeholders/partners in order to co-create long-term ecological values; (3) to play different roles, on the basis of different moral values, in order to be accepted as a legitimate player in ecological systems management and justify the remuneration and profitability of its contributions; (4) to develop ecological accounting models and tools in order to quantify, monitor and support the negotiation and management of the ecological value co-creation processes.
CRITIQUE OF THE CANVAS

A new honeycomb approach to business model innovation

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Key words: Business Model Innovation (BMI), Cambridge Honeycomb Business Model Tool ™, sustainability, fashion retailing, value exchange

Abstract

Business model innovation (BMI) tools have become mainstream as entrepreneurs and managers seek systematic approaches to initiate business models (BM). However these tools, for example the Osterwalder and Pigneur (2010) Business Model Canvas, while offering tidy and structured formats, may not adequately capture the complexity of value propositions for multiple stakeholders with potentially competing demands. In order to address this issue, the researchers first critiqued extant BMI tools, before designing the Cambridge Honeycomb Business Model Tool ™ - each building block is a hexagonal shape that collectively composes a hive-type structure. The Honeycomb incorporated the capacity of the Cambridge Value Mapping Tool ™ to articulate the value proposition by breaking it down into multiple value exchanges. A prototype Honeycomb Tool was tested internally with the research team in November 2015. Subsequently, following refinements the tool was piloted with a large fashion retailer’s team during a collaborative two-day BMI workshop. Initial results indicate that the tool’s infinitely expandable hexagonal cellular structure, where cells are introduced independently allows greater analysis of the ‘Value proposition’ by scrutinising various value exchanges between multiple stakeholders, e.g. society and the environment. Value was composed of both tangible and intangible benefits. The pilot process revealed that the Honeycomb is effective in generating not only general BMs with an in-depth analysis of value propositions, but also sustainable BMs. Sustainability in fashion retailing is particularly fraught as intense competition creates time and cost pressures - simultaneously customers and NGOs add to the burden with social and environmental concerns. Consequently, the Cambridge Honeycomb Business Model Tool contributes to academic knowledge by building upon other BMI tools and bridging Value Mapping approaches. For practice, the unbounded structure of the Honeycomb Tool cells helps teams undertake detailed interrogation of BMs, which balance the needs of conflicting interest stakeholders.
Abstract
This paper argues that only fundamental innovations in the governance structures, technologies, and business models of companies will enable the full development of sustainable manufacturing. This argument motivates the development of an analytical framework that integrates the concepts of governance, eco-design, and business model. This framework is used to study the case of Welsh car designer Riversimple. In an attempt to redefine the foundations of individual mobility, Riversimple not only uses new technologies such as fuel cells but also introduces an alternative governance system and a new business model that deviates radically from the traditional car industry (Maxton and Wormald, 2004). Following an engaged scholarship approach (Cummings, 2007; Heron and Reason, 2001; Van de Ven, 2007), we study Riversimple through personal access to the company’s leadership team as well as systematic qualitative content analysis (Gummesson, 2006).

Under normal governance structures, the Management Board of a business has an over-riding duty and legal obligation to maximise shareholder value. All other activities, including e.g. sustainable design or green supply chain management are secondary to this aim. Even business model innovation for sustainability must, under these conditions, privilege shareholder value. Such governance structures will always make the Management Board vulnerable to attack from financial interests claiming that shareholder value is not being maximised. Using the case study example of Riversimple, an SME founded in the early 2000s to create low-carbon mobility solutions, this paper illustrates how an unusual governance structure in concert with eco-design and business model innovation forms the nexus of a potentially new breed of automobile company.

Instead of assuming that one of the analysed components (governance structure, eco-design, or business model) determines the others, we assume rather co-evolutionary and mutual dependencies. That is, Riversimple’s governance structure can only be implemented successfully together with the technologies and business model applied, and vice versa. Our analysis thus faces the challenge of the historic reconstruction of these components at Riversimple; an engaged scholarship approach based on personal access and systematic qualitative content analysis is seen as most promising methodology. This single case study is admittedly a modest foundation upon which to construct a plausible account, particularly
under the usual academic requirements of generalisability built upon theoretical rigour and methodological robustness. But preceding studies have proven the strength and value of comparable research strategies to discover organisational dynamics that lie under the surface of the most visible day-to-day business activities and official communications (cf. Lüdeke-Freund, 2014; Wells, 2016).

Riversimple is worth studying because of its fundamentally different governance structure, eco-design, and envisioned business model. Its governance structure nominates six equal stakeholders as shown in Diagram 1.

![Diagram 1: Riversimple governance structure (source: Riversimple website)](image-url)

The underlying principle is that the business is owned and operated on behalf of staff, customers, suppliers, investors, the local community, and the environment. Each group (called ‘Custodians’) is in effect given a share of the power to appoint the Board and decide on policy. The Board is also divided into two semi-autonomous functions: the ‘Operating Board’ and the ‘Stewards’ Board’. The Operating Board is partly elected by the Custodians. It appoints the CEO and the rest of the executive team to run the business day-to-day. The Operating Board in many ways will act like a traditional board, appointing and monitoring the executive team and determining strategy (subject to approval by the Custodians). The Stewards’ Board is completely appointed by the Custodians. It can best be considered as a ‘critical friend’, working with the Operating Board to advance the purpose of the business. The primary responsibilities of the Stewards’ Board are auditing the business and acting as a conflict resolution body if a Custodian is unhappy with an Operating Board decision. In this manner a more equitable balance of power is enshrined that, along with the checks and balances in the design of the management system, acts to provide a mechanism to reconcile different interests. This governance structure is as much a prototype as the vehicle produced by Riversimple.

Riversimple has developed a new type of hydrogen-fuelled vehicle – its prototype ‘Rasa’ was presented in February 2016. The car’s components are aligned with the requirements of low-powered hydrogen fuel cells since Riversimple’s eco-design builds on two major principles. The first, ‘decoupling energy provision for accelerating and cruising’, allows using a small fuel cell for cruising while fast dis-/charging super capacitors provide the energy to accelerate. Instead of using a big and heavy fuel cell for cruising (low energy demand) and accelerating (high energy demand), separating both processes allows for a more efficient fuel cell design. The second principle, ‘mass decompounding’, opens up a virtuous circle based on decreasing
amounts of components and overall mass, and accordingly decreasing energy use. Fewer components lead to less weight, which leads to less energy consumption and a smaller fuel cell and engine, which in turn reduce the car’s weight, and so forth.

The overarching idea behind Riversimple’s business model is to offer mobility as a hassle-free, fee-based service. Customers do not own, but lease the car. They return the car to Riversimple where it is overhauled and get another new or overhauled vehicle. The leasing fee covers all costs such as the car itself, insurance, and fuel. However, developing the car and this business model requires a lot of time and money. The company tries to involve patient and purpose-driven investors who co-finance the development of the car and its market introduction. Another barrier is the power of incumbents and the lock-ins of one century of industry history. One way of dealing with this barrier is the creation of a network of ‘allies’ who contribute to or even replicate Riversimple’s model without belonging to the original company. Riversimple’s transparency, non-exclusivity, open source philosophy, and its dedicated network approach might become the driver of a future movement of which the climax might be a global mobility revolution.

The components of governance structure, eco-design, and business model – and in particular their co-evolutionary development and mutual dependencies – will be further elaborated in the conference presentation and the following full paper.

References


Abstracts – session 5

A BUSINESS TRANSFORMATION TOOL FOR IMPLEMENTING NEW BUSINESS MODELS

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Abstract

Research Problem and Objectives
This study explores a novel way of helping innovation leaders to design and plan for business model innovations that result in more sustainable businesses, and develops a new tool for supporting the design of actions plans that brings companies into a pathway for better business models. Integrating sustainability into business models requires a systemic view that considers the global perspective and different elements of the system and their interrelations (Stubbs and Cocklin, 2008). Schaltegger et al. (2012) highlight the focus on developing the business case for sustainability; however, they assert that sustainability is ‘mostly seen as an ad-hoc measure’. Current approaches to business model innovation and change for sustainability are generally ad-hoc, incremental, relying on radical visionary leadership and rarely seem to follow a prescribed process. As such they are often experimental which potentially introduces risk and slows the rate of general adoption. There is a lack of tools that can be used by companies to evaluate and design novel business models, and carry out the transformation towards sustainable business models successfully.

The paper introduces the Business Transformation Tool which assists industry users by outlining a structured approach for managing disruption and innovation of their existing business models which lead to more economically, socially and environmentally sustainable organisations.

- The purpose of the tool is to outline a method of turning a new opportunity into a new sustainable business model which includes:
  - Developing a value proposition out of a new business idea or new value opportunity.
  - Turning the value proposition into a new offering through multiple scenarios.
  - Assessing organisational readiness for change and transformation risks.
  - Identifying and assessing business transformation challenges within the boundaries and outside of the organization.
Designing and planning change programmes to implement business model innovation.

Identifying short-term and long-term actions.

Research design
This study adopted a strategy of engaged scholarship (Van de Ven and Johnson, 2006; Van de Ven, 2007) for this study, as a means of knowledge production and collaborative inquiry between industry practitioners and a wider group of academic experts and industry practitioners. This study adopts multiple theoretical perspectives from the fields of business model innovation for sustainability, sustainable value creation, servitization, sustainable product-service systems, and organisational change and transformation to unravel complex change and contexts that have the potential to disrupt and transform the current business model. It then develops a structured method and a tool to facilitate the adoption of sustainable business models in practice. The tool has been developed and tested in 7 workshops with participants from two global sports apparel manufacturers, a broadcast systems manufacturer, an energy supplier, a personal transport start-up company, a UK government organisation, an NGO, a higher education provider, and three consultancy companies.

Contribution
This paper contributes to the field of business model innovation for sustainability by increasing the understanding of how the transformation towards more sustainable business models occurs in practice. A novel strategic change management tool which facilitates organisations in transforming their current business model towards a more economically, socially and environmentally sustainable business model is presented. The tool enables business transformation to enhance competitive advantage through the economic, social and environmental attributes of sustainable value. It identifies a new lens for business innovation which incorporates a broader perspective on value, a multi-stakeholder participation in the business model innovation process, and an organised method for implementing sustainable change.

References


FROM LINEARITY TOWARDS CIRCULARITY

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Abstract

Modern society is facing a multitude of environmental, economic and social crises which are threatening the wellbeing of present and future generations. These crises are mainly caused by the strong focus on economic growth (Urhammer & Ropke, 2013). The current linear economic system requires perpetually increasing production and consumption to effectuate economic growth. However, an economy that chases perpetually increasing production and consumption, always in search for more, stands no chance of achieving a lasting prosperity (Dietz & O’Neill, 2013).

