

Components, powers & commitment: Building blocks of business model change for sustainability

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Abstract

Sustainable business models (SBMs) are needed to respond to social and environmental challenges affecting society globally. This is because business models substantially influence activities and relationships in society. In this thesis, through a focus on existing organisations with a predominantly commercial focus ('commercial organisations'), I respond to calls for theorising of the dynamic processes of business model change towards sustainability. I first contribute the potential effects of an SBM. I identify SBM components and their 'powers', describing where, what kind, and for whom, sustainable value creation occurs within SBMs. This also provides a necessary building block for consistency and debate in the SBM literature. Next, through the lenses of institutional logics and institutional work, I investigate shared underlying expectations that influence business models. Over an almost 2-year ethnographic study, I follow an employee-owned professional services firm (PSF) from a realisation that 'sustainability' needed to be considered through to inclusion of sustainability in the firm's organisational strategy. I find that the 'business case for sustainability' in a PSF can lead to change when important clients' sustainability requests are specific, or client pressure for sustainability is recognised as a market trend. Institutional work can include framing that connects sustainability with meeting customer needs and protecting and enhancing shareholder returns. This anchors primacy of customers and shareholders. Framing also includes interpreting 'sustainability' for the firm, and can extend key stakeholders to include the environment and communities. Institutional work of formalisation, including documentation and organisational reporting processes, ensures sustainability is on the agenda and communicated consistently across the firm. I also show that understanding logics that influence governance is important in navigating towards SBMs. In an employee-owned PSF, leadership needs a mandate from employee-owners before making changes, particularly for any changes in choices of customers and how services are delivered. Institutional work that supports achieving a mandate includes aligning with key stakeholders and familiarising employees with sustainability so the inclusion of sustainability in organisational strategy is expected. The thesis makes contributions to scholars and practitioners to assist in understanding, and therefore more readily accelerating, change from existing commercial organisations towards more sustainable business models.

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The research would not have happened as it did without the support of both my employer and the organisation that was the basis for this research. I truly appreciated the support of all my direct and wider team members, who also put up with my not being as available as they would have liked due to the research commitments. In particular, I sincerely thank everyone who contributed to the project and was gracious enough to share their thoughts and perspectives for this research. There are too many to name everyone (and they are pseudonyms anyway). However, I do need to call out the support of Riley, Shane, Morgan, and Casey (who I'm sure know who they are) in their active support of the project and the research. It was my objective in this research that it be useful for other organisations exploring questions of what sustainability means to them and how they can approach it. I hope that together we have been able to shift how the business approaches sustainability, and provided insights that myself and other practitioners and scholars can use. To Riley, my particular thanks for sharing the day-to-day progress of the project, making connections, and highlighting the importance of the project everywhere there was an opportunity. But even more, thank you for the regular check-ins, care, and laughter!

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enabling me to continue with the PhD when life threatened to disrupt it, and casting a critical eye over the final document.

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A note on article formatting and style

This thesis includes three studies that have been submitted for publication or are being targeted for submission. To follow University of Auckland guidelines and provide consistency throughout the thesis, there is some variation in how the studies are presented from the journal-submitted form. The content of the studies remains the same. However, formatting, style, and Anglicised spelling have been made consistent throughout the document. In addition, sustainable business models are referred to as SBMs consistently, whereas in Study 2 the term 'business models for sustainability' and acronym 'BMfS' was used in the version submitted for journal review. Table and figure numbers have been updated to reflect their place in the thesis. References for all studies and thesis discussion are provided at the end of the document.

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Chapter 4. Study 1: Sustainable components and the power of powers: A systematic literature review of sustainable business models

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Chapter 5. Study 2: Revealing the interaction of institutional logics for business model change for sustainability in an existing professional services firm

Nature of contribution by PhD candidate	Data collection, analysis, complete first draft, leading subsequent drafts
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Chapter 6. Study 3: Navigating logics with institutional work for commitment to sustainable business model change

Nature of contribution by PhD candidate	Data collection, analysis, complete first draft, leading subsequent drafts
Extent of contribution by PhD candidate (%)	80%

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Chapter 1. Introduction

Significant environmental and social pressures will impact the way our societies are able to operate over the coming decades and into the future (Brundtland 1987; Global Reporting Initiative et al. 2015). The United Nations General Assembly described the array of challenges facing our world today in the resolution for the Sustainable Development Goals (SDGs) (United Nations 2015, p. 5):

We are meeting at a time of immense challenges to sustainable development. Billions of our citizens continue to live in poverty and are denied a life of dignity. There are rising inequalities within and among countries. There are enormous disparities of opportunity, wealth and power. Gender inequality remains a key challenge. Unemployment, particularly youth unemployment, is a major concern. Global health threats, more frequent and intense natural disasters, spiralling conflict, violent extremism, terrorism and related humanitarian crises and forced displacement of people threaten to reverse much of the development progress made in recent decades. Natural resource depletion and adverse impacts of environmental degradation, including desertification, drought, land degradation, freshwater scarcity and loss of biodiversity, add to and exacerbate the list of challenges which humanity faces. Climate change is one of the greatest challenges of our time and its adverse impacts undermine the ability of all countries to achieve sustainable development. Increases in global temperature, sea level rise, ocean acidification and other climate change impacts are seriously affecting coastal areas and low-lying coastal countries, including many least developed countries and small island developing States. The survival of many societies, and of the biological support systems of the planet, is at risk.

