



A VALUE CENTRIC FRAMEWORK FOR DEVELOPING SUSTAINABLE BUSINESS MODELS IN SOCIAL BUSINESS INNOVATION AND SOCIAL ENTREPRENEURSHIP

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Abstract: *IN THE REALM OF ENDURING BUSINESS MODELS, THE IMPERATIVES FOR SUSTAINABLE INNOVATION, OPERATIONAL EFFICIENCY, AND SOCIETAL ACCOUNTABILITY ARE PARAMOUNT. HOWEVER, THESE CRITICAL ELEMENTS, WHEN LEVERAGED IN ISOLATION, FALL SHORT OF CATALYZING THE TRANSFORMATIVE INNOVATION NECESSARY FOR TRUE SUSTAINABILITY. THE CHALLENGE INTENSIFIES WHEN ATTEMPTING TO REALIZE LONG-TERM INNOVATION AND SUSTAINABILITY IN BUSINESS MODELS THAT RELY SOLELY ON PIECEMEAL APPROACHES, UNDERMINING THE HOLISTIC INTEGRATION ESSENTIAL FOR MINIMIZING RISKS. THE CONCEPT OF THE TRIPLE BOTTOM LINE, WHICH ENCAPSULATES ECONOMIC, ENVIRONMENTAL, AND SOCIAL SUSTAINABILITY, PLAYS A PIVOTAL ROLE IN FOSTERING LONG-TERM GROWTH AND STABILITY. EMBEDDING THESE SUSTAINABLE SOCIAL INNOVATIONS INTO THE FABRIC OF BUSINESS OPERATIONS AND OBJECTIVES IS CRUCIAL FOR MAINTAINING COMPETITIVENESS IN THE GLOBAL MARKETPLACE. WHILE NUMEROUS SOCIAL INNOVATIVE STRATEGIES HAVE DEMONSTRATED SUCCESS INDEPENDENTLY, THEIR COLLECTIVE IMPACT IS SIGNIFICANTLY ENHANCED WHEN UNIFIED UNDER A COHESIVE THEME. THIS STUDY METICULOUSLY REVIEWS A BROAD SPECTRUM OF LITERATURE TO CLASSIFY VARIOUS SUSTAINABLE SOCIAL BUSINESS MODELS INTO A COHERENT FRAMEWORK, UTILIZING CASE STUDIES AND INDUSTRY INSIGHTS. BY ELUCIDATING THE CLASSIFICATION AND MECHANISMS OF THESE MODELS, THIS RESEARCH AIMS TO PROVIDE PRACTITIONERS WITH ACTIONABLE INSIGHTS AND A UNIFIED LANGUAGE TO EXPEDITE THE ADOPTION OF SUSTAINABLE PRACTICES WITHIN THEIR ENTREPRENEURIAL BUSINESS OPERATIONS. SUSTAINABILITY IN BUSINESS REQUIRES A FOCUS ON INNOVATION, EFFICIENCY, AND SOCIAL RESPONSIBILITY. HOWEVER, ADDRESSING THESE ELEMENTS SEPARATELY LIMITS THE TRANSFORMATIVE POTENTIAL FOR TRUE SUSTAINABILITY. PIECEMEAL APPROACHES IN BUSINESS MODELS HINDER LONG-TERM SUSTAINABILITY AND INNOVATION.*



THIS RESEARCH PROPOSES A COMPREHENSIVE FRAMEWORK AIMED AT CULTIVATING SUSTAINABLE BUSINESS MODELS WITHIN THE REALM OF SOCIAL BUSINESS INNOVATION AND ENTREPRENEURSHIP, GROUNDED IN A SYSTEMATIC EXAMINATION OF EXISTING LITERATURE AND EMPIRICAL CASE STUDIES. BY ADVOCATING FOR THE INTEGRATION OF THE TRIPLE BOTTOM LINE PRINCIPLES—ECONOMIC VIABILITY, ENVIRONMENTAL STEWARDSHIP, AND SOCIAL EQUITY. THIS FRAMEWORK SEEKS TO ADDRESS THE COMPLEX INTERDEPENDENCIES BETWEEN THESE DOMAINS. THE STUDY DELINEATES VARIOUS ARCHETYPES OF SUSTAINABLE SOCIAL BUSINESS MODELS, PROVIDING A THEORETICAL FOUNDATION AND PRACTICAL GUIDANCE FOR THE OPERATIONALIZATION OF SUSTAINABILITY PRINCIPLES IN ENTREPRENEURIAL VENTURES. IT EMPHASIZES THE CRITICAL NEED FOR A HOLISTIC APPROACH TO SUSTAINABILITY, PROPOSING A STRUCTURED METHODOLOGY FOR EMBEDDING THESE PRINCIPLES INTO THE CORE STRATEGIES OF SOCIAL ENTERPRISES.

