

# The Study into the Most Recent Advancements in Business Model Archetypes with Regards to Sustainability

Shweta Pathak<sup>1</sup>, Pawar Rahul<sup>2</sup>, Sayyed Faiz Ali<sup>3</sup>

Asst. Professor<sup>1</sup> and SYBAMMC<sup>2,3</sup>

Uttar Bhartiya Sangh's Mahendra Pratap Sharda Prasad Singh College of Commerce & Science, Mumbai, Maharashtra

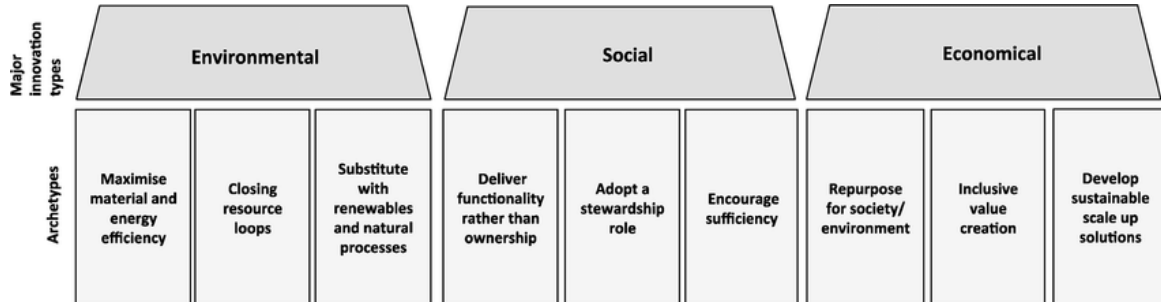
**Abstract:** *Eco-developments, eco-effectiveness, and corporate social obligation practices are key components of the current industrial sustainability strategy. While they have importance, they alone are inadequate to bring about the extensive transformations necessary for long-term social and environmental sustainability. How can we promote corporate innovation that brings about substantial changes to firm operations in order to enhance sustainability? Sustainable business models (SBM) include a triple bottom line approach and consider a broad spectrum of stakeholder interests, encompassing the environment and society. They have a vital role in spearheading and implementing corporate innovation for sustainability, may help integrate sustainability into a business's objectives and processes, and are a major catalyst for gaining a competitive edge. While there are numerous innovative concepts that could enhance the sustainability of business models, none of them have been categorized under a unifying theme such as business model innovation. The literature and business practice review provide various examples of mechanisms and solutions that can support the sustainability of business model innovation. The cases were collated and evaluated in order to identify distinctive qualities and trends that could facilitate categorization. Archetypes of sustainable business models refer to specific patterns and strategies that can be employed to construct a company model that is environmentally and socially sustainable. The purpose of these archetypes is to expedite the development of sustainable business models for scholars and practitioners by establishing a shared terminology. The following are the archetypes: optimize energy and material efficiency; Generate profit from "waste"; Substitute it with natural and sustainable resources; Emphasize functionality rather than ownership; Assume the role of stewardship; Foster self-reliance; Adapt the business to benefit society and the environment; and develop strategies for expansion*

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## I. INTRODUCTION

It seems increasingly clear that business as usual is not an option for a sustainable future, given the prospects of a growing global population, accelerating global development, and the associated rise in resource use and environmental impacts. Even at the current levels of consumption, the world is currently using the equivalent of 1.5 planets to support human activities (WWF, 2012), which is an unsustainable rate (Randers, 2012). It is not new to be aware of the need to value ecological systems and the natural capital necessary for human welfare (Constanza et al., 1997). However, valuing the frequently "free" natural assets is still uncommon in business. To address the difficulties of creating a sustainable future, a comprehensive strategy is required: Changes in the environment and social and economic conditions must unavoidably occur simultaneously with responses. A closed-loop system where nothing is allowed to be wasted or discarded into the environment, which reuses, repairs, and re-makes in preference to recycling; A system that emphasizes delivery of functionality and experience, rather than product ownership; A system designed to provide fulfilling, rewarding work experiences for all that enhances human creativity/skills According to Rasmussen (2007), business models are concerned with how a company defines its competitive strategy through the design of the product or service it offers to its market, how it charges for it, how much it costs to produce it, how it distinguishes itself from other firms by the value proposition, and how it integrates its own value chain with those of other firms in a value