In response to these challenges, global agreements and commitments are being established, such as the SDGs and the Paris Agreement on Climate Change. These initiatives are intended to be responded to not just by governments, but also civil society, and, importantly, business (Scheyvens et al. 2016; Frey and Sabbatino 2018). Business is included for several reasons. Business has particular strengths that it can bring to global efforts in sustainability, such as the capacity for innovation and efficiency (Porter and Kramer 2011). Business is also integrated into society and the environment along the whole value chain from the extraction of resources, through the manufacture, distribution, and any associated disposal of the goods society consumes (Demil et al. 2015). Business is incentivised to respond to these global challenges, as the challenges will directly impact the ability of businesses to manage their operations, such as through disruption occurring from environmental crises or social unrest (L. Scott and McGill 2018).

As existing organisations are associated with current societal and environmental negative impacts (e.g. Xiao et al. 2017; CDP 2021), it is critical they find pathways towards sustainability. Crucially, existing organisations have the potential to reduce their negative impacts and have the resources and networks to influence and implement new approaches that can create substantial positive impact (WBCSD 2021). However, scholars continue to report that with their commercial focus, businesses seeking to respond to global sustainability challenges are typically picking low hanging fruit and using financially-based decision-making, such as only implementing activities that can increase revenue or reduce costs (Ritala et al. 2018). They further report that businesses are generally responding in a reactive manner to pressures to consider environmental and social impacts, rather than proactively seeking to mitigate negative impacts and be a source of positive impact (Ritala et al. 2018). These activities are typically ‘added on’ to existing operations, which has been identified as an inadequate approach (Bocken et al. 2014), given business’ contribution to the persistence of concerning performance against key global environmental and social indicators (e.g. Díaz et al. 2019; Wendling et al. 2020; WBCSD 2021). Schaltegger et al. (2016, p. 3) articulated this state of play, observing that “the usual approaches to sustainable development of philanthropy, corporate social responsibility, and technological process and product innovation are insufficient to create the necessary radical transformation of organisations, industries, and societies toward genuine, substantive sustainable development.”

Many scholars (e.g. Scheyvens et al. 2016; Baumgartner 2014; Sondeijker et al. 2006) share the view that business needs to transform from its present way of interacting with the environment and society. Scholars are exploring different ways business can transform, through concepts such as circular economy (e.g. Ghisellini et al. 2016), sharing economy (e.g. De las Heras et al. 2021; Mont et al. 2020), and sustainable supply chain management (e.g. Paulraj et al. 2015). Scholars are also considering barriers and enablers to the integration of sustainability in business, including the role of regulation and policy (e.g. Kylili and Fokaides 2017; Vieira and Amaral 2016). A further area of research is in the role of business models in sustainability, and transformation towards sustainable business models (SBMs). SBMs are described as business models designed to meet objectives of “creating significantly increased positive effects and/or significantly reduced negative effects for the natural environment and society” (Lüdeke-Freund et al. 2018, p. 147).

It is to this literature that I contribute with this thesis.

At its highest level, the business model concept refers to how organisations 'do business', comprising not only what a business does, but how it does it (Zott et al. 2011). A business model articulates what activities are performed, how they are related to each other, who undertakes which activities, and where the activities are undertaken (Zott and Amit 2010). Business models therefore shape workplaces, the way goods and services are consumed, and relationships along the whole value chain (Demil et al. 2015). As a result, business models substantially impact "the way people live, work, consume, and interact with each other" (Demil et al. 2015, p. 2). Thus, the design and choice of business model can have implications for the degree of positive or negative impact a business has on society and the environment (Porter and Kramer 2011). Bocken et al. (2014) suggest that SBMs provide an opportunity to "re-conceptualise the purpose of the firm and value creating logic and perceptions of value" (p. 43) and have called for changes towards sustainability "at the core of the business model" (p. 44). This is because the business model literature is focused on how business models can be used to maximise commercial value (I will refer to these as commercial business models), and has "implicitly de-emphasised" society and the environment (Joyce and Paquin 2016, p. 1476). The SBM literature departs from the commercial business model literature through its focus on sustainable value, pro-active multi-stakeholder management, and a long-term perspective (Geissdoerfer et al. 2018).

SBMs have been described as "creating significantly increased positive effects and/or significantly reduced negative effects for the natural environment and society" (Lüdeke-Freund et al. 2018, p. 147). This description suggests that through transforming to SBMs, businesses can move towards responding to global challenges, and contribute to a future that is fairer, healthier, and happier for all stakeholders and that protects and enhances our relationship with the natural environment (WBCSD 2010). This might include, for example, designing goods and services to minimise harm in their manufacture and use, and establishing value-building and value-sharing relationships with suppliers, employees, and other stakeholders (Lüdeke-Freund et al. 2018; Schaltegger et al. 2016). The SBM literature can be divided into research exploring 'what' an SBM is and 'how' organisations are moving towards becoming SBMs. Most of the literature is focused on 'what' an SBM is. SBM scholars have explored 'what' an SBM is through investigating newly or previously established organisations that are considered sustainable and describing the activities

being undertaken. This has yielded classifications and typologies outlining the range of different activities that might be included in an SBM (e.g. Bocken et al. 2014; Lüdeke-Freund et al. 2018). The emphasis on potential activities within an SBM has meant a focus on variation between SBMs and resulted in a paucity of discussion on what is consistent among SBMs.