The focus in our current economic system on just one value, creates negative side effects that creates unsustainable circumstances. Instead we should endeavor multiple value creation in all transactions. Therefore, a shift from linear models towards circular models is necessary (Jonkers, 2014). This macro-economic system crisis applies exactly to the current situation in the Dutch construction industry. The structure of this Dutch construction industry is highly traditional and almost entirely linear. It is not exceptional for this market structure that players see each other as customers instead of the actual users of their products (Rotmans, 2010). The specifications of products are stipulated in construction specifications prepared by principals and contractors. Hence much specialized knowledge and skills of producers remains unused. The predetermined specifications for producers lead to fierce price competition, since producers cannot differentiate on the product itself. Therefore, producers have to apply economies of scale and downgrade the quality of their products to produce more efficiently. Two main reasons are making this current business model unsustainable. In the first place there is a problem with perpetually increasing production and consumption, since the used materials are exhaustible (Yellishetty, 2010). The expiration date of the current business model is therefore already known. Second, there is a problem for producers with downgrading their own products. Ongoing downgrading of products creates a market for substitutes.

The main objective of this study is to design a new, circular business model for producers in the construction industry. A new circular model should provide a new situation in which initial costs will be no longer leading. Quality of products and the ability to re-use them, will be decisive factors. Circularity obviates problems caused by linearity, such as constant use of exhaustible commodities. It also creates a way for producers to provide added value which eliminates the fierce price competition.

A second objective of this study is to find a way for a small group of producers to start a movement in such a large and traditional sector as the construction industry. At this moment
in time producers are engaged in a sort of Prisoners Dilemma. Higher initial costs in such a short-term focused, price driven market, can lead to losing customers for producers with a linear model. Producers have to find a way convincing customers and end-users to see the added value of higher initial cost with the result of less overall costs.

The problem statement of this study is therefore:

*How should a circular business model for producers be designed to achieve a sustainable and circular non-residential construction industry?*

At first the current situation will be outlined. All type of players in the non-residential construction industry will be investigated to learn about possible barriers for implementing a new business model. In the second place, the desired situation will be explored to put a point on the horizon. Based on that situation, a new business model will be designed. Finally the new business model will be tested with producers in several case studies.

For this study a qualitative approach will be used. After all, it is important to gain a complex understanding about the current behavior of players in the construction industry. It is also important to learn from feedback during panels in which the new business model will be discussed.

**References**


Abstract
The primary purpose of this study is to determine how the NEBIFA, which is a relatively small part of the Koninklijke Metaalunie, should give substance to a new and sustainable business model. The Koninklijke Metaalunie is a Dutch branch organization which operates in the construction industry and focusses on building with metal.
In the first part of this thesis, results of literature studies in combination with qualitative research methods examine how the current situation of the NEBIFA-members looks like and which business model these NEBIFA-members are using in the current situation. These show that the products made by the NEBIFA-members consist primarily of non-renewable resources. All these non-renewable resources come along with several trends which are of large negative influence on the long-term existence of the NEBIFA-members. These trends all touch upon the same issues: Non-renewable resources are being depleted, not all at the same time but they definitely are in the near future (Yellishetty, Ranjith, & Tharumarajah, 2010) & (Hafidh, MacNeill, & Birnbach, 2015). In addition, the extraction and transportation of these resources have significant impact on soil erosion due to illegal logging and environmental pollution due to use of energy and polluting factories (Pearce, 2009), (Greenpeace, 2013) & (Palmer, 2001).
On the other hand, literature studies show that the Dutch construction industry has had a difficult time during the last few years and therefore, a lack of progress can be noted in comparison with similar industries. The Dutch construction industry is characterized by being very traditional, conservative and rigid. This results in an industry in which innovation is often inhibited (Rotmans, 2010). Furthermore, the Dutch construction industry is characterized by it’s linear structure instead of a circular structure, in which organizations only compete on the lowest price instead of the highest quality (Rotmans, 2010) & (Bijvoet, et al., 2002). These findings are confirmed by qualitative research.
By adding all of these findings together, it can be concluded that the affiliated organizations of the NEBIFA needs to find a new business model which can ensure the continuity of the NEBIFA-members. This need for a new business model leads to the research question of this research: “How should the new business model for the affiliated organizations of the NEBIFA be formed, in order to ensure the continuity of the organization in the future”.
Then the second part of this thesis presents a picture of the ideal situation where the affiliated NEBIFA-members should go to. This ideal situation has been created by conclusions of
qualitative research. This qualitative research consists of interviews with experts in the field of new business models and the construction industry, but also by identifying what the wishes and needs of the end-user and other stakeholders are. The combined results of these two parts lead to the final part of this thesis in which a new business model for the affiliated NEBIFA organizations the bottom line of this ideal situation can be characterized as a situation in which an affiliated NEBIFA-member no longer only focus on just financial value creation, but also on societal value creation (Jonker, 2012). This moving from a linear structure to a circular structure, in which the organization keeps contact with the end-user and a better collaboration occurs between all the stakeholders within the chain to make it easier to retrieve and re-use or recycle the products within the chain (Jonker et al., 2014).

References


ANSWERING TO THE CALL FOR HELP OF A SMALL BUSINESS GROUP

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Abstract

In the current situation research has already shown that change is needed in the way of doing business (Jonker, 2015). But what often misses is a proposal for the smallest participants of the economy to change. The NEBIFA is a small part of the Koninklijke Metaalunie, a major branch organization active in the Dutch construction sector. But despite it’s size it is acknowledging the wish to change. The Dutch construction sector is an example of a traditional market that has problems to change towards the new economy. But how will you change in a chain that is stuck in the current way of doing business for years (Rotmans, 2010), when change is really needed in the coming years?

‘How can companies, active in the NEBIFA, come to a new business model that secures the future of the companies in the new sustainable economy?’

With this research question in mind the key is here to help the businesses with the transition to the future. The future brings problems in a variety of ways. These problems have an ecological aspect and are covering the way off how we use energy and resources (Rotmans, Nederland op kantelpunt, 2012). Combined with the short-term mentality of doing business (Rotmans, Transitieagenda voor Nederland, 2010) with as main priority the optimization of the profit (Friedman, 1962). With this knowledge different sectors should be already adapting to the new situation.

But change is something that is unusual in the Dutch construction sector (TNO, 2005). The way of doing business is conservative and even the biggest companies are not capable, via innovation, to change the character of the business (SEO Economisch Onderzoek, 2002). The result is that less then 10% of all construction companies is contributing to innovation in the sector (Rotmans, Structuur, cultuur en werkwijze in de bouw, 2012).

For the members of the NEBIFA several barriers stand in the way of change. The one with the most impact is the fact that when reusing products, production will drop. For every production company this means a drop in turnover. Another barrier is the way of doing business when price is the key criteria for most customers. Sustainable solutions are meeting the market demand, but its prices are not.

The answer lies close to a hybrid model that will be created next to the current model. In a price sensitive market with a high volatility in the costs of resources it is crucial for the relative small family-owned entrepreneurships to have a back up. In this case this will be the current linear production, where almost no additional value besides production and assembly is added. The hybrid model is one that focuses on three crucial points inside the company. First
there is the change in behaviour in which responsibility will play a major role. The organization needs to know what resources it is buying and which background it has, as a additional small service for its customers. Here the organization will transform from a production plant to a product ‘expert’ that has the knowledge to advice other parties in the chain regarding sustainable solutions. Secondly internal ways of production should be evolving from effectively to effective. Lean production is a cost-effective way of working. But the result is a high quality product with a negative food-print on the ecological side of life. This means complete clean solutions will be available for customers. At last companies will be following its creations by registering it internally. The result should be a incentive for the using client when it is returning the product to the producing party. The most logical would be via residual value. Another option could be discussed in terms of a service when reusing the solution for the client.

Overall companies will be changing from organizations that are looking for more reasons to produce, to companies that are offering product/service solutions. Here the company will be integrating forward to the customer to have a long-term relation based on benefits for both parties with as less waste for the environment as possible.

After this research is it absolutely necessary that the NEBIFA keeps doing research, because the hybrid-model is only the second phase when developing to a circular company. This research should come from a wide range of experts with knowledge of the different aspects of a company. Here is change management a major influence on guiding different generations of people to the new economy.

In the new service orientated economy there will be still demand for products. But in this economy it are the services that are the only things that are not tenable anymore.
HOW ONE CAN BE CIRCULAR IN A CONSERVATIVE MARKET

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Abstract

The call for a new business model is nothing new. Our society is about to change to a new, more sustainable one. Amongst other things, natural resources are getting drained and money we do not have is spent (Rotmans, 2012). Indicators on different levels which are showing that this change is needed, are becoming more and more visible. Most of today’s businesses are organized aiming merely at maximizing profit, while the world is in transition to a society in which creation value expressed in an ecological, social and economic way will be the new standard (Jonker, 2014). It can be seen that profit maximization without taking the interests of society sufficiently into account is destructive in the long run. Consequently, it can be concluded the linear way of conducting business is unsustainable regarding the changing moral standards.

According to literature, the necessity for new business models regarding sustainability and more specific circularity is evident. While this is the case, the Dutch construction industry is up until now a highly conservative one. Suppliers in this industry are engaged in a phase most decisions regarding design and planning are already determined and therefore specialized knowledge held by the supplier is not considered to be relevant. Cooperation between businesses is mostly based on projects (Vossebeld et al., 2013), which emphasizes the importance of efficiency, costs and return on investment resulting in a short sighted focus on increasing profits. Suppliers are therefore selected based on costs and price (Rotmans, 2010) in the short run.

One of the branch organizations that represents firms operating in the Dutch construction industry is the NEBIFA. Businesses affiliated with the NEBIFA, suppliers of moveable in-house walls, endorse the bottlenecks described in literature, as stated above. Interviews pointed out that, due to the fact most product specifications are captured in contracts predetermined by contractors, a lack of ability to distinguish in the product itself is apparent. Consequently, suppliers of those walls are consciously downgrading on quality and compete with their prices. Based on the ideas of Jonker (2014) and Rotmans (2010, 2012) it can be concluded that the strategy that is currently being implemented by businesses in this branch is unsustainable in multiples manners.

The objective of this study is thus to create a new business model for suppliers of those moveable in-house walls, wherein circularity will be the main key point. With a circular business model, one will not only escape from the downward spiral of the current price driven market, but also create value in other aspects, such as prevention of exhausting natural resources. Secondly, this study addresses the question how the markup in the conservative, linear orientated and price driven Dutch construction industry can be increased or otherwise
to research how the industry can be set in motion to a more sustainable one, in which quality gets a high priority rather than initial costs. This leads to the following research question:

“How should a business model for suppliers of moveable in-house walls be formed to attain circularity and move towards a more sustainable non-residential construction industry?”

At first the current field suppliers of moveable in-house walls operates in will be explored through interviews, literature and desk research. All parties in the non-residential construction will be investigated to learn about barriers to change. Secondly, interviewing experts on sustainability and transition management, possibilities towards an optimal circular business model will be outlined. Subsequently an optimal new business model can be designed which will be fine-tuned through panels. Ultimately, it can be concluded what parts of the business model unquestionably needs to change, established on differences between the current and desired situation, and in which manner this has to be done.