Keywords: BUSINESS MODEL INNOVATION, INDUSTRIAL SUSTAINABILITY, VALUE CREATION, STAKE HOLDER, SOCIAL BUSINESS INNOVATION ,

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INTRODUCTION

The anticipated surge in global population and corresponding rapid expansion are leading to increased resource consumption and adverse environmental effects. Current trends suggest that conventional business models are unsustainable in the long term, with the Earth requiring more than 1.8 times its capacity to meet current demands and manage waste, according to The World Count. Recognizing the necessity for sustainable business practices, Constanza et al. (1997) highlight the urgent need for innovative models that respect our ecological system. Historically, the intrinsic value of natural resources has been overlooked. A sustainable future mandates a global shift towards business models that actively mitigate environmental harm. Jackson et al. (2009) outline essential characteristics for such models, including: Limiting consumption of energy, goods, and water. Prioritizing environmental and societal growth over mere economic expansion. Implementing 100% closed-loop processing to eliminate waste through recycling, repairing, and remanufacturing. Valuing expertise and functionality over product ownership. Enhancing human skills and creativity. Encouraging collaboration over competition among businesses. Adopting these changes necessitates a fundamental transformation in both current and future business models, revitalizing their purpose and logic to foster value creation. Stubs et al. (2017) note that incorporating these features into mainstream business models can facilitate their evolution into sustainable variants. Despite the



environmental and social benefits, maintaining sustainability amidst intense competition remains challenging (Stubbs et al., 2017; Ludeke et al., 2010).

This paper reviews various business model innovations and categorizations aimed at enhancing sustainability. By proposing examples of sustainable models, this research contributes to further investigation into their application in both new and existing businesses. It defines the categorization mechanisms of sustainable businesses and provides practical examples from current industry practices. These insights offer valuable guidance for applying sustainable principles across business models under a unified theme.

2. REVIEW OF LITERATURE

Extensive research has been conducted on the development of sustainable business models through innovation, aiming to redefine existing paradigms. This section of the literature review serves as the foundation for developing a framework and guidelines for creating samples, which constitutes the core of this research paper. Key insights from the review are summarized below:

Evan et al. (2017) introduced a methodology emphasizing the importance of generating social, economic, and environmental benefits as the initial step in creating a sustainable business model. Geissdoerfer et al. (2018) developed the concept of 'Value Ideation', focusing on identifying value opportunities and prototyping value propositions.

Biloslavo et al. (2018) outlined a Value Triangle (VT) aimed at economic enhancement, where value is collaboratively created with stakeholders to support customer, partner, and public value. Oskam et al. (2018) discussed value shaping within sustainability-driven innovation, leading to the creation of financial, environmental, and social values through interaction with various value-generating networks. They further suggested that a firm's value alteration stems directly from shifts in its mindset. Joyce et al. (2016) proposed an innovative framework for sustainable business development, characterized by a triple-layered approach to achieve social, economic, and environmental objectives, thereby facilitating value creation across these dimensions. Roman et al. (2018) advocated for a three-step strategy towards sustainable business model development, utilizing open databases to foster the open innovation process.

Schaltegger et al. (2016) introduced a strategic model as a sustainable business alternative, offering competitive advantages and aligning conventional business operations with sustainable development goals to enhance profitability and productivity.

In addition to these findings, literature on the economic growth aspect of business models indicates the necessity for organizations to attain economic self-sufficiency while pursuing societal and environmental sustainability, as demonstrated in Table

Author/Authors	Year of publication	Economic factor in Contribution	Data source
De bernadi et al.	2018	Process and designing	Case study
Baldassarre et al.	2017	Framework	Literature synthesis
Tolkamp et al.	2018	Process and designing	Interview
Kurecz et aal.	2017	Conceptual model	Literature synthesis
Morioka et al.	2018	Framework	Case study

Stubbs	2017	Process and designing	interview
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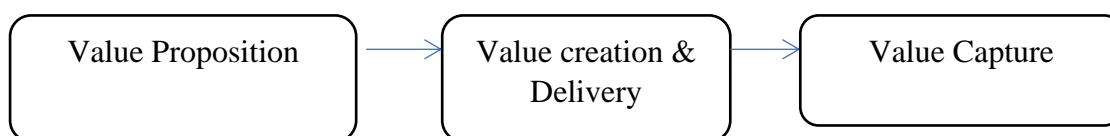
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3. METHODOLOGY

Basically business model is a conceptual tool that envisages the functionality of a particular firm. This model is used for analysis, assessment, innovation, and comparison of firms. The business model defines the competitive strategy by analyzing the design pattern, marketing trend, and pricing strategy of the services and products offered by them. It also depicts how it is differentiating itself from other firms in terms of value.