The SBM literature focused on ‘how’ organisations can establish or transform towards SBMs is more recent, and therefore presently limited. This process of change towards SBMs can be divided into four parts. First, and rarely mentioned in the literature (see Rauter et al. 2017 for an exception), is a phase culminating in commitment of the organisation to explore business model change for sustainability. Following commitment to change efforts, Pieroni et al. (2019) describe three further phases of ‘sensing’ SBM opportunities, ‘seizing’ design concepts, and ‘transforming’ through implementing the planned SBM. The extant literature sits predominantly in the ‘sensing’ and ‘seizing’ phases, providing tools to assist managers in thinking about the environmental and social impacts of different parts of their business models (e.g. Geissdoerfer et al. 2016; Biloslavo et al. 2018). Several studies (Bocken and Geraarts 2020; Long et al. 2018; Laukkonen and Patala 2014) identify drivers, barriers, and enablers for existing commercial organisations attempting transformations towards SBMs. Of particular interest for this research are the underlying values and norms influencing business model design and transformation efforts (Bettis and Prahalad 1995; Chesbrough and Rosenbloom 2002). Institutional logics, which reflect and guide shared norms and practices, are a useful theoretical basis to understand these underlying influences on organisations (Thornton and Ocasio 1999). In investigations of change processes, a complementary theory is institutional work, which describes the purposeful activity of actors to disrupt or change the institutional logics around them (Lawrence and Suddaby 2006; Zilber 2013). In this thesis, I draw on institutional logics and institutional work as method theories (Lukka and Vinnari 2014).

Motivated by an overarching research objective of investigating how existing commercial organisations can effectively transform towards SBMs, my research sheds light on the effects of SBM activities and the early phase in the transformation towards an SBM. As shown in **Figure 1** and further described in **Table 1**, I explore the overarching question through three studies. Study 1 sets the scene for the research. In this Study, I identify SBM components and describe their effects. As such, the Study contributes an essential building block for scholarly debate about what

constitutes an SBM, and, by extension, what doesn't. It provides insight into what 'sustainable value creation' comprises in an SBM, as called for by Lüdeke-Freund et al. (2020). Overall, Study 1 helps to describe the 'end point' for what organisations transforming towards sustainability are trying to achieve.

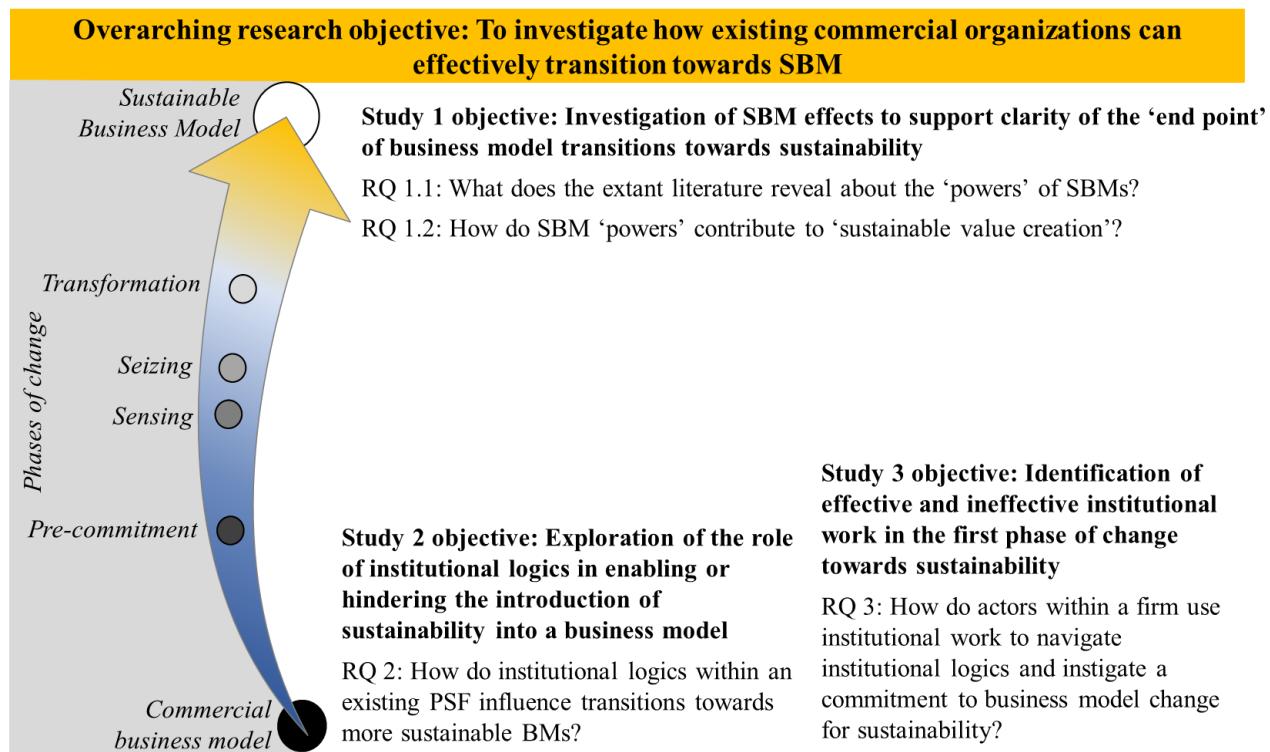


Figure 1 Overview of research objectives and questions

SBM scholars (e.g. Pieroni et al. 2019) have called for further research into the dynamic processes within organisations that may (or may not) lead to change towards sustainability. This is because the literature does not yet provide a thorough understanding of how existing organisations navigate barriers and enablers across the phases to move towards the 'end point' described in Study 1 (Geissdoerfer et al. 2018). In Studies 2 and 3, I focus on the pre-commitment phase of change. My empirical research follows an existing commercial professional services firm (PSF) that is considering how it responds to sustainability. To best understand the messy nature of change, I used the ethnographic method, as called for by SBM scholars (Laasch and Pinkse 2020; Bocken et al. 2018). The research followed the PSF over an almost two-year period. During that time, the firm went from a realisation that increasing external and internal pressure for 'sustainability' needed to be investigated, through to sustainability being one of four pillars of the