References


Abstracts – session 6

HOW DO NEW BUSINESS MODELS IN BANKING APPROACH STAKEHOLDERS?

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Abstract

The change in the profile of consumers and society involves a change in the way businesses do business. This is observed in the growing demand for ethical alternatives in different sectors such as the food industry or the textile industry, materialize in fair trade standards, and also the banking industry. In the last few years, in fact, more attention is being given to ethics in finance (Cowton, 2002; Cowton, 2010) but there is no focus on analyzing the differences between ethical and traditional banks (San-Jose et al., 2011), even less from the point of view of communication and especially, transparency (San-Jose and Retolaza, 2008; Gutiérrez and Sádaba, 2010).

This is quite impressive, since we believe that the banking sector represents a unique opportunity as almost no other sector has such a clear dichotomy between ethical business and traditional business, allowing academics to compare their behavior and their communication strategies to engage demanding stakeholders. These ethical consumers are characterized by more reflexive values like solidarity, social responsibility, multiculturalism and ecology (Goig, 2007) and generally demand more concrete and quality information (Schleenbecker and Hamm, 2015).

Through a descriptive and comparative analysis, this contribution aims to examine the communication process from the point of view of transparency – which is one of the key values in the thinking of ethical banking – in a sample of two ethical or alternative banks and two traditional banks operating in Spain. The study is exploratory in nature, with the aim of better understand the differences between traditional and ethical banking regarding transparency in CSR communication.

The study relies on key elements of CSR communication (issuer, message, channel and receiver) to identify transparency, whose key is the combination of being conscious (commitment of the issuer) about knowing what it is important to say (materiality) to the one who is interested to listen (identification of stakeholders) and how to reach them properly (analysis of channels of information).

The descriptive analysis shows how both types of banks deal with each type of element of communication, and transparency seems to have more to do with the vision of the company than with the actions developed to achieve a greater transparency level. In this sense, ethical
banks are positioned themselves in terms of ethics, CSR and transparency, so effectiveness in communication is supposed to be enhanced because the audience is well disposed to support those initiatives. Although the scope of the study is quite limited due to the sample used, we can say that traditional banks operate considering principles of transparency and ethical banks operate within transparency.

References


GIVING AN ACCOUNT TO ETHICAL AND SOCIALLY RESPONSIBLE INVESTORS: A MULTIPLE STAKEHOLDER APPROACH

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Keywords: Stakeholder theory; stakeholder management; corporate social performance (CSP); socially responsible investors (SRIs); sustainability ratings

Abstract

Business organizations communicate on how they address their stakeholders’ concerns in transparent and informative corporate sustainability reporting and sustainability rating agencies use, in part, this information to assess their social, environmental and governance practices. This paper addresses the question if and how corporate sustainability reporting and sustainability ratings widely used by socially responsible investors can trigger internal change and influence subsequent corporate practices. Despite their increasing importance in the financial world, management literature offers little insight on the role socially responsible investors, through the expertise of sustainability rating agencies, play in organizational practices, in particular in the way they hold companies accountable for their actions. Building on stakeholder theory combined with the accountability literature, the paper explores the complex business and society relationships with respect to corporate social performance. Overall, we distinguish a) the responses to multiple stakeholders’ needs and expectations from b) social performance as an evaluation of companies’ effectiveness in meeting these needs and expectations. We illustrate the potential of this research strategy with a comparative qualitative analysis of the sustainability ratings of 25 global telecommunications service providers (telcos), corresponding to a total of 2,500 entry data points. To better understand the set of data, we scrutinised the corporate social responsibility strategy of the telcos, their related policies, principles and guidelines. We also analyzed their activities according to their reported stakeholder approach with a particular focus as to how they appraise their relationships with their stakeholders. The corporate social performance analysis of these companies led to three conclusions: 1) Companies that improved their corporate social performance addressed and incorporated the expectations of socially responsible investors; 2) Companies whose corporate social performance decreased failed to respond to these expectations; and 3) Companies that jumped on the corporate social responsibility bandwagon late tended to have a better corporate social performance level compared to those that started early.
References


GREEN NBMS AS COGNITIVE ARTEFACTS

Some Characteristics

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Abstract

What can be said about the way to design standard business models (BMs) vs. sustainable BMs (SBMs)? The design of a new innovative BM is still an open research question. Who should proceed? What are the available tools? What will be the theory of business behind the model? The design of a green or sustainable BM is like an unchartered territory. If some authors give some indications to design of a new business model, only a few papers are considered as bringing explicitly sustainability in a business model. The specific innovation management problem this paper is focussing on is the definition of cognitive skills and capacities required to design radically a green business model. By radical design of a green business model, we mean the introduction of strong sustainability in a business model. Through a cognitive science angle, the objective of the paper is to underline the role of subjective invariants (i.e. values, attitudes...) vs. external invariants (i.e. fixed categories) in the SBM design where computation is too a limited view but situated cognition is key. It seems that companies no longer have a real choice about whether or not to change their logic, consumers developing ecological intelligence that requires total transparency in the composition of products and manufacturing processes. We propose then that BMs and SBMs are cognitive artefacts that can be manipulated by public/private actors, individuals or groups, from distinct cognitive stances: design, physical and intentional. Those cognitive stances are further connected with four ways to overcome SBM innovation inertia. It will be hypothesized that in order to design more radical SBM, design stance and conceptual knowledge are limiting factors. On the contrary, what is badly needed are physical/intentional stances exploiting procedural and meta knowledge.
VALUE AND VALUES IN AND AROUND BUSINESS MODELS: THE CASE OF RENEWABLE ENERGY INITIATIVES

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Abstract

A transition to sustainability implies change in the business market context and the overall value thinking. Since the well-known Osterwalder’s Business Model Canvas various scholars tried to extend the model in order to accommodate wider societal and environmental “externalities” (Osterwalder & Pigneur, 2010). The idea behind these attempts is that business is carried by a stakeholder network, and a sustainability-oriented business needs to go beyond customers and shareholders, and create value to the whole range of stakeholders and the natural environment (Schaltegger et al., 2015). In other words, the value of these new, sustainability-oriented Business Models (BM)s is multiple and may be organised collectively by and for a wide value network (Jonker, 2012).

Despite the increasing interest in BMs and especially in the ones with a sustainability orientation (e.g. Doganova, & Eyquem-Renault, 2009; Boons & Lüdeke-Freund, 2013), or the ongoing discussion around the issue of value, the “holy grail” of every business activity (e.g. Porter & Kramer, 2011; Jonker, 2012), there is still confusion as regards the role of value(s) in and around BMs. From the societal value of climate protection, to personal values of empowerment, or market value assessed in Return on Investment, a multitude of values are involved in sustainable BMs.

This paper aspires to clarify the issue of value, as well as the role that values play in the logic and process of transformative value creation in the context of societal transitions. To do so we build on previous work (Proka et al., 2015) where BMs are seen as stories that explain how organisations work capturing part of the value that they create, and in that, they comprise of four building blocks:

- the Value proposition that clarifies what value is embedded in the offerings of the organisation;
- the Product or Service, which fulfils the value proposition and generates the promised benefit;
- the Architecture of value that lists the partners and channels through which value is produced and delivered, and
- the Revenue model which is the bottom line of the business model that sustains the organisation, translating the former dimensions in cost and revenue flows.

We suggest to distinguish value in value proposition from values by treating the former as certain promised benefits carried by a product or service that may be aligned to certain broader societal values. In that, values might be closely connected to the cornerstone of every BM i.e. the “value proposition”, as the latter wishes to contribute to and is based upon wider societal values, but these values are also implicitly and intrinsically connected to all BM building blocks. With the wish to examine how transformative social innovation can make
use of BM thinking to contribute to wider systemic change, this paper studies the interplay between values and value in sustainable BMs:

*How broader societal values are articulated in their value creation mechanisms? And what values are implicit therein?*

Drawing on renewable energy initiatives in the Netherlands we study how values are aligned (or not) in their BM, how values of different stakeholders are brought on board, and further we discuss how a broad orientation on value can allow us to understand how new sustainable BM may influence the energy transition.

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Abstracts – session 7

COST OF CAPITAL AND CHANGE IN BUSINESS MODEL: A LONGITUDINAL ANALYSIS OF A EUROPEAN LISTED COMPANY

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Key words: cost of capital, CSR, Sustainable Development, Business Model, New Business Model, Beta coefficient, systematic risk

Abstract

In this paper, we examine the correlation that may exist between the cost of capital and the evolution of a listed company’s Business Model (BM) as described in its annual report disclosures. More precisely, we try to know if the funds providers’ perception of risk could be affected by their awareness and sensitiveness to CSR concerns regarded as determinants of a new BM adopted by a firm. Our study stands at a company level. Our research question can be formulated as follows: can a correlation be established between the cost of capital and the evolution of a firm’s BM? In other words do finance providers (shareholders and banks) include the CSR efforts of a listed group in their assessment of the company’s risk measured through its cost of capital?
EXPLORING BUSINESS MODEL DISCLOSURE IN CORPORATE REPORTING.
EVIDENCE FROM INTEGRATED REPORTING

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Abstract

\textbf{Purpose} – The communication of Business Model as well as the disclosure of the firm’s process of value creation in corporate reporting are gaining a momentum within academics and practitioners, as in the international arena there is a strong need to improve non-financial information disclosure through the adoption of more comprehensive and transparent communication processes (KPMG, 2008; FEE, 2008; Eurosif and ACCA, 2013). The lack of a unique framework for non-financial information highlights several difficulties to disclose non-financial information correctly while the adoption of the European Directive No. 2014/95/UE will require European large companies to communicate environmental, social and governance information with a specific focus on human rights, bribery, corruption and diversity items in corporate reporting.

In addition, one of the most critical issue is the representation of Business Model, as the European Directive considers a brief description of the company’s Business Model as one of the first items to be included in Annual Report or in a stand-alone report such as the Corporate Social Responsibility report\textsuperscript{1}.

A significant step forward in the development of new models of business reporting is represented by the recent proposal of Integrated Reporting <IR> (IIRC, 2013; Eccles and Krzus, 2010; 2015; Busco et al., 2013). <IR> may provide a better and more holistic picture of company’s ability to create and preserve value over the short, medium and long term than the traditional Annual Report. Academic, practitioners, consultants, standard setters and policymakers are debating about the development of the <IR> Framework as <IR> is already been adopted by a growing number of companies in the world (www.corporateregister.com).

One of the pivotal issue of the <IR> Framework is the communication of Business Model, which is defined at “the hearth of the organization” (IIRC, 2013).

