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Living Apart Together? Business Models and Multiple Value Creation.

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Operationalizing the concept of sustainable development ultimately means integrating it with transactions between constituents in such a way that it creates value. One way of doing this is through innovating business models. This implies moving beyond the classical boundaries of the firm incorporating stakeholders and other constituents in the process of value creation and sharing. The logic how a firm creates value can be traced through its business model. A conventional business model consists of at least four elements: a value or ‘business’ proposition; a value network (often referred to as the supply chain or the network); a customer interface; and a ‘financial’ model (Boons, Lüdeke-Freund 2012).

Developing a New Business Model (NBM) - or re-designing an already existing one - requires understanding current ways of creating value in managing business as well as understanding how companies can meet the needs of the different constituents including customers and society (Nidumolu, R., Prahalad, C. K. & Rangaswami, M.R., 2009). Current research into NBM’s directly confronts that challenge by focusing on two particular aspects of a business model, namely the value proposition and the reward model.

In regard to the first aspect, the value proposition is based upon a broadened perspective on how values are being realised. This leads to an organisational approach shaped by three principles: multiple, collaborative, and shared. This perspective is crucial when attempting to incorporate sustainability aspects into the value proposition (Jonker, 2012; Porter & Kramer, 2011). Concerning the aspect of reward (or the balance between value creation and value destruction), research regarding NBM’s indicates a search for transactions in a business model other than just merely financial outcomes (be it positive or negative). These are models in which, for example, social and ecological values are anchored within the
transaction in addition to earning money (Jonker, 2012). The relationships between various actors such as consumers, citizens, and suppliers become crucial in the value-creation process (Boons, Lüdeke-Freund, 2012).

This paper focuses on two aspects of new business models. First, it focuses on the question of how the concept of multiple value creation is embedded in various new business models. It tries to provide an answer on how issues of sustainability are operationalized in an emerging practice. Secondly, the focus is directed toward the link between value creation and principles of sustainable development. Theoretical concepts on which this research is based are the process of shared value creation (Simanis and Hart, 2011, Tanev, Knudsen and Gerstlberger, 2009 and Jonker, 2012) in relationship to the idea of transactions that are shaped and created through business models (Bertens and Statema, 2011; Young 2011, Osterwalder, 2004). It is assumed that the research reveals various trends in business models namely swapping, creating, sharing, borrowing and saving.

The results presented in this paper are derived from a European research project conducted simultaneously in ten countries during 2012/2013. The aim of this project is to track, describe, and compare new business models in various ‘national’ settings. During this research, interviews were conducted in order to aggregate empirical data from people working on - or having created - their own innovative business model. The data - based on transcripts of the interviews - were analysed with a content analysis approach (e.g. Strauss & Corbin 1998). Additionally, a brief ‘survey’ was utilized in all cases to classify the different initiatives under investigation. This subsequently afforded a systematic comparison.

The research has made it possible to distinguish two groups of NBMs. There are those which are created with the concept of sustainability from the start in their core activities and others that are developed gradually within already established companies. The latter are attempting to re-design and invigorate their existing business model in order to integrate the idea of sustainability. Based on the gathered data a qualitative comparison of a number of revealing cases in Austria and Holland has been made. The results of this comparison demonstrate:

(1) Multiple value creation is often directly linked to a modification in the transaction model.
(2) The triple bottom-line of sustainability is, more or less, treated equally although a rather strong focus on the social aspects of sustainability can be observed.

(3) New transactions models are certainly part of NBMs, however, are included more within ‘informal’ NBMs than in business models of established companies.

While still early days the overall research on which this paper is based shows that there is an emerging yet fragile movement of new business models across Europe. The used theoretical concept in particular those to describe the changing nature of value creation require a more in-depth analyses. Concepts are still ill-defined and the way they are linked to principles of sustainability requires precision and rigour and precision. The illustrative comparison of revealing cases between Austria and Holland shows above all how the ‘mechanism’ of creating a different kind of transactions is shaped. At the same time the comparison between existing and ‘new’ companies ....

References