organisational strategy. During the research, I was deeply embedded in the firm; I led the project to investigate what sustainability might mean for the firm, provide the Leadership Team and Board with potential responses, and implement agreed actions. Through the research and lenses of institutional logics and institutional work, in this thesis I demonstrate that the pre-commitment phase is not simple. Rather, it can require a prolonged period of institutional work and internal negotiation to navigate the complex underlying logics. With Studies 2 and 3, I expand the breadth of SBM research to include PSFs and highlight the importance of considering the pre-commitment phase of transformation. The empirical studies add nuance to the ‘business case for sustainability’ approach, identifying how perception of customer importance and pressure influences the organisation’s response to sustainability, and the types of activities that support organisational change for sustainability. These insights contribute to the call for greater understanding of the antecedents of change for sustainability (Roome and Louche 2016). With the use of institutional logics and institutional work, I also respond to calls for theoretical development of the SBM literature (Dentchev et al. 2018). The remainder of this Chapter outlines how the thesis is laid out.

Table 1 Overview of studies, methods, and contributions

Study	Journal and status	Data collection	Contributions
Study 1: The power of ‘powers’: A critical realist conceptual framework of potential sustainable value creation in sustainable business models	Long Range Planning (target for submission)	Systematic literature review	<ul style="list-style-type: none"> • Conceptual framework describing the effects of SBM activities to support debate about what comprises an SBM • Description and definition of ‘sustainable value creation’ • Increased balance to better include social aspects of sustainability • Integration of SBM and social enterprise (SE) literatures • Demonstration of utility of critical realist paradigm for SBM research
Study 2: Implications of institutional logics interactions on business model change for sustainability in an existing professional services firm	Organisation & Environment (Revise and resubmit)	Ethnography	<ul style="list-style-type: none"> • Logic interactions in different components of the business model • Implications of the ‘business case for sustainability’ approach • Importance of logic influencing ownership and governance component • Expanded organisational types considered in SBM literature (PSF)
Study 3: Navigating logics with institutional work for commitment to sustainable business model change	Journal of Business Ethics (Submitted)	Ethnography	<ul style="list-style-type: none"> • Antecedents of change to organisational commitment in the absence of an external shock or realisation of a founder • Theorisation of change activities with institutional work navigating institutional logics

Study	Journal and status	Data collection	Contributions
			<ul style="list-style-type: none"> • Relationship of institutional work and core content of institutional logics

With an overview of the literature upon which the thesis builds and contributes, **Chapter 2** sets out the theoretical background for the research. I start with key concepts in the business model literature and place the SBM literature within this context. I then introduce institutional logics and institutional work as the domain theories for the research, and the extant literature that brings the business model concept together with institutional logics and institutional work. I finish this Chapter with a summary of the limitations of the extant literature to which this thesis responds. Each Study, in **Chapters 4-6**, also includes theoretical background specific to the research questions.

Chapter 3 sets out my philosophical research position of critical realism and how this position informs the thesis. I then present the ethnographic research design, outlining why an ethnographic approach is appropriate for this research and introduce the firm in which Studies 2 and 3 took place. I then step through how the research design responds to the challenges particular to the ethnographic method. I present the data collection and analysis process, which are echoed in the subsequent studies.

Chapter 4 comprises the first Study, in which I contribute to clarity of the SBM concept. With its focus on understanding the essence of a phenomenon (Hartwig 2007), the critical realist approach helps to shed light on the potential sustainable value creation of SBMs. Using a systematic literature review of the SBM and aligned social enterprise literatures, I develop a conceptual framework of SBM components and ‘powers’. I identify eight core SBM components and their ‘powers’, which are “the ability of a system to produce a particular effect” (Mingers 2014, p. 73). The ‘powers’ provide a description of what may be achieved in each component. The Study responds to Lüdeke-Freund et al.’s (2020) call for greater conceptual clarity of SBMs and ‘sustainable value creation’, including where, what kind, and for whom, sustainable value creation occurs within SBMs. I show that different stakeholders are the recipients of intentional sustainable value creation in different components of the SBM. The SBM components and powers provide a necessary building block to support consistency and transparency in SBM studies, and importantly,

scholarly debate on what comprises an SBM. In this Study, I posit that the institutional sustainability logic may act as a generative mechanism for SBMs.

Having described ‘what’ an SBM is, I turn my attention to existing commercial organisations that may be seeking a transformation towards an SBM. In Studies 2 and 3 (**Chapters 5 and 6**), I respond to the call for insights into the antecedents of change processes for sustainability (Roome and Louche 2016; Geissdoerfer et al. 2018). Studies 2 and 3 also build on the suggestion from Study 1 that the sustainability logic can act as a generative mechanism for SBMs, and the characterisation of the sustainability logic by Laasch (2018).

In **Chapter 5** (Study 2), I explore the interaction of underlying institutional logics and their implications for transformations towards SBMs. This is because accepted norms and practices can hinder or facilitate managers’ abilities to make changes to their business models (Chesbrough and Rosenbloom 2002; Bettis and Prahalad 1995). While there are some studies investigating barriers and enablers to transformations to SBMs, this remains an area for further research (Long et al. 2018). Study 2 presents a rare empirical investigation of the interaction of three logics, with the sustainability logic introduced into an organisation that is already operating under the commercial and professional logics. Through the ethnographic research, I show how different logics may be dominant within different components of a business model and lead to distinct barriers and enablers for sustainability. In particular, the Study provides nuanced insight into the ‘business case for sustainability’ and suggests its strengths and limitations. It also highlights the importance of understanding logics influencing governance activities within an organisation seeking to transform towards an SBM.