The aim of this paper is to investigate the correct positioning of BM within the systems of non-financial information in corporate reporting. The analysis is focused on <IR> model to

\begin{footnotesize}
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\item European Directive 2014/95/UE, p. 4.
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verify the correspondence between the best business practices of BM disclosure and this benchmark. Moreover, our research aim is to analyze the degree of heterogeneity in firms’ practices to define general guidelines that can ensure an acceptable level of a standardized approach on BM disclosure to improve effectiveness and comparability of this information.

**Research design/Methodology** — The analysis was performed on the Integrated reports drawn up by a sample of 17 companies belonging to different industries over the period 2012-2013. Most of these companies have joined the Pilot Programme Business Network members and investors promoted by IIRC (www.integratedreporting.org). For each company we performed a synthesis of business information disclosures focused on Business Model, highlighting the presence or the absence of the essentials according to the Business Model Background Paper for <IR> (IIRC, 2013) In the final step of our research, for each report it has been proposed a brief commentary which has highlighted the most important issues about the representation and explanation of Business Model within <IR>.

**Findings** – This research aimed to analyze BM disclosures on three different areas, according to the guidelines on BM communication issued by Business Model Background Paper for <IR> that are the following ones:

1. key concepts (content elements) of BM;
2. communication of BM,
3. descriptive analysis of <IR> of the sample analyzed.

The results of the first area led to the development of a grid of analysis in order to identify the key elements of BM that should be disclosed in an effective <IR>. This result may provide a valid checklist for BM disclosure in <IR>.

The findings of the second topic showed the different ways to disclose BM within <IR> and finally the descriptive analysis returned a summary of all practices led by the sample of companies according to four selected issues:

1. placement of BM in <IR>;
2. key elements of BM disclosure and their links;
3. representation and explanation of BM in <IR>;
4. relationships and key links (inputs, activities, outputs, outcomes).

Referring to the placement of BM the most of companies has a specific paragraph of their Annual Report devoted to BM but there is a low association between the key elements and BM. The presence of key elements of BM is fragmented and uneven confirmed by an inadequate description of these elements in <IR>. Finally the representation of BM is relatively homogeneous but the link between the six capitals and other elements of BM is very low and the link among the six capitals is mainly missing in <IR>.

In summary, this research highlighted a relevant propensity to disclose the BM key elements within <IR> and the crucial relationships and links of these elements with BM. Specifically, there is a low association between the BM elements and a strong need of an adequate and clear interpretation and interaction with other corporate issues (eg. mission, vision, governance model, strategic plan, etc.), which significantly support the users in understanding the crucial pivot of value creation process of company.

**Originality/Value** – This paper may contribute to the prior studies on the communication of BM (Beattie and Smith, 2013; Page, 2014) as the BM role within corporate reporting has yet to be fully explored, since more attention has been devoted to the topics of business strategy, innovation and change management. It is a still underdeveloped research topic on a theoretical level, and it is highly significant, empirically (Zott, Amit & Massa, 2011). The
growing interest about the position of BM within Financial Reporting is confirmed by documents issued by several international organizations (ICAEW 2009; IFRS 2010; EFRAG 2013; CGMA 2013, 2014; IIRC 2013; IFAC 2015), but this research area is less investigated not only within the traditional financial reporting but also within <IR> (Busco et al., 2013; Lai et al., 2015).

**Practical implications** – This research may contribute to start and support a non-financial qualitative information standardization process, in addition it may provide a useful draft to develop a set of guidelines to disclose BM according to the IIRC requirements.

**Research limitations** – Further developments of this research: 1) Extension of the analyzed sample of companies, 2) realization of targeted interviews on the most interesting case studies.

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TOWARDS A BLOCKCHAIN ENABLED SOCIAL CONTRACT FOR SUSTAINABILITY

creating a fair and just operating system for humanity

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Abstract

The blockchain has the potential to reshape the organizational landscape, rendering traditional, hierarchical ways of organizing obsolete. Originally developed to support cryptocurrencies such as the bitcoin (blockchain 1.0), the versatility of the blockchain has extended towards various types of contracts (blockchain 2.0), and to justice and coordination applications (blockchain 3.0) (Swan, 2015). Fundamental to the blockchain is decentralization of information; all parties connected to a blockchain are in possession and have access to the same information. The implications for ways of organization of such decentralization of information and consequently of functions are yet to be explored to its depths. We foresee effects relating to (1) business architectures, (2) information architectures, and (3) the role and properties of leadership and governance.

In this paper we explore the possibilities of the blockchain in relation to social contracts and sustainability. We start from the premises that the original social contract between civil society, the state, and the market is broken (Faber & Hadders, 2015). We expect that a new social contract between these parties, and the scientific community as a fourth, is needed in order to be able to address problems of sustainability. These problems are more and more identified as wicked problems, for which existing ways of working appear insufficient. New forms of organizing emerge to tackle such wicked problems. For instance, hubs as collaborative, heterogeneous forms of organizing that address sustainability related topics (e.g., energy supply, or waste handling; Faber & Jonker, 2015). Hubs consist of a myriad of constituents, originating from civil society, business, governmental institutions, or the scientific community, have no clear power base, and are non-hierarchically structured.

Parallel to the emergence of hubs, the strive for abandoning the classical hierarchical structure for command-and-control purposes is noticed on a broader scale. This search for more decentralized forms of organizing, with compounding parts operating autonomously, requires an organizational operating system that is able to accommodate this. The blockchain, which provides a public, distributed ledger of transactions, seems to provide the ingredients for such an operating system.

Our main research question is to what extend the principles on which blockchain technology is based, are suitable to enable new, decentralized and collaborative forms of organizing. This is a conceptual paper in which we explore the possibilities of the blockchain in relation to its application in social contracts for new forms of organizing aiming at sustainability and a sustainable development. We discuss three components that comprise the application of the
blockchain in such new forms of organizing. The first component is the blockchain itself. While emerging from a technological field, our interest lies at the organizational possibilities and implications. Particularly the distributed nature of the blockchain is investigated. Second, we address the possibilities of the blockchain related to the needs of social contracts that are suitable to deal with the wicked problems found in the domain of sustainability. Faber and Hadders (2015) provide several insights into the specifications of such new social contracts. Third, requirements new forms of organizing bring about are presented. Here, we build on earlier work on hubs and other emerging forms of organizing. Our exploration will particularly aim at the building blocks that are used to structure (or un-structure) such new forms of organizing as well as those that guide their behaviour towards certain goals. In our exploration, we consider the possibility that the use of blockchain technology may alleviate transaction costs that favour traditional, hierarchically structured organizations (e.g. Coase, 1937).

References


NEW BUSINESS MODEL FOR VALUE CO-CREATION IN SMARTER UNIVERSITIES

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Abstract

In the last decades a variety of smart ICT solutions enhances the quality of universities’ services and improves the performances of both teachers and students. The availability of new technologies has permitted to develop the model of “smart university” as a platform that acquires data, shares information, creating a collaborative network to drive the analysis and the enhancement of the teaching and learning environment and improve decision making (Coccoli et al., 2013; Roth-Berghofer, 2014). However this represents a simply technological approach to smart university model because it doesn’t take into account other variables (Lombardi et al., 2012, Gontar et al., 2013). Recent modifications in laws and policy (Europe 2020, Italian law 240/2010 and Italian Legislative Decree 10/2012), social issues and more recent ICT innovations have stimulated the development of a new paradigm for the university organization, which is asked to supply high quality services in order to stay competitive in a global scenario. These lead to the need for many modifications, and the necessity to transform smart university in “smarter university”. The concept of smarter universities characterizes the ability of universities to contribute to the economic and social development and the design of organizational systems that uses technology to provide sustainable, personalized and interactive services. The main feature of the smarter universities is the combination of technology with other variables summarized in the following six areas: learning, management, governance, social, health and green (Coccoli et al. 2013).

Considering the emerging and also complex nature of smarter university seems that this type of network could support the development of an open and interactive new business model (NBM), that promotes:

− the co-creation of learning and research contents between universities and other organizations (national institutions, companies and local community);
− the use of web and digital technologies to manage strategic and operational processes in a collaborative environment;
− the development of new performance measurement systems able to capture the social, cultural and economic dimensions of the value creation.

While the literature has developed the concept of smarter university, very limited studies are devoted to identify its managerial implication and to design tools to measure and communicate smart performance.
Thus, the first purpose of the work is to describe a practical NMB that can be applied to the smarter universities in order to highlight the differences between the traditional universities business model and to identify the critical factors driving the success of the smarter universities. Moreover, this paper aims to identify the way in which smarter university should communicate about their business model. The research is carried out considering the literature on smart universities, business models and integrated reporting. The model provides a foundation and insight to scholars and practitioners in planning, implementing and assessing business practices in terms of context (who, why, where), process (how and what) and results (outcome).

References


Abstracts – session 8

POLICY INSTRUMENTS TO UNLEASH CIRCULAR BUSINESS MODELS VALUE CREATION POTENTIAL

A survey

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Abstract

Transition towards a more circular economy is increasingly becoming a worldwide priority for governments. Indeed, many States adopted national strategies to foster this process (Ghisellini et al., 2015) both in Europe, North America and Asia. As a matter of fact, this new restorative model enables to unbundle economic growth and environmental impacts (EMF, 2012). More importantly, as sustainability can hardly be achieved without wealth, circularity proved to have a significant value creation potential both at macroeconomic and firm levels (Esposito et al., 2016).

However, this recent movement, which led Governments to implement circular policies, also highlights a less optimistic acknowledgement: current legal frameworks were created to promote linear economy, or to control some of its environmental externalities, as waste production. Therefore, a significant shift is required to unleash “circular business models” (Beulque and Aggeri, 2015) and related industries’ value creation, and to capture potential (EMF, 2015).

In this article, we propose to map and describe the diverse policy instruments, which have been implemented in leading countries in terms of going circular, and can foster such a transition. We adopt a comprehensive and global approach. In fact, we analyze instruments that impact linear business models and industries, but also business models that are centered in the loops of circular economy, from recycling to inner loops as reuse, remanufacturing, repair or performance economy. Indeed, contrary to legal principles, declared objectives or framework laws that may prove to be ineffective, instruments have direct and concrete effects on actors (Hall, 1993; Lascoumes and Le Gales, 2007). We show that if some of these instruments can be considered as new in their philosophy, materiality or implementation, others were set up several decades ago. We also shed light on a current trend. Indeed, public actors increasingly understand the new paradigm of circular economy. De facto, they do not see wastes solely as a source of pollution that need to be regulated anymore. Wastes are increasingly pictured as potential markets, in which firms
have to develop business models and to provide goods and services to consumers. Therefore, some market-oriented instruments recently appeared, with the explicit aim to boost these new industries competitiveness and value creation, and to capture potential. However, we also show that circularity-driven policies are only at their beginnings. Indeed, even in countries that proved to be pioneers of a circular economy, this new model could still be significantly enhanced in the forthcoming years. More specifically inner loops will require a specific attention, as they remain under-instrumented. Through this comparative approach, this survey aims at giving insights to policy makers who would be willing to identify innovative instruments that have already been effectively implemented somewhere else in the world. From a management perspective, this study can also be useful to senior managers who seek to boost their circular business model sustainability and profitability, and could therefore be eager to advocate in favor of these instruments implementation. At last, from an academic standpoint, this article also fills a gap. In effect, global and comprehensive approaches of circularity-enabling public policies remain understudied, in particular the combined effects of diverse circular policy instruments.