In this paper, any business model is defined by three elements. That are value proposition, value creation, and delivery, and the last one is value capture as indicated in figure 1. The value proposition is associated with products and services offered by the firm in hope of economic returns on the other hand Value creation can be assumed as the heart of any business model while for capturing value, the firm needs to be always in the hunt to find out new channels for making funds and goodwill among customers. Business models along with their innovations are keys to the success of any business within an industry.

A business model is a framework that outlines how a company operates. It helps analyze, evaluate, innovate, and compare companies. The model defines the company's competitive approach by examining its product and service designs, marketing tactics, and pricing strategies. It also explains how the company sets itself apart from others by providing value. In this document, a business model is defined by three key elements: Value Proposition: Products and services offered to generate economic returns. Value Creation and Delivery: How the company creates and delivers value to its customers. Value Capture: How the company captures a portion of the value created for its stakeholders, as illustrated in Figure 1



Ludeke et al. (2010) demonstrated that sustainable business models not only offer competitive advantages by delivering value to customers but also make significant contributions to societal and environmental well-being. The emphasis on Eco-design and Eco-Friendly practices plays a crucial role in sustainability efforts, primarily through reducing energy consumption, minimizing waste and emissions per unit. Such enhancements lead to better services and products, becoming more accessible and affordable, an outcome referred to as the "rebound effect" (Herring et al., 2009). Similarly, the UK government has set ambitious goals to cut greenhouse gas emissions by 80% by 2050 compared to 1990 levels, underlining the necessity for long-term sustainable practices. While efficiency improvements can translate into profitability, it's not always straightforward to convert social and environmental initiatives into direct financial gains for companies. Addressing the future's unsustainable aspects requires innovation at the organization's core, not merely as supplementary efforts.

Innovations in business models, although not immediately profitable, may gain viability over time due to evolving environmental requirements and regulatory mandates. The advent of electric vehicles illustrates this point; initially seen as unfeasible, they have gained popularity as demand for a cleaner environment increases, outperforming traditional vehicle business models. The literature reveals a plethora of strategies and methodologies for fostering innovation in sustainable business development. However, the lack of unified sources for constructing innovation models poses challenges for practitioners in developing and experimenting with new models, thereby impeding practical implementation and synergy among various innovation strategies. This obstacle could be mitigated through a systematic categorization of business models incorporating innovative approaches. Such classification facilitates experimental development and identification of growth bottlenecks by practitioners. This study refers to these classifications as "samples," discovered through a three-step process: identifying a relevant theme for sustainable model development, categorizing the business model according to the identified theme, and analyzing business model innovations through practical examples or existing practices.

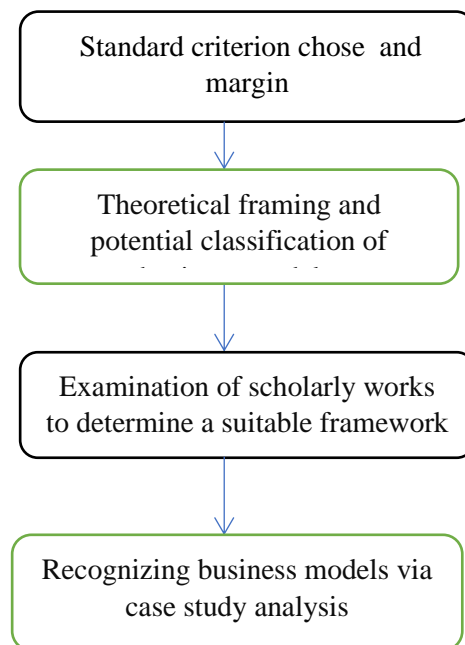


Figure No. 2 Methodology for finding out sample of Sustainable Business Model

Guidelines and parameters are established to aid in gathering examples from both academic literature and practical experimentation. These guidelines outline a universal approach to support the development and innovation of business models. The samples produced are indicative of key aspects of innovation within business model transformation, aiming to be illustrative and distinct, yet not overly sensitive to exceptions. The review of literature is conducted using reputable journals, encompassing all pertinent keywords and focusing on sustainable business models. The primary narrative derived from sustainability-focused literature emphasizes its contribution to business model sustainability.