Chapter 6 comprises the third and final Study. It builds on Study 2 by investigating how actors navigate the interactions of institutional logics with the purposeful activity of institutional work (Zilber 2013). This Study contributes to the emerging SBM research peering into the ‘black box’ of the messy organisational change process from predominantly commercial towards a greater emphasis on sustainability (Geissdoerfer et al. 2018; Pieroni et al. 2019). In this study, I extend the literature through exploring the period prior to, and as, a commitment is made to business model change for sustainability. In the ethnographic study, I identify the mutually reinforcing institutional work of framing with logics, aligning with key stakeholders,

familiarisation, and formalisation. Collectively, this institutional work builds understanding and creates momentum, such that a commitment to business model change towards sustainability can be made. The work requires analytical, cultural, and political skills, although only some institutional work requires skills in the introduced (sustainability) logic. My findings show that, in the study firm, framing work leads to anchoring customers and shareholders as key stakeholders, while expanding considered stakeholders to include the environment and communities. I also identify ineffective and absent institutional work.

Finally, in **Chapter 7**, I provide a summary of the findings from the research, connecting the findings from Study 1 to the interactions of logics and institutional work undertaken that I describe in Studies 2 and 3. Specifically, I identify how the posited presence of the sustainability logic can act as a generative mechanism for an SBM. I show how the focus of SBMs on stakeholders as recipients of value creation is reflected in the interactions of logics and institutional work that led to changes described in Study 3. I also note that a commitment to sustainability supports SBM transformation towards intentional sustainable value creation. I then present the contributions of the research. The main areas of contribution are to the SBM literature, to which I: describe the potential effects of SBM activities within core SBM components; illuminate a pathway of change towards a commitment to business model change for sustainability; expand the literature with the PSF and increased balance of social aspects of sustainability; and support theorisation of SBMs with institutional logics and institutional work. The research also contributes demonstration of the business model concept to the social enterprise (including social entrepreneurship) and institutional logics and institutional work literatures. The research also further elaborates how institutional work can interact with institutional logics and be mutually reinforcing. Practical implications I outline for managers and policy makers similarly include clarity of the potential effects of SBMs, guidance on the strengths and limitations of the ‘business case for sustainability’, and institutional work described in the research. I close the thesis with a discussion of the limitations of the research and present areas for future research.

Chapter 2. Literature review

This Chapter presents the literatures that inform my research, setting the overall context for the thesis. These are: business models – comprising commercial and SBM literatures, and institutional logics and institutional work. First, I introduce the business model concept, before stepping through the key components of the SBM literature and how it draws on the commercial business model literature. I then introduce the institutional logics and institutional works literature which, as method theories, provide the theoretical basis of this research. Finally, I provide a synthesis of the limitations of the SBM literature as it relates to this research. **Chapters 4 - 6** also include an overview of the specific literature that informs each respective Study.

2.1 Business models and sustainable business models

2.1.1 Business model concept and literature streams

We often consider an organisation within its own boundary; that is, the activities that are undertaken by that organisation. In contrast, the business model concept is boundary-spanning, including not just the focal organisation and its activities, but also activities undertaken by external parties necessary to achieve the focal organisation's objectives. The concept and associated literature developed in response to the rise of internet firms, which highlighted the potential for alternative business models (Wirtz et al. 2016). The concept then became more widely used by business management scholars (Zott et al. 2011). Zott and Amit (2010, p. 217) define a business model as a “set of activities, as well as the resources and capabilities to perform them — either within the firm or beyond it through cooperation with partners, suppliers or customers”. The business model concept thus considers how the focal organisation fits into and interacts with the larger system to create value. The concept of the business model is appropriate as a unit of analysis, providing scholars with a way to consider how firms ‘do business’ within the wider system (Zott et al. 2011). More specifically, the business model “provides a simple and logical structure for the strategist to think about how the many activities of the firm work to execute the strategy” (Richardson 2008, p. 143). In other words, the business model sits between organisational objectives and business operations, describing how organisational objectives are translated into different types of activities.

The business model literature is becoming consolidated into identifiable streams and more consistent language (Massa et al. 2017). The streams are: conceptual *representations* of organisational activities; characterising business models as an organisation's *attributes*; and business models as *cognitive schemas*. Massa et al. (2017) note that some literature may sit across multiple streams. With each of these streams, the literature shows how the business model concept is useful from the collective, organisational, and cognitive perspectives, respectively.

The *business models as representations* literature, at the collective level, is focused on groups of activities that are common across business models. There is no consensus on the core groups of a business model in the literature; however, groups commonly identified are *value proposition*, *value creation and delivery*, and *value capture* (Teece 2010; Zott et al. 2011). Other researchers have added to this list; for example, Demil and Lecocq (2010) add external organisations, volume and structure of costs, and margin, and Fjeldstad and Snow (2018) add customers and product/service offerings. Scholars and practitioners represent business models in different ways. For example, Zott and Amit (2010) refer to graph theory as part of describing business models as activities, comprised of nodes and relationships. Demil and Lecocq (2010) similarly describe mapping business models by using ‘building blocks’ and articulating relationships between them. A commonly used representation of a business model is Osterwalder and Pigneur’s (2010) Business Model Canvas (BMC). The purpose of representing business models in this way is to assist with communication, prediction, and reflection between individuals (Roelens & Poels, 2015). That is, through providing visual or graphical descriptions of business models, managers are able to create shared understandings, communicate more clearly, and discuss alternative approaches.