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HOW PSYCHOLOGICAL VALUE IS SEEN BY MANAGERS AND CUSTOMERS OF
SOCIAL ORGANISATIONS

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Abstract

Based on the concepts of social entrepreneurship and sustainability, and their materialization
through new business models (NBM), this paper presents the outcomes of a pilot study
involving four NBM cases in the social sector in Portugal. The cases, which are diverse in
nature, scope, structure and size, may well suggest an upsurge of importance of social
organizations in economy (c.f. Gismondi et. al., 2015; Amin, 2009). The cases are: (1) ‘Socialis’,
which deals with teenage mothers; (2) ‘CrescerSer’ that helps children and young people at
risk; (3) ‘SAOM’, which provides training in hospitality domains to homeless and other
vulnerable people; and (4) ‘Mundos de Vida’ that is developing a better way to improve foster
care. The main characteristics of these NBM were assessed, namely in relation to the concepts
of creation of social and shared value (Austin & Seitanidi, 2012; Porter & Kramer, 2011), co-
creative networks (Chatterjee, 2013; Zott, Amit, & Massa, 2011), multiple value creation
(Elkington, 1997), as well as their connections to a balanced value proposition (Carvalho &
Jonker, 2015). We adopted a qualitative methodology based on interviews both with the
managers and the customers of these projects or institutions. The results show that, both
among providers and users, a perception of psychological value related to the product offered
(good, service, idea) appears to be prevalent. This concept of psychological value resonates
with, yet is different than social value.

We propose a distinction between four interrelated key dimensions of value: economic, to
enable the offer, the transaction, and the satisfaction of the needs; social, related to the
impact on the community; environmental, related to ecological issues; and psychological,
related to the emergence of an alternative state of mind and/or worldview (viz. increased
self-awareness, attitudinal change, knowledge creation, learning new skills, and self-efficacy),
needed to deal with adverse personal conditions such as illness or poverty. We suggest that
these dimensions may constitute the building blocks of a new approach to sustainability that
we have coined as “Tetrad-value theory” (Carvalho & Sousa, 2015). In short, we propose that
any product (good, service, idea), in the basis of the tetra-value theory, should have economic
viability, and if possible contribute to social equity, environmental stewardship, and
psychological balance.

While we inferred the existence of psychological value via interviews with managers, we also
realized that the social problems that have inspired such social products remain relatively
stable in modern societies. In other words, while social products are designed to have a social
impact, the transformational (psychological) one occurs at the individual level mostly. Despite
the fact that values are likely to interact with, thus impact one another, our data show that
the transformation of customers’ life is significant, but that the determinants of these social
problems remain, suggesting that the social impact is just marginal (e.g. addictive problems and poverty).
The analysis of these examples of social entrepreneurship suggests that all cases appear to involve the creation of multiple, collective, and shared value, reinforcing the theory of Jonker (2012) about the organization of NBM.
This new approach to a complex value proposition (tetrad-value theory) and to new organizational behaviour patterns is conceptually related to a wider concept of sustainability. All the leaders of the organizations interviewed suggested the importance of being economic (financially) sustainable, and also to have a positive impact on what we label as psychological sustainability, which resonates across customers’ interviews. While some managers may have ecological sustainability concerns in mind, their aim at contributing to social sustainability is prevalent across accounts.
This investigation enabled us to develop new insights as regards NBM, namely the atomistic and life transformational impact of several products, resulting in the idea of psychological value. In addition, it allowed us to understand that the intertwined connections between entrepreneurship, values, and sustainability deserve a more careful attention in social organizations.
THE NEW MODELS OF THE RECORDING MUSIC INDUSTRY.
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Abstract
Traditionally, the music industry has consisted of two main components, namely the recording music industry and the concert industry. From the 1980’s throughout the year 2000, the recording music industry was dominant: in 2000, in the USA, revenues from concerts were about 1.9 billion dollars whereas revenues from recorded music reached 14 billion dollars. The sales of CDs counted for 92% of the recorded music revenues. In 2001, the recording music industry was hit full force by the advent of the broadband Internet. As a consequence, the simple business model based on the CD sales has been replaced by a more complex model, which includes the old CD model, in full decline, and a digital music model, itself subdivided into a music downloading model and a music streaming model. In comparison, the old concert industry model continues to this day practically unscathed. This paper addresses the transformations of the recording music industry. It gives figures for the United States, but the same trends are seen in Europe.

The CD model. As the CD has been dominant in the physically recorded music area, we use the phrase CD model. Note that other physical media exist such as vinyl. Between 2000 and 2014, sales of physical music decreased from 14 billion dollars to 2.3 billion dollars, a decrease of 83%. Figures for 2015 are not yet available, but mid-year sales indicate continuing decline. The initial decline of physical music sales was attributed by the recording music industry to illegal downloading although several researchers disagreed. Anyway, the numerous legal victories of the music industry against the providers of peer-to-peer software did not stop this decline. Many observers actually think that legal digital music sales are in part responsible for this decline. The share of physical music sales in 2014 was 32% of the total sales for the recording music industry. With the current trend continuing, the CD may cease to be an economic factor in the recording music industry, to be used only when the quality of the music matters much, as for classical music.

Industries connected to the CD have also withered. For example, the retailers of CDs such as Tower Records, Blockbuster, and the Wherehouse have declared bankruptcy and closed their stores. CDs are now sold by department stores such as Walmart and BestBuy, as well as online. The recorded music industry has gone through a complete restructuring, from five major labels in 2000 to three major labels today: Sony (which acquired BMG), Universal Music (which acquired EMI), and Warner Music. Obviously, proceeds from CD sales paid to composers and performing artists have dropped considerably.

The download model. Legal music downloading took off following an agreement between Apple and the major labels in 2003. The main beneficiary of this agreement was Apple, which made a huge profit from the sales of its iPod devices together with its iTunes service. It is not
clear whether the labels, composers, and artists benefitted from this agreement. It is believed that legal downloading caused further decline of the sale of physical music. Starting in 2011, the growth in revenues from digital music (then mostly downloads) compensated for the loss of revenues from physical sales. However, after reaching 2.9 billion dollars in the USA in 2012, revenues from downloads started declining, totaling 2.6 billion dollars in 2014. This decline is attributed to the competition of streaming.

For the customers, music downloading is fairly simple: the choice is between subscription (often at about $10 a month) and pay-per-download (depending on the service provider, the cost of a download may vary between 50 cents and one dollar). Most of the limitations that initially existed on downloads have been removed. The main provider of music downloads is Apple with its iTunes service. It also offers the largest catalog. Royalty payments to the performing artists by the download service providers are based on negotiated license agreements. Typically, a label is the primary beneficiary of the royalties, in turn paying the performing artists a small part of them according to existing contracts. The copyright payments to the song composers are fixed by an agency of the federal government. In 2014 revenues from download music represented 37% of all recorded music revenues, but were declining.

The streaming model. Streaming revenues have grown from a share of 5% of the recording music industry revenues in 2009 to 27% in 2014. Based on midyear figures for 2015, the growth of streaming revenues should have compensated for the decline of physical music revenues and of download revenues. The growth of streaming is linked to its use on mobile devices, such as iPhones and Android smartphones, as well as provisions for listening on social networks. There are two types of service providers: the ones that offer music on-demand and the webcasters, which propose songs likely to please their customers. On-demand music providers include, among others, Apple Music and Spotify, strongly established in the USA, and Deezer, a French company trying to expand in the USA. Pandora typifies webcasters in the USA. Both kinds of streaming music providers offer two types of plan to their customers. Customers choosing the “free plan” must listen to advertising and are subjects to limitations, in particular regarding the number of songs they can listen to. Customers may choose to subscribe to a pay plan, which is free of advertising and of restrictions. As their revenues from their free plans (paid by advertising) are much less than their revenues from their pay plans, streaming music providers try to entice their free customers to move to their pay plans, with limited success so far. Apple Music exemplifies their dilemma. Though the first part of 2015, Apple Music had 6.5 million paying customers and 8.3 million “free” customers. After terminating its free plan, Apple Music gained 1.7 million more paying customers, therefore losing a total of 4.8 million customers. Spotify, the current leader of music streaming, boasted 55 million free customers and 20 million paying customers in Summer 2015. It is unclear whether it will follow the example of Apple Music.

In conclusion, streaming has been the engine of growth of the recording music industry for the last few years. Yet, all streaming providers are currently losing money on their streaming services. Most streaming music customers are on a free plan and are unwilling to subscribe to a pay plan. Moreover, performing artists and composers are unhappy with streaming services, which pay them much less royalties than download services; in particular royalties for free streams are extremely low. Some of the best known singers have refused to let their songs be streamed under the free plans. Under those circumstances, it is unclear whether the current growth of streaming will be sustained.
Epilogue

New Business Models – Exploring a changing view on organizing value creation for sustainable development

This first edition of a conference particularly dedicated to New Business Models (NBM) was meant as a starting point for a series of conferences in the context of New Business Models. Business models determine an organization’s logic of how to create, deliver and capture values in cooperation with and for customers, suppliers, and (additional) other partners. Hence, this process of value creating, delivering and capturing determines the way businesses generate their economic profit, e.g. in terms of money, but also how additional other (non-monetary-based) values are created. In the context of sustainable development those values are of specific interest since they depict sustainability principles, e.g. minimizing negative environmental impact or increasing share of knowledge or products within a regional context. This means that business models act as an underlying model which defines how values are created, leading then to the integration of various constituents. Hence, the business model design and its implementation are of great importance since they determine value creation in the long term. Again, talking about new business models in the context of sustainable development means that needs of future generations are taken into account in today’s decisions and that e.g. the following principles – People, Planet, Prosperity, Peace and Partnership (see The 2030 Agenda for Sustainable Development¹) – are taken as guidelines for creating and designing new business models.

During this two-day-conference New Business Models and their functions in our today’s (changing) economy have been investigated from various perspectives. These perspectives are reflected in the different sessions of the conference, namely:

- Business Models for a Circular Economy (Session 1)
- Business Models for a Functional Economy (Session 2)
- Business Models for Regional Development (Session 3)
- New Cases of Sustainability-Oriented Business Model Innovation (Session 4)
- Transitions towards New Business Models (Session 5)
- Financial, Ecological and Social Value: The Changing Role of Stakeholders in Organizations (Session 6)
- Business Models and Corporate Reporting (Session 7)
- Origins of Business Models: The role of public policies, institutions, and individual actors (Session 8)

In detail, the variety of contributions and presentations given during this conference was much broader leading from strategy development to assessing the impact of new circular business models, from discussing tools for business model innovation to theorizing new business models in the context of corporate reporting, to name but a few.