network. The ability of management to acquire, combine, and utilize valuable resources in a manner that delivers a value proposition to customers is critical to the success of the business model (Beltramello et al., 2013).



The business model is examined from a variety of angles in the literature: According to Margretta (2002), Zott and Amit (2010), Beattie and Smith (2013), and Teece (2010), a business model articulates how the company will convert resources and capabilities into economic value. These authors also describe business models as a comprehensive description of "how a firm does business." According to Teece (2010), it is nothing less than a company's organizational and financial "architecture," which includes implicit assumptions about customers, their requirements, revenue, cost, and competition. More specifically, Osterwalder and Pigneur (2005, 2010) define a business model as a collection of components, which are as follows: the value proposition (the product or service, customer segments, and relationships with customers), activities, resources, partners, distribution channels (value creation and delivery), cost structure, and revenue model (i.e. capture of value). Based on a wide range of literature, Richardson (2008) offers the following consolidated view of business model components: the value creation and delivery system, the value capture system, and the value proposition (the offer and the target customer segment).

**Plan of action developments for supportability are defined as:**

Innovations that alter the way an organization and its value-network create, deliver, and capture value (i.e., create economic value) or change their value propositions and have a significant positive impact on society or the environment. Innovations must address unsustainability at its source rather than as an add-on to counteract negative business outcomes if they are to address the pressing challenges of a sustainable future. Innovations in business models need to be ambitious and focused on maximizing societal and environmental benefits rather than just financial gain. Innovations in sustainable business models may not initially be financially viable (as was the case when the first hybrid car was introduced), but future regulatory or other changes may make them so. A classification of defensive, accommodating, and proactive business model innovations is proposed by Schaltegger et al. (2012).

**Gaps in the literature and goals:**

Closed-loop business models (Wells and Seitz, 2005), "Natural Capitalism" (Hawkin et al., 2005), and other potential "sustainable business models" (2005), social businesses (Grassl, 2012), and Product Service Systems (PSS) (Mont and Tukker (2006)) and concepts of the new economy (such as the Blue Economy; Pauli,2010). Other ideas for bringing sustainability to life are present in practice, but the business model literature does not seem to have paid much attention to them up until this point. Few authors have attempted to unify the various examples in literature and practice into a useful categorization under the overarching theme of business model innovation, with the exception of some recent literature (such as Boons and Lüdeke-Freund, 2013, who propose a classification by social, technical, and organizational sustainable business model innovations). It is difficult for practitioners and researchers to gain an overview of the scope of business model innovation for sustainability due to the lack of a common source of information. As a result, practical experimentation and implementation in industry are hampered, as are research, education, and training in this field.

### **Method for categorizing the mechanisms for delivering sustainability**

This section discusses how the sustainable business model archetypes are developed from academic literature and examples in practice. Additionally, this restricts the potential for the exploitation of synergies between various types of innovations, thereby reducing the potential benefits. It depicts the method with its three iterative steps:

Identifying themes and pertinent classifications from the literature.

Examining alternative classifications and frameworks that are appropriate for defining sustainable business model archetypes,

Implementation-based identification of sustainable business model innovations.