The *business models as attributes* literature is predominantly focused at the level of individual organisations, describing activities and processes that are specific to an organisation. As such, this literature is grounded in empirical data, as researchers draw on the makeup of real businesses to explore key attributes (Massa et al. 2017). The literature in this stream includes qualitative descriptions of case study organisations (e.g. Aversa et al. 2015; Sosna et al. 2010), and the identification of potential attributes (e.g. Amit and Zott 2001; Bocken et al. 2014). Attributes are variously described as activities, resources, and capabilities of the firm, as well as descriptions of core logic and strategic decision making within an organisation (Massa et al. 2017). Questions

in this stream of literature relate to how specific organisations can derive competitive advantage through variations in their business model compared to competitors' business models. It is, therefore, typically the differences between organisations that are of interest. As there is no consensus at the *business models as representation* level, there is similarly no consensus on the detailed components of business models, with much extant literature employing a descriptive approach to investigating different business models. **Table 2** shows the detailed components often referred to in the literature.

Table 2 Business model components from the commercial business model literature

	Richardson (2008)	Osterwalder and Pigneur (2010)
Value proposition	The target customer	Customer segments Customer relationships
	The offering	Value proposition
	The basic strategy to win customers and gain competitive advantage	
	Resources and capabilities	Resources
Value creation and delivery	Value chain, activity system, business processes	Activities Channels to market
	Position in the value network	Partners
	The economics of the business	Costs
Value capture	Revenue sources	Revenues

In the *business models as cognitive schemas* stream of research, scholars consider how business models are held in the minds of individuals and influence decision-making. The business models are simplified, or incomplete, models of an individual's perception of the real model (N. A. Jones et al. 2011). The models are necessarily simple, because business models are highly complex systems (Richardson 2008), and considering the full model would require substantial cognitive effort (Walsh 1995). The extant business model literature includes several key case studies that demonstrate the role of mental models on subsequent organisational success, including cognitive bias towards established business models. For example, Tripsas and Gavetti (2000) investigate Polaroid management's inability to change its cognitive frame away from the existing model to adopt newer technologies and ways of operating. Similarly, Chesbrough and Rosenbloom (2002) find that Xerox evaluated new technologies from the perspective of the established copier business, and as a result missed out on value creation from new technologies that would more effectively operate in different ways. From an intentional business model change perspective, Martins et al. (2015) explore the cognitive functions of analogical reasoning (finding a similar

component to apply) and combination (finding a different component to apply) to determine how organisations can intentionally bring in new components to change their business models. This literature shows the interest in the impact of business model schemas on the ability, or inability, of organisations to consider and implement alternative business models.

2.1.2 Commercial business model objectives

As the business model concept is situated between objectives of organisations and business operations, it is necessary to clarify the objectives assumed by business model scholars. The objectives can be found in the concepts of ‘value’, and for whom value is created. The assumed objective business models in the commercial business model literature, that is, business models operating under the dominant commercial paradigm, is economic for the individual organisation (Breuer et al. 2018). This is variously described as “realisation of economic value” (Chesbrough and Rosenbloom 2002, p. 529) or “to generate profitable and sustainable revenue streams” (Osterwalder et al. 2005, p. 10). This commercial focus implies that ‘value’ is value to the customer and financial return to the organisation (Biloslavov et al. 2018). For example, Teece (2010, p. 172) suggests an effective business model “entices customers to pay for value, and converts those payments to profit.” This leads to a focus on identification of business model components that support these objectives. For Chesbrough and Rosenbloom (2002) a key business model component is the cost structure and profit capture, and Magretta (2002) discusses value and cost from the perspective of the customer and how financial value is captured for the firm. The business model is also part of how organisations can capture more value than their competitors (Richardson 2008).

It is evident from the economic focus and examples above, that key stakeholders in a commercial business model are customers, suppliers, and investors (Lüdeke-Freund et al. 2020). Other stakeholders considered in the commercial business model literature are partners, employees, competitors, and regulators (e.g. Amit and Zott 2001; Demil and Lecocq 2010; Doz and Kosonen 2010). These stakeholders are referred to as “economic actors” (Demil et al. 2015, p. 4), highlighting their direct role in the focal organisation's economic functioning. Within this context, commercial business model scholars identify business model components such as those shown in **Table 2**.

Overall, the business model literature illuminates what is common across businesses, how individual businesses can be differentiated from others through their business models, and how established business models shape future business model decision making. In the next section, I introduce the SBM literature, which draws on these concepts to consider how business models can be used to improve environmental and social outcomes within and across businesses.

2.1.3 Sustainable business models

In this section I focus on how the business model concept has been applied to sustainability, as ‘SBMs’. I identify a critical divergence in how ‘value’ is understood between the commercial business model literature and the more recent SBM literature. I then present the literature exploring what an SBM is and how organisations move through the phases of change towards an SBM. I conclude the section outlining the research gaps to which this thesis will contribute.

2.1.3.1 *Sustainable business model objectives*

The SBM literature is normatively grounded (Lüdeke-Freund and Dembek 2017), while also being closely tied to the observable phenomena of organisations seeking alternative approaches to organising and implementing business models. That is, there is an idea of what an organisation could or ought to be, and that idea is a combination of objectives captured in the SBM definition and empirical observation. In the SBM literature, Lüdeke-Freund et al. (2018, p. 147) describe SBMs as having objectives of “creating significantly increased positive effects and/or significantly reduced negative effects for the natural environment and society”. These objectives reflect that ‘value’, in the SBM literature, is deliberately extended from the financial focus of the commercial business model literature (Schaltegger et al. 2016). For example, Geissdoerfer et al. (2016, p. 1219) describe sustainable value as including “environmental, economic, or social effectiveness, efficiency, or resilience.” Similarly, stakeholder groups include, but also extend, those considered in the commercial business model literature. Additional stakeholders include the environment as a stakeholder and wider society (Bocken et al. 2014; Stubbs and Cocklin 2008). As a newer area of research, the SBM literature has not yet identified how SBMs engage with ‘society’, and how different value is created for different stakeholders (Lüdeke-Freund et al. 2020).