However, in the field of business model research, there are still many topics which have not been fully explored and examined so far. Some examples for future research avenues are:

- Gaining a deeper understanding about barriers in introducing and implementing New Business Models, both in already established firms as well as in existing businesses.
- Better understanding the motivations and incentives of various constituents in order to increase awareness and willingness “to be part” of New Business Models
- Not only focusing on firms but also embracing various other types of organizations and their business models in the business model research.
- Learning from existing good practices in order to support decision makers in creating new business models.
- Providing support for scaling up processes of new business models in order to generate long lasting effects and impacts.
- Further stimulating the theoretical development of new business models by combining different points of views in an interdisciplinary setting, such as organization and sustainability science, business ethics, philosophy.
- Providing empirical proofs of assumptions which are circulating in the context of new business models.
- Exploring new governance forms and strategies for business models reflecting “alternative values” also within an inter-organizational, regional or even national or international context.

Along those lines of thinking and based on the already existing and excellent research in the context of new business models, we are already planning and looking forward to the next year’s conference on New Business Models: NBM@Graz 2017. This conference is scheduled at June 21 and 22, 2017 at the University of Graz (Austria) and will be then the second edition of this annual conference.

More detailed information will be disseminated as soon as possible throughout the next year! If there are any questions please feel free to contact romana.rauter@uni-graz.at.

We are looking forward seeing you next year in Graz!

On behalf of the scientific and organising committees,

Romana Rauter and Rupert J. Baumgartner
Institute of Systems Sciences, Innovation and Sustainability Research (ISIS)
University of Graz
Graz, Austria
Appendix I – Call for Contributions NBM@Toulouse 2016

International two-day Conference: NBM@Toulouse 2016

New Business Models

Exploring a changing view on organizing value creation for sustainable development

This call for Contributions was written and edited by Jan Jonker (chairman) and some of the members of the Scientific Committee of the conference namely Niels Faber, Florian Lüdeke-Freund and Romana Rauter¹.

Venue: Toulouse Business School (TBS), Toulouse (France)
Date: June 16 and 17, 2016

Introduction

The ‘tissue’ of our Western society is created by a myriad of transactions realizing common and individual functions for almost all aspects of professional and private lives such as the provision of the workforce and goods or services. These transactions are realized in a variety of ways of organizing and enabling the delivery of outcomes that are perceived as valuable (and which are not only ‘profitable’ in an economic context). Delivering complex outcomes (including products and services) such as creating new business propositions while improving living conditions is, therefore, the fundament for value creation. Business models (BMs) are, in particular, constructs with conceptual and practical dimensions providing a logic and pathway for organizing including delivering value creation. In the contemporary debate regarding BMs, several issues focused on the nature of value creation are being discussed. Issues that address moving from creating single to multiple forms of values simultaneously, e.g. creating financial, ecological, and social value. What also becomes important is an (inter)organizational and constituents’ discussion on the changing nature of how value is being created – as a single-organization or as a community effort. These types of changes stimulate the shaping of new roles, such as the prosumer, and the renewed role of the commons. What is evidently then also discussed is the balance between tangible and intangible forms of value.

Considering these debates, a generation of business models is emerging that can be referred to as ‘new’ business models (NBMs). NBMs provide a logic for value creation that is based on an array of principles encompassing cooperation, dematerialization, sharing, or perceiving services as a product. Developing an NBM – or transforming an existing BM into the scheme of an NBM – is leading to outcomes based on guiding principles of which the most prominent are multiple, collective, and shared value creation. It is not purely company or individual-

¹ This Call for Contributions was also inspired by the Call for Papers for the Special Issue of the Journal of Cleaner Production „Embracing the variety of sustainable business models”, coordinating Guest Editor Nikolay Dentchev, Free University Brussels (Belgium).
based but more community or inter-party-based. It also facilitates working with hybrid forms of value - in addition to money, transaction means can also include credits, energy, or time. We assume that this logic of new business models provides a cornerstone of realizing sustainable development in and through the methods that we organize value creation in society. Around the globe, researchers discuss those NBMs often in the context of green or sustainable business models.

NBMs demonstrate a considerably relevant field of investigation where the emergence of a new type of complementary economy can be observed. This is an economy based on ideas about organizing closed (circular) loops based on commodities and materials, about a way of organizing that preserves eco-system services, and about enabling participation in a social-economic life based on a more comprehensive range of transaction-means that stimulate social participation (inclusivity). Broad labels such as the 'blue', 'sharing', and 'collaborative' economy provide a global sense of direction for this development. Organizing towards such an economy can subsequently lead to an increasing variety of more or less fundamental changes – including transformations and transitions. In turn, this fosters sustainable development given the fact that it emerges in a societal 'landscape' already filled with organizations acting upon conventional BMs.

Generic Questions

This international two-day conference regarding New Business models is being organized for the first time after two preparatory workshops that took place in 2014 and 2015 at the Toulouse Business School. Considering the emerging, yet complex, nature of NBMs, an extensive range of generic questions can be raised. Here, we only stipulate three.

(1) What are the theoretical foundations of BMs and particularly of NBMs? If the logic for value creation is the essence of a BM and of an NBM, what theoretical foundations do they have in common, and what are the differences if the two are compared? Despite the fact that value creation appears to be the 'holy grail' of any business activity, what do we genuinely know about the fundamentals of value creation, and what role do value(s) play in the logic and process of value creation?

(2) If the nature of how value creation is being organized changes, this implies looking for new methods of organizing. As a consequence, conventional ways of organizing must be critically assessed with the intention to discover and/or design ways that are more appropriate in order to realize different forms of value. What are alternative organizational approaches to create value, and how can multiple forms of value be created conjunctively?

(3) This new economy is emerging amidst a society of already existing organizations. A number of these organizations will become obsolete, others will attempt to transform themselves from within, but some might even attempt to oppose this new economy.

This raises an additional extensive range of issues regarding change, transformation, and transition. These types of questions can be addressed at various levels and from different theoretical perspectives. Which bodies of existing literature – derived from various scientific disciplines - help to understand the different concepts of change? Is the existing body of
knowledge on change sufficient to address these issues? Which sort of new concepts/models/frameworks/theories are necessary to further examine and better understand these developments?

**Types of contributions solicited**

In our endeavour to solicit contributions, we would first like to acknowledge the recent special issues dedicated to the topic of business models and sustainability. With this conference, we would like to stimulate further knowledge development on ‘new’ business models as a vehicle for sustainable development. Therefore, we have designed a small-scale conference with a limited number of sessions in two parallel streams.

For the upcoming conference on New Business Models, we welcome theoretical, conceptual, and empirical papers. We also would like to encourage scholarly studies from a comprehensive variety of methodologies (e.g., qualitative and quantitative), from an extensive variety of scholarly disciplines (e.g., management, entrepreneurship, environmental studies, organization theory, to mention a few), and from a broad variety of domains that have been studied (e.g., energy, health, agriculture, finance, industry, retail, etc.). This call for papers asks scholars to elaborate on, but not limit themselves to, the following research questions:

- What are the similarities and differences between “conventional” business models with the primary objective of profit generation and so-called “new” business models with the main objective of value creation based on different principles?
- What are the mechanisms driving successful ‘new’ business models? Are there any identifiable success factors of already established, scaled-up new business models which could also be transferred to other contexts?
- How can parties realize ‘shared value creation’ for the different stakeholders such as customers, communities, and citizens involved in their business models?
- What is (or should be) the balance between financial and non-financial bottom lines in the business models of social entrepreneurs?
- Assuming a keen attention to the value generation process of all the parties involved, how can constituents coordinate value sharing?
- How can those that have already developed a ‘new’ business model scale it up in order to provide greater impact?
- What are fundamental principles and premises underpinning the idea of a circular economy, and how does this shape related business models?
- To what extent are ‘new’ business models solving, but at the same time maybe also creating, new issues? Are they not a threat to existing social and economic arrangements leading to questioning their value and even leading to their obsolesce?

What is the role of governments in stimulating and/or controlling ‘new’ business models?

What are revealing cases of the transformation of existing business models to so-called new business models for sustainability?

Are there specific types of networks that could support the development of ‘new’ business models? Are there some (European?) countries or regions which can be perceived as role models in successfully developing such networks?

What is the role and impact of sustainable business models on societal transitions?

What are pertinent ethical aspects of ‘new’ business models?

This two-day international conference on New Business Models sets out to address a number of these questions. It intends to stimulate a theoretical and practical discussion regarding the nature of ‘new’ business models. This enables a deeper understanding of emerging and existing practices specifically addressing the development of NBM across Europe and even beyond. We hope this is the 1st edition of an event that will take place every year, in the years to come.

Conference design and session themes

The design of the conference is based upon twelve sessions, each providing four to five presentations with a clear thematic focus. This will enable covering a comprehensive range of issues. In total this leads to 60 presentations over two days in two parallel streams. The conference offers opportunity for academic works as well as works-in-progress by PhDs or more practical approaches. Academics as well as PhDs, students and business practitioners are welcome.

Below is a preliminary (at random) overview of sessions. Our aim is to have a complete program ready by Easter 2016.

Session 1
Business models for a circular economy
Chairs: Jan Jonker and Vincent Aurez

Business models based on linear thinking create a pattern (take, make, dispose) where the extraction of resources, production and use creates side effects seen as negative externalities such as waste, pollution or social exclusion. This way of thinking is inadequate to address nowadays-pressing goals of sustainability. Thinking in terms of a circular economy aims to integrate these externalities into a new generation of business models, by creating closed loops and making organizations more socially inclusive. The transition to a circular economy requires rethinking of the supply chain, the design and use of products use as well as reorganizing of the social organization within companies and public authorities. This implies a change from thinking in terms of a value chain to a socially inclusive value cycle. This raises many questions. What would be the ideal types of business models for a circular economy? In which ways does the circular economy transform the way of thinking about business models themselves? How does a reverse supply chain enable companies to participate in a circular economy? In what way and to what extent are business models for circular economy inclusive?
Session 2

Business Models for a Functional Economy
Chairs: Beatrice Bellini and Romain Demissy

This session’s objective is to introduce and analyze a conceptual framework for the functional economy with feedback, experiment reports and/or academic research contributions. The main issue is about how this new economic model allows an environmental and social impacts reduction simultaneously with value production and economic development. The shift induced for the organizations engaged in this model generates opportunities but also difficulties and labour changes. So another issue is how do the organizations involved in such new paths deal with those changes. This session should be an occasion to introduce research questions about ongoing experiments. The functional economy proposes a global approach, which implies all type of organizations over the product value chain. Because of this, the functional economy model opens new research fields on regional development and local development policies.

