

Business Models for Sustainable Development: A Process Perspective

Frank Boons

*Alliance Manchester Business School and Sustainable Consumption Institute, University of Manchester,
United Kingdom, frank.boons@manchester.ac.uk*

Oliver Laasch

University of Nottingham, Ningbo, China, Oliver.laasch@nottingham.edu.cn

Abstract

Drawing on Theories of Practice, we develop a process-oriented conceptualization of business models that resonates with the original formulation of sustainable development as a process.

Introduction

Business model research shows weaknesses in terms of concept clarity and depth of theorizing (Foss and Saebi, 2017). This is also true for much of the literature on business models for sustainable development. An overlooked point in this respect is a bias in ontology: most work on business models assumes the existence of entities with comparable and assessable characteristics. In contrast, a process ontology posits that the world of organization and management consists of processes: sequences of events that unfold (Langley

et al., 2013). Process-based ontologies provide different angles for research questions and methodologies (Abbott, 2016).

A process-based ontology is especially relevant when dealing with questions of sustainability. While the label sustainability suggests that it is a characteristic of entities such as products and organizations, its use stems from the concept of sustainable development, where 'development' reveals its inherent processual nature. We aim to provide a consistent process definition of

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business models, in order to understand how business models may contribute to sustainable development.

The Process of Sustainable Development

The term 'sustainability' is linked to the process of global societal development. Sustainable development denotes "not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future and present needs" (Brundtland, 1987: 30). Sustainability (a noun often used to refer to the nominalized verb sustainable development) needs to be seen as a process where evolving ecological systems interact with changing socio-technological systems and human communities (Pirages, 1994). This relates directly to the notion of business models for sustainable development in the following way:

1. Sustainable development as a multi-stranded dynamic process is at odds with fixed indicators and standards; the formulation, use and assessment of such tools is part of the process of sustainable development. Thus, any normative criteria for business models for sustainable development are inherently processual: they propose qualities for how sustainability is organized, and not for the actual products and services that are provided through the business model (Boons and Lüdeke-Freund, 2013).
2. The temporality and potentiality of business models for sustainable development requires us to see how they emerge, persist and dissolve in the process of sustainable development.

Business Models as Process

We view business models as a subset of modes of provision: sets of social practices through which groups provide for their needs (Boons and Bocken, 2018). Social practices are stable combinations of particular meanings, competences and artefacts (Reckwitz, 2002).

Modes of provision include a wide range of practices, such as self-sufficient provision, intimate sharing

(Price, 1975) and collaborative consumption (Botsman and Rogers, 2010; Leismann, Schmitt, Rohn, and Bae-deker, 2013), as well as business models. Theories of practice, the collective label for theorizing on social practices (Reckwitz, 2002) have a processual quality that at least implicitly emphasizes processes of enactment, enrollment and assemblage (Gherardi, 2012; Nicolini, 2012; Shove, Pantzar, and Watson, 2012). By understanding management of an organization as social practices (Whittington, 2011), we can conceptualize business models as assemblages of social practices coordinating the economic activities that constitute a mode of provision. The sustainability of a mode of provision ultimately depends on the quality of these practices. As further elaborated below, to the extent that practices are inclusive and allow for the consideration of multiple values, they facilitate the participation of the organization in sustainable development.

A process definition of business models for sustainable development in four points

1. They consist of a negotiated assemblage of social practices that enables human need provision requiring scarce resources

Social practices that have emerged specifically to organize parts of the production and consumption exist prior to the formation of a business model; examples include practices associated with strategizing, accounting and waste management. Their assemblage into a business model can be an informal process, but it is negotiated, as it requires intentionality, and has consequences for the economic actors involved. A business model for sustainable development requires an inclusive process of negotiated assemblage, and utilizes only social practices of production and consumption that are considered just and within planetary boundaries (Rockström *et al.*, 2009) in their operation and outcomes. Also, the resulting need provision is equitable in the evaluation of participants.

2. The practices constituting a business model are in need of continuous enrollment to persist and grow

A key characteristic of a processual perspective is that persistence of any (assemblage of) practice(s) needs enactment, the need for enrollment (Shove, Pantzar and Watson, 2012). In addition to their continued performance, practices need to acquire

additional organizational members, as well as other organizations, to persist. A business model for sustainable development is characterized by inclusive processes of enrollment; it is not selective in what organizational members, consumers, or organizations are sought as participants. This can manifest itself through user-led or open innovation, as well as particular choice of channels to consumers.

3. Any business model competes with other business models that provide for overlapping (but never completely similar) needs

Specific for the economic system presupposed by business models is the logic of competition, relating to business models' competitive advantage (Teece, 2010). Competitive dynamic *can* support a process of sustainable development, for instance, when it drives resource efficiency. Conversely, it might support increased consumption. Thus, a business model for sustainable development is distinct as it competes with business models with inferior social and ecological impact. In this respect, the notion of co-evolving business models is relevant (Schaltegger et al., 2016).

4. Any business model has ecological relationships with other business models (i.e. symbiotic, competitive, parasitic)

As an assemblage of social practices, a business model necessarily presupposes other social practices. They require other business models that ensure the provision for needs that, if left unfulfilled, would adversely affect the focal business (Boons and Bocken, 2018). As a consequence, a business model constituted by practices that in themselves are in line with the notion of sustainable development, might depend on, or strengthen,

business models that are *not* in line with sustainable development. An example is when sharing business models require the use of smart devices. These are provided through business models that often use fast replacement cycles of devices as a marketing tool.

Conclusion

The four points above constitute a complete process-based definition of business models. It resonates strongly with the notion of sustainable development, and thus provides a basis for analyzing business models for sustainable development in terms of negotiated assemblage, enrollment, and links to other business models. Our four-point definition is as a call for research that aims to:

1. Analyze systematically the dynamics through which practices of production and consumption assemble into business models;
2. Assess the interaction dynamics between business models that have ecological relationships;
3. Understand the way in which the constituting practices intersect with the process of sustainable development;
4. Assess how the dynamics of assemblage and ecological interaction affect the process of sustainable development.

Given the processual nature of sustainable development, such research will provide deeper insight into the particular ways in which social practices can be assembled into business models that advance inclusive provision of needs within planetary boundaries.

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