Given this wider view of value and stakeholders, SBM scholars (Joyce and Paquin 2016; Upward and Jones 2016; Biloslavo et al. 2018) have identified that environmental and social

considerations have been ‘implicitly de-emphasised’ in the business model components identified in the commercial business model literature. The SBM literature does not include sets of components to mirror the commercial business model components. Instead, the extant literature has been focused on exploring ‘what’ an SBM is and ‘how’ organisations are moving towards becoming SBMs. I now summarise literature responding to each of these questions.

2.1.3.2 What is a sustainable business model?

As a newly emerging concept, SBM scholars have been focused on identifying and articulating ‘what’ an SBM is. To do this, scholars have largely drawn on empirical data from existing organisations that are considered sustainable in one or more ways to identify a range of activities that could be undertaken within an SBM. For example, in the provision of products and services, activities can be designed to reduce customers’ environmental impacts through energy efficiency (Abdelkafi and Täuscher 2015) and reducing packaging (Sousa-Zomer and Cauchick Miguel 2018) or supporting customers’ education (Rosca et al. 2017). The design of products and services and operational processes can focus on renewable and circular resources (Roome and Louche 2016). When considering employees and the supply chain, activities can be designed to support employees throughout their careers (Biloslavov et al. 2018) and requiring suppliers to consider environmental and social impacts in their operations (Boons and Lüdeke-Freund 2013). The literature also describes actions beyond mainstream core business, such as networks with other organisations to collaboratively innovate and contribute to local communities and environments (Biloslavov et al. 2018). At the ownership and Board level is the inclusion of key representative groups such as employees (Khmara and Kronenberg 2018). Language of surplus rather than profit (Bull 2008), reflects this aspect being a means, rather than objective for SBMs (Stubbs and Cocklin 2008), with surplus reinvested or extracted for other sustainable activities (Pache and Santos 2013; Mair 2012). Thus, the extant literature shows that sustainability permeates across SBM activities. This is also supported by adjacent literatures such as social enterprise and B Corp (benefit corporations), which target similar objectives of value for society and the environment (e.g. Defourny and Nyssens 2010; Stubbs 2018).

The array of different activities identified within SBMs has yielded classifications and typologies of potential activities within an SBM. Bocken et al. (2014) undertook a literature review and empirical research of SBMs in the manufacturing sector to develop a set of SBM archetypes.

The archetypes are categorised into technological, social, and organisational. The archetypes are not mutually exclusive; rather they identify the business model characteristic that is dominant. For example, an organisation may use waste as an input to its processes, as well as employing disadvantaged groups and selling products at low prices to make them accessible to the broadest set of consumers. The authors identified that the archetypes do not correspond well to the commercial business model components. For example, ‘encourage sufficiency’ and ‘deliver functionality rather than ownership’ primarily relate to customer-related business model components. Others, such as ‘maximising material and energy efficiency’ can be applied in manufacturing, general operations, and/or the delivery of products and services. Others still describe guiding principles across the whole business model, such as ‘adopt a stewardship role’, or ‘repurpose for society/environment’. Environmental activities are more prominent in the archetypes as they reflect the focus on environmental sustainability in the literature and practice (Bocken et al. 2014). Other scholars have applied the archetypes to a variety of existing organisations. For example, Ritala et al. (2018) apply the archetypes in an investigation of large global corporations listed on the S&P 500 stock exchange. The study used a sample of 93,770 press releases over 2005 to 2014 and identified common terms that were then compared to the archetypes. The dominant archetypes are maximising material and energy efficiency, followed by creating value from waste and substituting with renewables and natural processes. Reinforcing the focus on environmental sustainability, over three quarters in the top 30 terms are environmental in nature. While the archetypes have proven a meaningful reference and common language in the literature (e.g. Ritala et al. 2018; Yip and Bocken 2018), there remains ambiguity due to the framing of archetypes at different levels of the organisation as well as a lack of coherency and overlapping terms (Lüdeke-Freund et al. 2018).

Another example of categorising the array of potential SBM activities in the literature, and in recognition of the need for greater clarity in the literature, is the 45 SBM patterns developed by Lüdeke-Freund et al. (2018). The SBM patterns are presented in 11 groups: pricing and revenue, financing, ecodesign, closing-the-loop, supply chain, giving, creating access, social mission, service and performance, cooperative, and community platforms. Each group relates to a societal or environmental problem, and captures how the related patterns create value for ecology, society, and the economy. The purpose of the patterns and groups is to provide ‘well-organised knowledge’ to help inspire and guide practitioners and researchers. The patterns function as a database to

support experimentation. Similar to the archetypes, the authors do not connect the patterns to business model components. However, the patterns appear to relate to individual or small groups of the commercial business model components more readily. For example, pricing and service patterns relate to the business model components of ‘customer’ and ‘value capture’, and supply chain and cooperative patterns relate to ‘supplier’ and ‘governance’ components respectively. Similarly to the archetypes, and reflecting the SBM literature, the patterns are weighted towards environmental outcomes, resulting in a dearth of activities supporting social outcomes.

The range of potential activities described in the literature raises a question of what minimum activity could be considered as making up an SBM. Tiemann et al. (2018) argue that all components in the business model must have a sustainability perspective. The extant literature summarised here suggests that some aspects of impact are being consistently considered in only a limited number of core components. In the next section I summarise how the SBM literature is responding to questions of ‘how’ organisations form, or transform, towards SBMs.

