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# Study on the Most Recent Advancements in Business Model with reference to Sustainability

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**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 needed to attain 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 range of stakeholder interests, including the environment and society. They have a vital role in facilitating and implementing corporate innovation for sustainability, can aid in integrating sustainability into the objectives and processes of a firm, and are a significant catalyst for 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 unifying subject such as business model innovation. The examples were collated and studied in order to identify distinctive qualities and recurring patterns that could facilitate the process of categorization. Archetypes of sustainable business models refer to specific patterns and strategies that can be employed to construct a business model that is environmentally and socially responsible. 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: optimize energy and material efficiency; generate profit from "waste"; substitute it with natural and renewable resources; prioritize functionality over ownership; assume the role of stewardship; foster self-sufficiency; adapt the business to benefit society and the environment; and develop strategies for expansion.*

**Keywords:** Sustainability, model, technique, innovation, corporate, business

## I. INTRODUCTION

It is becoming more evident that continuing with the current way of doing business is not viable for a sustainable future, considering the projected increase in the worldwide population, the rapid pace of global development, and the resulting increase in resource consumption and environmental consequences. Currently, the world's consumption is at a level where it requires the resources of 1.5 planets to sustain human activities, according to the World Wildlife Fund (WWF, 2012). This pace of consumption is not sustainable, as stated by Randers (2012). Recognizing the importance of valuing ecological systems and the natural resources essential for human well-being is not a new concept (Constanza et al., 1997). Nevertheless, the practice of assigning a monetary value to commonly available natural resources is still not widely adopted in the commercial world. In order to tackle the challenges of achieving a sustainable future, it is imperative to develop a comprehensive strategy that encompasses the simultaneous implementation of environmental, social, and economic changes and corresponding reactions. A closed-loop system that prioritizes the reuse, repair, and remaking of materials instead of recycling, ensuring that nothing is wasted or discarded into the environment. This system focuses on delivering functionality and experience rather than product ownership. It is designed to provide fulfilling and rewarding work experiences for all individuals, while also enhancing human creativity and skills. According to Rasmussen (2007), business models encompass the competitive strategy of a company, including the design of its product or service, pricing, production costs, differentiation from other firms through value proposition,

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and integration of its value chain with other firms in a value network. The success of the company model relies heavily on management's capacity to obtain, merge, and effectively employ precious resources in order to provide customers with a value proposition (Beltramello et al., 2013).

The literature extensively analyses the business model from multiple perspectives. Margretta (2002), Zott and Amit (2010), Beattie and Smith (2013), and Teece (2010) all agree that a business model outlines the process by which a corporation transforms its resources and capabilities into economic value. These authors define business models as a detailed representation of how a company conducts its operations.

Teece (2018) further explains that a business model encompasses the organizational and financial structure of a company, including underlying assumptions about customers, their needs, revenue, expenses, and competition. Osterwalder and Pigneur (2005, 2010) provide a precise definition of a business model as a set of components. These components include the value proposition (the product or service, customer segments, and customer relationships), activities, resources, partners, distribution channels (value creation and delivery), cost structure, and revenue model (i.e. how value is captured). According to Richardson (2008), after reviewing various publications, the business model components can be summarized as follows: the system that creates and delivers value, the system that captures value, and the value proposition (which includes the offer and the target customer segment).

Plan of action developments for supportability refer to the process of defining and implementing strategies to ensure efficient and effective support for a particular project or initiative.

Innovations that fundamentally transform the processes by which an organization and its network of partners generate, distribute, and profit from value, while also generating economic benefits and making substantial positive contributions to society or the environment. In order to effectively tackle the urgent issues of a sustainable future, innovations need to target the root causes of unsustainability rather than being treated as mere additions to mitigate bad economic consequences. Business model innovations should be driven by ambitious goals and prioritize increasing societal and environmental benefits over just financial gain. Sustainable business models may not be initially economically feasible (as exemplified by the introduction of the first hybrid car), but subsequent regulatory or other alterations may render them financially viable. Schaltegger et al. (2012) suggest a categorization of business model innovations into defensive, accommodating, and proactive types.

## II. RESEARCH GAP IDENTIFIED THROUGH LITERATURE REVIEW

The paper mentions various business models and concepts related to sustainability and the new economy. These include closed-loop business models, natural capitalism, sustainable business models, social businesses, Product Service Systems (PSS), and the Blue Economy. Additional concepts for implementing sustainability have been implemented in practice, but, the literature on business models has not given significant consideration to these ideas thus far. Only a small number of authors have made an effort to consolidate the different instances in literature and practice into a practical classification centered around the concept of business model innovation. However, there have been some recent works, like Boons and Lüdeke-Freund (2013), who suggest a categorization based on sustainable business model innovations in the social, technical, and organizational domains. Practitioners and scholars face challenges in obtaining a comprehensive understanding of the extent of business model innovation for sustainability because there is no shared repository of information available. Consequently, the progress of practical experimentation and implementation in industry is hindered, as well as the advancement of research, education, and training in this particular subject.

Approach for classifying the methods used to achieve sustainability

This section explores the process of developing sustainable business model archetypes by drawing on academic literature and practical examples. Furthermore, this limitation hinders the possibility of leveraging the combined advantages of several types of inventions, thereby diminishing the potential advantages. Illustrates the procedure through its three sequential iterations: Analyzing and extracting key topics and relevant categories from the literature. An analysis of several categorizations and structures that are suitable for defining distinct types of sustainable business models, with a focus on identifying sustainable business model innovations based on their implementation. In order to triangulate the data, we employed various stages of data collection, categorization, and coding (repeated iterations to effectively categorize the list of cases).