Session 3

Business Models for Regional Development
Chairs: Moniek Kamm and Niels Faber

En route towards a networking economy, new views on cooperation and value creation give way to new inter-organisational partnerships and networks, being described as e.g., collaborative networking organisations, unchartered inter-organisational networks, or cross-sectorial collaboration. The emergence of new forms of organising cooperation is observed that intend to realize multiple value creation in regions. In these novel forms of organizing, we observe companies, public institutions, not-for-profit organisations, social enterprises, citizens- and social initiatives collaborating, establishing common goals, products, and services.

At least three research challenges surface concerning such novel forms of organizing. First, what stimulates the emergence of these forms of organizing and how can the first contours of such initiatives be recognized? Second, how do constituents of these collaborative networking organizations develop a strategy that guides their collective actions? Third, how do their multi-value objectives, for which some multi-value logic seems unavoidable, take shape?

We look for contributions presenting research regarding multi stakeholder collaborative organising forms for regional development, in relation to but not limited to the three research questions posed. Topics are amongst others: multi-stakeholder / multi-constituent collaborative networks, regional multi-value creation, multi-value creation logic, organizing collaboration, and regional cooperation
Session 4
*New Cases of Sustainability-Oriented Business Model Innovation*

Chairs: Florian Lüdeke-Freund and René Schmidpeter

Sustainable entrepreneurship and corporate sustainability scholars are increasingly dealing with issues of sustainable business model innovation, i.e. approaches to use the business model as a means to improve the sustainability performance of companies. The purpose of this session is to identify NEW and STRONG cases of sustainable business model innovation in practice. We invite case studies from the wider fields of sustainable entrepreneurship and corporate sustainability research. This includes, inter alia, forms of social and/or environmental entrepreneurship, start-ups, corporate spin-offs, or organisational transformations towards truly sustainable value creation systems. Potential contributions will be selected based on the following criteria:

**Newness** – has the case already been studied in the academic literature?

**Relevance** – is the case really about business model innovation?

**Strength** – is it about small steps or “net positive” sustainability innovations?

**Theory** – is the case discussed against the background of relevant theories

All types of case studies are accepted, such as single or multiple case studies, in-depth, comparative, cross-sectional, longitudinal etc. As a fifth criterion, a clear and justified case methodology is required.

Session 5
*How organizations manage transition towards new business models*

Chairs: Guy Bauwen and Jan Jurriëns

A business model for sustainable development aims to deliver economic, social and environmental benefits; it is not only within a company but also within the whole market chain. *However, it is not easy to realize this situation.* The decisions should be made by involving research & development staff, purchasing staff and marketeers. It is important that the framework consist of the following value configurations; value chain (transformation of input in products or services), the value shop (solving customers needs) and the value network (linking customers and other stake- and shareholders).

For this session we welcome contributions that address any of the following questions; “How organizations manage transition towards new business models and engage themselves in the circular economy?”. How do they involve stakeholders? How do they engage their own staff? How do they organize public and private?
Session 6
Financial, Ecological, and Social Value; The Changing Role of Stakeholders in Organizations
Chairs: Brigitte Bernard-Rau and Gerald Bartels

Considering the different interdisciplinary approaches contemplated by sustainable business models in theory and in practice, this workshop addresses early and more advanced PhD research on 1) green business models and business innovation for sustainability and 2) business model transformation in the context of organizational management for corporate sustainability. A particular focus will be given to research looking at the role and impact of stakeholders as drivers of change in organizations. We encourage scholars to address various avenues of research on organizations and specially provide new insights on financial, social and environmental value creation and transformative value creation. Submissions from a variety of theoretical and methodological approaches that contribute to academic debates in this new area of research as well as relevance to entrepreneurs, managers, and practitioners are welcome.

Session 7
When business models have to be explained in corporate reporting
Chairs: Stéphane Trébucq and Elisabetta Magnaghi

Financial analysts read carefully corporate reports, and try to understand how companies create value. Unfortunately, financial statements do not tell the whole story. Social Responsibility Investment funds have also raised some new questions about stakeholder value creation, and the outcomes of companies' activities for society. The IIRC (International Integrated Reporting Council) has also recently proposed, since the end of year 2013, a new reporting framework, in order to present within one report the business model in a short, clear and concise way. This session will provide authors the opportunity to discuss about the quality of accounting information about business models, and the way companies should communicate about their business model.

Some key questions might be: How accounting information and information systems can or could be modified in order to better inform investors or stakeholders about the business model? Why such companies are interested in implementing new reporting standards of communication like integrated reporting? Are business models from these companies in transition for a sustainable economy, and how such companies can demonstrate their transition?

Session 8
Where do New Business Models come from? The role of public policies, institutions, and individual actors
Chairs: Philippe Naccache and Yuliya Snihur

New business models contribute to the economic development and value creation for various stakeholders. Yet, we do not know enough about how the emergence of new business models is influenced by the national innovation system or the institutional contexts and logics, which might have a generative role when combined by the cognition of individual entrepreneurs and managers while designing new business modes. Hence, this call is an attempt to link micro
and macro perspectives on how new business models emerge and flourish within a specific national and institutional setting. During our session we would like to discuss what the impact of regulations, institutional arrangements, and institutional logics is on the emergence of new business models? How are these combined and interpreted by the individual entrepreneurs designing new business models? But also, can business model innovation trigger change in the existing institutional arrangements? Related to this, we welcome papers examining how some new business models perform better than others according to their fit with national or institutional contexts.

**Submission procedure**

Authors who would like to contribute are requested to submit an abstract of 500-700 words (with the concise number of references and contact details) for a dedicated session to the chairman of the conference, Jan Jonker (janjonker@icloud.com), before March 28, 2016. Acceptance of the abstract will be communicated ultimately April 18, 2016. If authors are invited to submit a (full) conference paper, they should follow the author guidelines of the *Journal of Cleaner Production* (cf. http://www.journals.elsevier.com/journal-of-cleaner-production) and submit the paper before May 16, 2016. More information about submitting the conference paper will follow after acceptance of the abstract. Participation in the conference without submitting a paper is possible; however, submitting a paper but not presenting it, is not permitted.

**Important dates**

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<tr>
<td>March 28, 2016</td>
<td>Deadline submission of abstracts via email: <a href="mailto:janjonker@icloud.com">janjonker@icloud.com</a> and <a href="mailto:n.r.faber@gmail.com">n.r.faber@gmail.com</a></td>
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<td>April 18, 2016</td>
<td>Notification to authors</td>
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<tr>
<td>May 16, 2016</td>
<td>Deadline submission revised abstract and/or (short) conference paper</td>
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<td>June 6, 2016</td>
<td>Deadline conference registration (invoice follows later)</td>
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<td>June 10, 2016-05-04</td>
<td>Deadline submission of optional short conference paper</td>
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<td>June 16 and 17, 2016</td>
<td>Conference</td>
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<td>September 4, 2016</td>
<td>Deadline submission of full paper for peer-review</td>
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**Publication possibilities**

Accepted papers will be published in the Conference Proceedings of this conference. Besides the conference proceedings offered by the Toulouse Business School, there will be three publication possibilities attached to the conference:

1. Special Issue of the Journal of Cleaner Production chaired by Nikolay Dentchev from Belgium.
3. Edited book with Springer Verlag (Heidelberg) depending on the outcomes (volume/quality) of this conference, chaired by Jan Jonker from The Netherlands.
Conference fee

Participation needs to be registered at the TBS website; a link will follow shortly.

The conference fee for the two-day conference (including the full program, lunch twice and conference proceedings) is €130,--.

Given this low fee special rates (students, early birds etcetera) are not possible.

The conference dinner will take place on the evening of June the 16th at the Restaurant Le Pôvre Yves in Toulouse. Participation is not obligatory. Costs of the conference dinner are €40,-- (wine included). Please indicate your choice when making your registration for the conference.

Please note that the invoice will be send after registration

Contact details

Please send all correspondence regarding the content of the program to Jan Jonker, chairman, Lauréat Chaire Pierre de Fermat, Toulouse Business School, janjonker@icloud.com

Mrs. Laurence Danjou, logistics, organisation, registration, contact: Recherche@tbs-education.fr

Mrs. Anne-Claire Savy-Angeli, organisational support, contact: acsavy@ntymail.com

NBM@Graz 2017

The next New Business Models Conference is scheduled at June 21 en 22 2017 at the University of Graz (Austria). You will be informed in due time about this second edition of the annual conference on New Business Models.

Hope to see you again in June 2017
Appendix II – CfP Journal of Cleaner Production Special Issue

Embracing the variety of sustainable business models: Social Entrepreneurship, Corporate Intrapreneurship, Creativity, Innovation, and other approaches to sustainability challenges

Special Volume of the Journal of Cleaner Production

Call for papers

Embracing the variety of sustainable business models: Social Entrepreneurship, Corporate Intrapreneurship, Creativity, Innovation, and other approaches to sustainability challenges

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Michele Rosano, Curtin University
Yulia Snihur, Toulouse Business School
Xingfu Tang, Fudan University
Bart van Hoof, Universidad de los Andes

Version dd 29 October 2015

Background
Sustainable business models are in the first place oriented to resolving social and environmental issues. In this vein, profit generation is not their predominant concern. In other words, sustainable business models function in contrast to what Magretta (2002: 87), would argue is one of the “fundamental questions every manager must ask: How do we make money in this business?” In order to better understand this contrast, we first would like to refer to the mainstream management knowledge on business modeling. Academics have started to study business models more scrupulously in the last 15 years. Several definitions of business models have been proposed in the literature. Amit and Zott (2012: 42) defined the business model as “a system of interconnected and interdependent activities that determine the way the company does business with its customers, partners, and vendors.” Casadesus-Masanell and Zhu (2013: 464) defined new business models as the “search for new logics of the firm, new ways to create and capture value for its stakeholders, and focusing, primarily, on finding
new ways to generate revenues and to define value propositions for customers, suppliers, and partners”. Markides (2006: 20) wrote about the discovery of fundamentally different business models in existing businesses: “To qualify as an innovation, the new business model must enlarge the existing economic pie, either by attracting new customers into the market or by encouraging existing customers to consume more.” Teece (2010: 172) stated that “the essence of a business model is in defining the manner by which the enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit.” Overall, most scholars agree that the business model emphasizes a system-level, holistic approach to explaining how firms do business, that is how value is created and captured (Zott, Amit, and Massa, 2011).