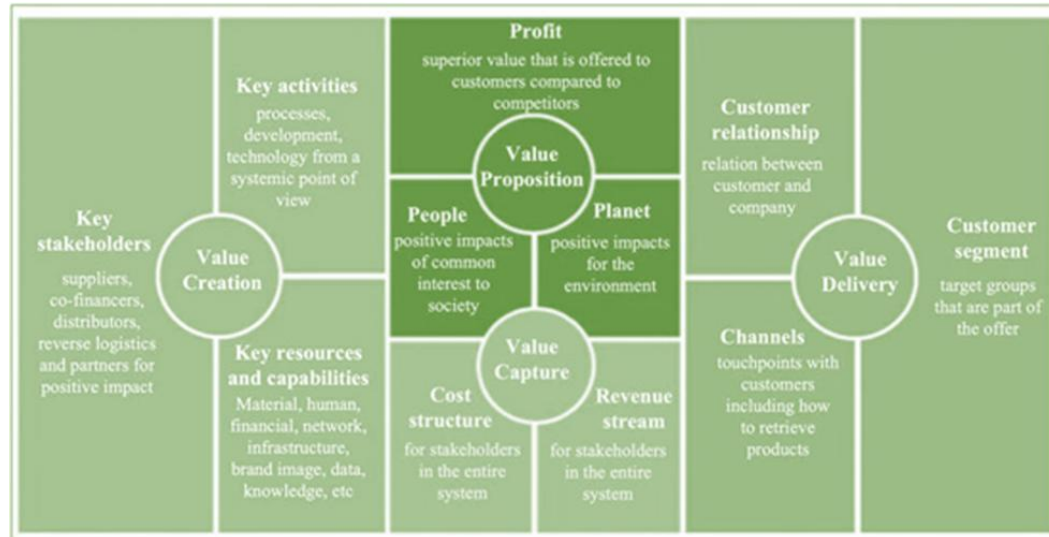
To triangulate the data, multiple levels of data collection, categorization, and coding (iterations to meaningfully categorize the list of examples) were used.

Criteria for selecting and categorizing an innovation example include: clear and intuitive, mutually exclusive, explanatory, and not overly prescriptive, representative of the underlying mechanisms of transformation in business model innovation. The following were the selection criteria for the examples that were used to create the archetypes: Innovations that alter the value proposition to society and the environment are those that result in environmental and/or social benefits for business operations. This could be accomplished by either creating new value or significantly reducing the negative effects on society and the environment. Even though some of the chosen examples of innovation aren't usually associated with business model innovation, they are all included because they have the potential to change the value proposition for one or more stakeholder groups, such as the environment and/or society, and, as a result, the business model could be changed in some way.

### **Development of archetypes based on literature and practice (coding)**

The authors developed the archetypes by coding examples derived from practice and literature. Constant comparisons for similarities and differences are used to achieve precision and consistency in the analysis and generation of significant themes and classifications, as suggested by Corbin and Strauss (1990). The archetypes were developed using both theoretical coding, which makes use of higher-level literature themes (such as the social, technological, and organizational classification by Boons and Lüdeke-Freund, 2013) and open coding, which makes use of lower-level codes (such as specific company innovation initiatives), which are being grouped into higher-level codes (Corbin and Strauss, 1990). Regular comparisons were made between lower-level codes and higher-level codes (themes from literature and practice).

In order to comprehend the reasoning behind the categorisations, the authors conducted rounds of individual coding followed by joint discussion. This procedure was repeated until the final sustainable business model archetype classification was agreed upon and saturated. A snapshot of one of the coding exercises used to create the archetypes, the sustainable business model model, which was found to be most useful for defining descriptive groupings. Examples of technical innovation archetypes include the manufacturing process and product redesign, among others; The social group includes archetypes with a strong emphasis on social innovation (such as archetypes in the organizational grouping have a dominant organizational innovation change component (such as changing the firm's fiduciary responsibility), while innovations in consumer offering and consumer behavior change. Although they are frequently paired with other innovations, these high-level groupings are indicative of the most prevalent areas of innovation.