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The criteria for selecting and categorizing an example of innovation include: being obvious and intuitive, mutually exclusive, explanatory, and not unduly prescriptive. Additionally, the example should be illustrative of the underlying mechanisms of transformation in business model innovation. The selection criteria for the examples used to build the archetypes were innovations that change the value offer to society and the environment. These innovations should lead to environmental and/or social benefits for corporate operations. This objective could be achieved by either generating novel value or substantially mitigating the adverse impacts on society and the environment. Although some of the selected instances of innovation may not typically be linked to business model innovation, they are included due to their capacity to alter the value proposition for various stakeholder groups, such as the environment and/or society. Consequently, the business model could undergo modifications.

Creation of models derived from literary sources and practical application (coding)

The authors created the archetypes by analyzing and categorizing samples taken from real-life situations and literary works. Corbin and Strauss (1990) advise that constant comparisons be employed to ensure accuracy and uniformity in the study and development of important themes and classifications. The archetypes were constructed through a combination of theoretical coding, which involves the application of broader literature themes (such as the social, technological, and organizational classification proposed by Boons and Lüdeke-Freund in 2013), and open coding, which involves the use of more specific codes (such as particular innovation initiatives undertaken by companies) that are then grouped into broader codes (as described by Corbin and Strauss in 1990). Systematic comparisons were conducted between lower-level codes and higher-level codes, namely themes derived from literature and practice.

To understand the rationale behind the categorizations, the authors performed multiple rounds of individual coding, followed by collective deliberation. This process was repeated until a consensus was reached on the final classification of the sustainable business model archetype, and no further changes were made. The provided coding exercise was utilized to generate the archetypes, namely the sustainable business model model, which proved to be highly effective in establishing descriptive categorizations. Technical innovation archetypes encompass various examples, such as the redesign of manufacturing processes and products. On the other hand, social innovation archetypes primarily focus on social aspects, with the organizational grouping emphasizing changes in the firm's fiduciary responsibility. Additionally, innovations in consumer offering and consumer behavior change are also significant. It is worth noting that these archetypes are often combined with other innovations, but they represent the most common areas of innovation.

## III. DISCUSSION

The objective of this classification is twofold: to mitigate adverse impacts on society and the environment, and to provide a fundamental re-evaluation of the business model with the aim of promoting sustainability. Businesses have the option to utilize one or many business model archetypes in order to mould their own transformation. These archetypes are intended to assist individuals in discovering innovative methods for generating and providing sustainable value, as well as constructing their business model framework, by demonstrating how to capitalize on emerging opportunities. While individual archetypes can be utilized independently, the true achievement of sustainability often necessitates the integration of various archetypes. For instance, by prioritizing utility above ownership and optimizing material and energy efficiency, a more comprehensive approach to sustainability can be achieved. During a workshop with industry professionals, the archetypes could serve as illustrative examples. During the authors' exploratory industry workshops, businesses have the opportunity to gain inspiration from each of the archetypes while generating new ideas for sustainable business models. The reception of this creative approach has been highly favorable. Initial testing conducted in workshop environments, namely with engineering students and different industry partners, has shown the effectiveness of this technique in promoting innovative thinking. The business model archetypes are being modified and tested to enhance the innovation process. Nevertheless, this suggested categorization has certain constraints. The utilization of business model archetypes is primarily based on historical instances of innovation, making it a reflective approach. Consequently, while it possesses significant potential to facilitate innovation, it is incapable of accurately predicting entirely novel ideas and may require frequent updates to align with the latest practices. Furthermore, the archetypes currently prioritize environmental advances, aligning with the prevailing trends

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in the field. It is advisable to further investigate the importance of innovations in sustaining social business models. According to Jackson's (2009) viewpoint on system-level change, exploring new social business model archetypes could enhance the concept of establishing work environments that are simultaneously fulfilling and rewarding for all individuals, while also fostering human creativity and expertise. Furthermore, the data gathering process encountered a challenge due to the widespread distribution of journal papers, which can be attributed to the nascent nature of the topic of sustainable business models in academia. Therefore, it was necessary to adopt an iterative method of including further search criteria.

## IV. CONCLUSION

The field of innovations for sustainability is vast but lacks cohesion, encompassing various potential approaches that could contribute to the creation of business models for sustainability. To consolidate the various contributions that promote sustainability from both literature and practice, this research proposes classifying these contributions into distinct "sustainable business model archetypes." These archetypes aim to: systematize and elucidate advancements in sustainable business models. For instance, case studies and workshops can be employed to facilitate the process of integrating sustainability into business models. Develop a more specific research plan for sustainable business models and provide firms with concrete examples on how to reduce the risk associated with the innovation process of these models. The following are the eight new archetypes: Optimize energy and material efficiency. Earn profits from "waste" by replacing it with renewable resources and conventional methods. Offer usefulness rather than ownership. Assume the responsibility of being a steward. Ignite the concept of sufficiency. Transform the business to serve the betterment of society and the environment. The development of scale-up solutions is essential. The sustainable business model archetypes serve as a foundation for expanding and harmonizing the research focus on business models that are based on sustainability.

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