The missing centrality of profit generation in sustainable business models poses some several intriguing questions for researchers, in an inquiry that requires further exploration. Even the well-known strategic management perspective of Porter and Kramer (2011) on shared value creation, with a simultaneous attention to economic and social progress, acknowledges that “our recognition of the transformative power of shared value is still in its genesis.” In other words, it is not yet well researched or understood how alternative, often new, creative or innovative sustainable business models function and how their application in the real world evolve to create value without predominantly generating only profit in their ventures. In addition, certain forms of organizations – e.g. B-Corporations, Worker Owned Corporations, Crowd-Funded Corporations, and Cooperative Corporations – deserve attention in this context. While both value creation and value capturing remain important, the priorities for sustainable businesses might be organized in a different order (due to different priorities) compared to classic for-profit entrepreneurs. Moreover, sustainable business models might originate from entrepreneurs, non-profit organizations, business development of multinationals or their intrapreneurial activities, but also from the initiative of a specific economic sector, groups of citizens or government agency. The various approaches of resolving important social or environmental issues might be organized thus by both profit and non-profit oriented organizations. This SV is designed to contribute to a better understanding of the mechanisms behind sustainable business models, which help to ensure sustainable solutions to social and environmental issues. This SV team solicits a wide variety of sustainable business models, originated by (social) entrepreneurs, (non) profit organizations, sector related or governmental initiatives and other types of creative approaches to help to accelerate the transition to “Equitable, Sustainable, Post-Fossil Carbon Societies.”

**Types of contributions solicited**

We welcome theoretical, conceptual and empirical papers for this SV. In addition, we welcome scholarly studies from a broad variety of methodologies (e.g. qualitative and quantitative), and from a broad variety of disciplines (e.g. management, entrepreneurship, environmental studies, organization theory, to mention a few). This CFPs is designed to challenge scholars to elaborate on, but not limit themselves to, the following research themes:

**Theme 1: Successful Sustainable Business Models**

First, we would like authors to elaborate on the meaning of ‘success’ in sustainable business models.

- What are the mechanisms driving successful sustainable business models?
- What are the measures for success with respect to sustainable business models?
How can sustainable business models be scaled to provide higher impact?
Are there limitations to scaling sustainable business models?

**Theme 2: Value Creation Challenges of Sustainable Business Models**
Second, we solicit papers on the value creation challenges of sustainable business models.
- Assuming a keen stakeholder attention to the value generation process involved, how are activities with sustainability focus coordinated among stakeholders with diverging focus in individual bottom lines (financial and non-financial)?
- Within the category of non-financial value creation, what is the variety of perceived values by different stakeholders and how are all values truly valued in decision-making?
- What are the prioritization mechanisms for value creation, taking into account the variety of values related to a variety of stakeholders?
- How can sustainable business models be used to achieve “shared value creation” for different customers and partners involved in their business models?

**Theme 3: Variety of Origins of Sustainable Business Models**
Third, we solicit inputs on the variety of organisational settings, which support implementation of sustainable business models.
- Do organisational and legal structures matter for the development of sustainable business models? If so, how and how does that help or hinder utilization of the new models?
- What are the drivers for profit-dominated organizations to engage in implementing sustainable business models?
- How does intrapreneurship, impact the implementation of sustainable business models in multinationals?
- What is the role of the service sector in implementing sustainable business models, in addition to manufacturing or other types of industries?
- Are there conflicts of coexistence among multinational companies, which are using sustainable and conventional business models?
- What are the dynamics of sustainable business models implementation in non-profit organizations and government controlled organizations?

**Theme 4: Social Entrepreneurship**
Fourth, we solicit inputs on the long-term impacts of social transformations as a result of social entrepreneurship (Peredo and McLean, 2006; Alvord, Brown and Letts, 2004; Mair and Marti, 2006; Austin, Stevenson, & Wei-Skillern, 2006).
- What are the similarities and differences among business models with the main objective profit generation and business models with the main objective revolving around multi-generational social and environmental issues?
- Although profit generation is not the only focus of social entrepreneurs, no initiative can be developed without a financial budget. What is (or should be) the balance between financial and non-financial bottom lines in the business models of social entrepreneurs?
- Are business models of social entrepreneurs different from classic for-profit business models? If so, how? Based on which criteria can we (or should we) describe a
business model of social entrepreneurs as successful? What are the indicators of success?

- Do social entrepreneurs generate and implement new business models? How can we define and evaluate these new business models? What is the impact of these new business models on society?

**Theme 5: Business Models for a circular Economy**

Fifth, we solicit inputs on the theoretical foundations and on the practical organisational challenges when it comes to business models for the circular economy.

- What are fundamental principles and premises underpinning the idea of a circular economy and how does it shape or influence implementation of other business models?
- What are the theoretical foundations for this type of circular business models?
- What are the inter-connected challenges to make circular business models work in practice?
- What is the possible impact of implementation of circular business models upon societal progress toward truly sustainable societies, within the context of rapid climatic changes?

**Theme 6: Creativity in applying sustainable business models**

Sixth, we solicit inputs on the role of creativity in developing and applying new sustainable business models.

- In what ways can creativity help to facilitate implementation of sustainable business models? As an individual talent to be developed, as an organizational culture to be stimulated, as a tool to be applied, as an emergent property of a particular way of working or as a combination of all of them and more?
- Do the creative and cultural industries use different business models and if so, what are the characteristic features of their business models? Can they be applied as sustainable business models for other sectors of the economy as well? If so by which sectors and how can they be beneficially utilized within them?
- Many artists work as entrepreneurs, quite frequently in art collectives, which are focussed on issues of sustainability. Can the practice of art-making be a base for a more generally applied arts-based sustainable business model to stimulate innovation?
- Knowing that creativity is based on lateral thinking and incorporated intelligence (intuition, using the senses), what are the methods and ways of educating to stimulate and expand creativity in business schools, and in all other schools?

**Theme 7: Sustainability and the Roles of Government**

Seventh, we solicit inputs on the roles of governments with respect to stimulating the development and experimentation with alternative sustainable business models.

- To what extent are sustainable business models solving but also at the same time creating sustainability issues?
- What are or should be the roles of governments in stimulating and/or controlling sustainable business models?
- Is there a specific stakeholder network that could support sustainable business models development, testing and experimenting with new forms? Are some
countries better at developing such a network than others? Why? How can other countries learn from the policies, strategies, procedures, legal frameworks etc. of such countries?

- What are effective practices for creating incubators and social systems, which support experimentation with a wide-array of new business models, which may or may not proved, when applied to be fostering sustainable societal transitions for the short and for the long-term future?

This list of themes and research questions is not exhaustive. Additionally, we welcome contributions on:

- Business models in emerging markets that advance sustainability,
- Business models of social manufacturing,
- The idea generation process of sustainable business models,
- The impact of education for the success of generating, testing and improving upon evolving business models, which truly foster and sustain the transition processes that are needed to achieve sustainable societies,
- What are the roles and impacts of sustainable business models on societal transitions?

As such, this SV is open for submissions from various workshops organized during the Global Cleaner Production & Sustainable Consumption Conference “Accelerating the Transition to Equitable Post Fossil-Carbon Societies” (1 - 4 November 2015, Sitges, Barcelona, Spain. The team also welcomes contributions from authors of other workshops that may lead to changes in the guest editorial team, while continuity and guidance of the process will be guaranteed by the first guest editor of this CFPs.

In our endeavor to solicit contributions, we would first like to acknowledge the recent SVs dedicated to the topic of business models\(^1\) and sustainability. With this SV we wish to stimulate further knowledge development on the variety of sustainable business models, i.e. on social entrepreneurship, corporate intrapreneurship, creativity, innovation, and other positivist approaches to sustainability challenges.

**Special Volume Timeline and Promotion:**
In addition to the various workshops of the 2015 Global Cleaner Production and Sustainable Consumption Conference, we will host a one-day seminar on the topic of the Special Volume at the Vrije Universiteit Brussel, Belgium on **13 May 2016**. Keynote speakers from both academia and practice will be invited to submit their papers. We will assign a referee among

the guest editors for each paper presented, with the intention of strengthening the papers prior to official submission for peer review for potential inclusion in the SV. The deadline to submit a paper for the seminar in Brussels is 31 March 2016 to the corresponding guest editor, Nikolay Dentchev (nikolay.dentchev@gmail.com).

All authors are invited to submit extended abstracts of 1000-1500 words of their proposed papers to Nikolay Dentchev (nikolay.dentchev@gmail.com). The editorial team will review all submissions and will provide prompt feedback to the authors so that they are best guided for preparation of top-quality papers. After the extended abstracts have been reviewed, all authors will be notified whether their abstracts have been accepted as submitted or amendments should be made as the authors develop their full, peer-review ready papers.

The authors invited to develop their full papers are kindly requested to access and to follow the “Instructions for authors” presented in the JCLP website (http://www.journals.elsevier.com/journal-of-cleaner-production). Then, in order to move onto paper submission, authors are invited to go to http://ees.elsevier.com/jclepro and select this SV, and then follow the standard submission procedures of Elsevier’s Editorial System (EES).

SV-development phases
Deadlines
Submission of extended abstracts
**June 1, 2016**
Feedback of extended abstracts
**July 1, 2016**
Manuscript submission deadline
**October 1, 2016**
Peer review, paper revision and final decision notification
**May 1, 2017**
SV online publication
**August 1, 2017**

All papers will be subject to an intensive peer review process. Authors are requested to follow the *Journal of Cleaner Production* guidelines for authors (cf. http://www.journals.elsevier.com/journal-of-cleaner-production) and to submit a full paper via the online system.

**References**


Appendix III – CfP Studies of Organizational Management and Sustainability

The Editorial Board of Studies of Organisational Management & Sustainability invites you to submit a paper to a special issue to be published this year.

FOCUS AND SCOPE
SOMS is an international, double-blind-peer-reviewed, open access, on-line academic journal. It does not charge any publication/processing fee. Being a multidisciplinary publication, SOMS publishes research papers, literature and book reviews, short communications and letters to editors, covered by the three main sections of the journal: a) Economics, Management and Entrepreneurship; b) Marketing, Innovation and Services; c) Human Capital and Organisational Behaviour. This Special Issue is intended to bring out research of empirical, methodological or conceptual nature in the following topics:

- Entrepreneurial and intrapreneurial business models for sustainable development;
- How organizations manage transition towards new business models;
- Making the financial paradox work;
- Business Models for a Functional Economy;
- Business Models for Regional Development;
- When business models have to be explained in corporate reporting;
- New Cases of Sustainability-Oriented Business Model Innovation;
- Financial, Ecological, and Social Value; The Changing Role of Stakeholders in Organizations;
- How to persevere after a successful start?

SUBMISSIONS
Submissions to this journal are made via the SOMS’s website. Before submitting your work to this journal, please read the Journal’s Section Policies and the Author Guidelines at http://soms.ismai.pt/index.php/SOMS (click on “ABOUT” in the upper banner). Prior to submission, authors must register with the journal. Please go to the journal’s website and then use the register link at the top of the homepage for the journal.

LANGUAGES
Given the international nature of SOMS, publications might be submitted and published in English, French, Portuguese and Spanish.

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