Research articles reveal a notable gap in the systematic classification of business model examples. Industrial case studies have shown the application of advanced techniques for innovating sustainable business models, surpassing current theoretical frameworks. Therefore, leveraging examples from existing industries is vital for the formulation of categorization samples, highlighting

the need for a structured approach to integrate theory with practice in the realm of sustainable business model innovation.

Clustering	Technological			Social			Organizational	
	Sample							
Sample	Maximize material and energy efficiencies	Create value from waste	Substitute with renewables and natural processes	Develop functionality and partnership	Adopt a stewardship role	Promote sufficiency	Reconstructing for society and environment	Produce scaled solutions
Examples	Low carbon Manufacturing	Closed loop economy	Move from non renewable to renewable energy	Product oriented maintenance and extended warranty	Biodiversity Protection	Product longevity	Not for profit	Collaborative approaches
	Lean Manufacturing	Cradle-to-cradle	Solar and wind based energy innovations	User oriented rental	Consumer care promotion and consumer well being	Slow fashion	Hybrid business	Incubator and entrepreneur support model
	Additive manufacturing	Industrial symbiosis	Zero emission initiatives	Result oriented pay per usePrivate finance initiative	Ethical trade	Demand Management	Alternative ownership	Open innovation
	Low Carbon Solutions	Reuse, recycle, remanufacturing	Blue economy	Design, Build, Finance and operate	Choice editing by retailer	Premium branding	Social and biodiversity regeneration initiative	Crowd sourcing
	De-Materialisation	Take back management	Biomimicry	Chemical management Services	Radical transparency about environment	Frugal business	Localisation	Licensing
	Increase functionality	Use excess capacity Sharing assets Extended product responsibility	The natural step Slow manufacturing Green chemistry		Resource Stewardship	Responsible product		

Figure No. 3 Classifications of sampling



In this section different types of samples have been founded out that discussed below

3.1.0 Enhance Resource and Energy Efficiency :This model emphasizes optimizing the use of limited resources to achieve higher productivity, leading to decreased emissions and pollution. It targets primarily the manufacturing and industrial sectors, aiming for holistic sustainability within business operations. The expectation of resource scarcity and rising energy costs in the future makes this model increasingly relevant. It incorporates principles of lean manufacturing and eco-friendly production to boost resource efficiency. A notable implementation is the Toyota Production System, which applies lean manufacturing across its operations (Womack et al., 2003).

3.1.1 Transform Waste into Value: This approach eliminates waste by converting it into valuable inputs for production processes. Efficient organizations benefit from waste reduction, enhancing operational efficiency.

3.1.2 Certain industries find added value in waste: Such as using fly ash from coal power plants in brick making. This model echoes natural ecosystems where waste from one species feeds another (Boon et al., 2002), promoting environmental sustainability and resource circularity, exemplified by the cradle-to-cradle concept (McDonough et al., 2002).Leverage Renewable Resources and Processes Focused on minimizing environmental impact, this model integrates renewable sources and natural processes to bolster business sustainability and resilience. It advocates for a shift from non-renewable resources to sustainable alternatives, with examples including industries utilizing solar energy for operations (Evan et al., 2017).

3.1.3 Prioritize Functionality Over Ownership: This strategy centers on enhancing product quality to meet consumer needs, shifting towards service-oriented offerings. Products designed for upgradability and repairability reduce resource use and waste, exemplified by car servicing and document management companies like Xerox (Tukker et al., 2018).Embrace Stewardship Businesses adopting this model engage deeply with stakeholders, aiming for long-term mutual benefits and societal impact, as seen in practices by the Marine Stewardship Council.Promote Consumption Reduction Focusing on longevity and durability, this model aims to decrease consumer demand and production, leading to sustainable consumption patterns. Energy-saving companies adopting this approach share profits from reduced consumption with customers (Fora et al., 2010).

3.1.4 Focus on Social and Environmental Impact: These business models prioritize social and environmental gains over financial profits, fostering close ties with communities and stakeholders for global benefits. Microfinance and rural-focused manufacturing enterprises are examples (Yunus et al., 2010).Scale Solutions for Broad Impact Aimed at large-scale sustainable production, this model seeks to combine extensive benefits through strategic partnerships and channels, typical of franchise-based businesses (Dant et al., 2011).

CONCLUSION

The diverse literature on sustainable innovation reveals numerous innovative approaches beneficial for sustainability. This study categorizes such innovations into eight distinct models with unified themes. This categorization aids in further sustainable research and innovation, offering a starting point for new or existing businesses to explore sustainability avenues. These models serve as benchmarks for risk assessment and innovation in sustainability, providing a foundation for expanding research and practical applications in sustainable business practices.



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