## II. DISCUSSION

The goal of this classification is not only to lessen negative effects on society and the environment, but also to help fundamentally rethink the business model in order to deliver sustainability. Businesses can use one or more business model archetypes to shape their own transformation. These archetypes are designed to help them find new ways to create and deliver sustainable value and build their business model structure by showing them how to take advantage of new opportunities. Even though each can be used on its own, different archetypes can be combined, and real sustainability almost always requires combinations of archetypes (for example, delivering functionality rather than ownership while maximising material and energy efficiency). In a workshop with industry, the archetypes could be used as examples. During the exploratory industry workshops that the authors conducted, businesses may draw inspiration from each of the archetypes when brainstorming new ideas for sustainable business models. This creative process has been well received. Preliminary testing in workshop settings—workshops with engineering students and various industry partners—has demonstrated the approach's value in fostering creative thinking. The business model archetypes are being refined and tested in order to further improve the innovation process. However, this proposed classification has some limitations. First and foremost, the method of employing business model archetypes is reflective and is founded on historical examples of innovation. As a result, even though it has a lot of potential to help innovation, it can't predict completely new approaches and may need to be updated periodically to reflect the most recent practice. Second, the archetypes place a greater emphasis on environmental innovations at the moment, reflecting current practice. It is recommended to conduct additional research into the significance of innovations in social business model sustainability. For instance, according to Jackson's (2009) perspective on system-level change, new social business model archetypes could further investigate the idea of creating work environments that are both satisfying and gratifying for everyone and that boost human creativity and skill. Thirdly, the dispersion of journal articles was a problem with the data collection as the field of sustainable business models is emerging in academia. This necessitated an iterative approach of adding additional search criteria.

## III. CONCLUSION

The literature and practice of innovations for sustainability is extensive but fragmented, with numerous potential innovative approaches that may contribute to business model innovation for sustainability. In order to bring these disparate contributions that deliver sustainability from the literature and practice under one common theme, this research suggests categorizing these contributions into "sustainable business model archetypes." The archetypes intend to: Organize and explain innovations in sustainable business models; Case studies and workshops, for example, can be used to facilitate the innovation process for incorporating sustainability into business models. Establish a more precise

research agenda for sustainable business models; and offer businesses examples of how to lower the risk of the SBM innovation process. The following are the eight new archetypes:

1. Optimize energy and material efficiency
2. Make money from "waste"
3. Substitute with renewables and normal processes
4. Provide functionality as opposed to ownership
5. Take on a role of stewardship
6. Inspire sufficiency
7. Repurpose the business to benefit society and the environment
8. Create scale-up solutions

The sustainable business model archetypes are regarded as a starting point for broadening and unifying the research agenda for sustainably based business models.

Sustainability, and corporate social obligation practices are key components of the current industrial sustainability agenda. While they have importance, they alone are inadequate to bring about the extensive transformations necessary for long-term social and environmental sustainability. How can we promote corporate innovation that brings about substantial changes to firm operations in order to enhance sustainability? Sustainable business models (SBM) include a triple bottom line approach and consider a diverse variety of stakeholder interests, encompassing the environment and society. They have a vital role in promoting and implementing corporate innovation for sustainability, can help integrate sustainability into a business's objectives and processes, and are a major factor in gaining a competitive edge. While there are numerous novel concepts that could enhance the sustainability of business models, none of them have been categorized under a unified theme such as innovation in business models. The literature and business practice review provide various examples of mechanisms and solutions that might facilitate the sustainability of business model innovation. Analyzed instances were collated and scrutinized to identify distinctive qualities and recurring trends that could facilitate categorization. Archetypes of sustainable business models refer to specific patterns and strategies that can be employed to construct a company model that is environmentally and socially sustainable. The purpose of these archetypes is to expedite the development of sustainable business models for scholars and practitioners by establishing a shared vocabulary. The following are the archetypes:

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Assume the role of stewardship;

Foster self-reliance;

Adapt the business to benefit society and the environment; and develop strategies for expansion.

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