2.1.3.3 How does an organisation achieve an SBM?

Transitioning towards an SBM can be considered in four phases. First, a trigger to motivate a commitment to action. There are limited studies in the literature considering this phase of change, with the exception of Rauter et al. (2017), who describe the phase as comprising internal and external factors that lead to change efforts. Pieroni et al. (2019) identify the remaining phases in their comprehensive review of the literature. Thus, the second phase is ‘sensing’, whereby actors identify opportunities and potential new business model approaches. This is closely followed by a ‘seizing’ phase that comprises detailing and testing specific business model arrangements. Finally, implementation of the new business model occurs in the ‘transforming’ phase.

The extant literature considering the first phase of change is limited to the drivers that prompt organisations to change. Scholars identify triggers for managers and practitioners considering sustainability in their business models as arising from external factors such as regulation, consumer pressure, cost and risk reduction (Laukkanen and Patala 2014). Reflecting this commercial lens, Schaltegger et al. (2012) identify a ‘business case for sustainability’ that captures commercial drivers for sustainability. A key commercial driver for sustainability is opportunities to reduce cost to the organisation, commonly through reducing use of resources, such

as through energy efficiency or materials use reduction (Christmann 2000). Commercial opportunities have also been identified as drivers for sustainability through increasing sales and profit margins with sustainable products (Porter and Kramer 2011), or protecting or enhancing a firm's reputation and brand (Ritala et al. 2018). Pinkse and Gasbarro (2016) identify perception of risk as a potential driver for change, however, the authors highlight that managers must perceive a high vulnerability to the risk before change efforts are prompted. Regulation, particularly environmental standards, have similarly been identified by scholars as a driver for change (e.g. Rauter et al. 2017; Kiesnere and Baumgartner 2019; Bansal and Roth 2000). Long et al. (2018) also identify consumer trends and consumer pressure arising from external shock events, such as changes in customers' expectations of supply chain sustainability performance pushing managers to consider their sustainability activities. As leaders play a key role in business model design, leaders' views on sustainability are also a prompt for organisational change (Rauter et al. 2017). Scholars (Kiesnere and Baumgartner 2019; Bansal and Roth 2000) find that top management's views on sustainability affect all stages of change, and identify that visionary owners and personal interest of top management are key drivers for sustainability change. These motivations from top management are reinforced by Hahn et al. (2014), who suggest that in the absence of leaders' personal characteristics, the complexity of sustainability means that managers will typically not push for radical change.

For the second and third phases of change, sensing and seizing, the SBM literature offers a range of tools for practitioners. The purpose of these tools is to prompt managers and researchers' thinking, and facilitate discussions about different potential approaches (Breuer et al. 2018). Osterwalder and Pigneur's (2010) BMC is the common basis for these studies. For example, Joyce and Paquin's (2016) triple-layered business model canvas (TLBMC) adds environmental and social layers to complement the economic focus of the original BMC. The TLBMC intentionally taps into the commercial business model approaches that have been favourable with practitioners, namely, the BMC and triple bottom line thinking. Upward's (2013) Strongly Sustainable Business Model Canvas (SSBMC) aims for a more integrative approach, adding to the BMC's nine components with environmental components, stakeholder needs, and measurement of outcomes beyond revenue, and placing the components within environmental, social, monetary, and organisational contexts. Biloslavo et al. (2018) also build upon the BMC to identify where social and environmental impacts may occur in the business model. They couple the revised BMC with

the ‘Value Triangle’, which more explicitly incorporates sustainability aspects, particularly society and public value. The Value Triangle guides what to consider in a business model, such as recognising key stakeholders. Other tools aim to cover a wider range of the change process, stepping practitioners through understanding their current business models, developing new potential business models, and then piloting and refining the business models (e.g. Geissdoerfer et al. 2016; Baldassarre et al. 2017). However, as Breuer et al. (2018) note, the differences between these tools and conceptualisations shows a persistent lack of common understanding of what an SBM comprises.

Moving to the phase of transformation, the extant literature exploring the implementation of SBMs is relatively new and sparse. As such, SBM scholars (Geissdoerfer et al. 2018; Pieroni et al. 2019) have called for further research into understanding the dynamic processes within organisations that may, or may not, lead to change. Brehmer et al.’s (2018) study of sustainability embeddedness found that it was primarily only the good or service that is associated with sustainability outcomes. In other words, sustainability activities in a business model do not necessarily mean there is wider business model change. SBM scholars identify barriers specific to changes for sustainability. For example, operationally, additional effort is required to engage more meaningfully with stakeholders (Stubbs and Cocklin 2008; Boons and Lüdeke-Freund 2013). Through engagement with commercial and sustainability experts, Laukkanen and Patala (2014) identify 26 barriers to uptake of SBMs that may be hindering organisations from achieving change across the business model. The authors identify attitudes, values and common understanding as major barriers to the update of sustainable business models. In addition, the authors identify lack of customer acceptance. These findings show that despite the focus on SBMs and examples of sustainable practices, there remain barriers to widespread acceptance of, and movement towards, these approaches. The identified attitude, values, and common understanding barrier is present because individuals are guided by norms and beliefs when undertaking reasoning for business model design (Bettis and Prahalad 1995; Chesbrough and Rosenbloom 2002). In the following section, I follow Laasch (2018) and explore institutional logics as the potential source of these norms and beliefs. I argue that an institutional logics and institutional work lens will provide insight into the barriers identified in the extant SBM literature, particularly when considering the first phase of change of efforts to achieve a commitment to business model change for sustainability.

2.2 Institutional logics and institutional work

In this thesis, I draw on institutional logics and institutional work as method theories (Lukka and Vinnari 2014). Institutional theory seeks to explain the uniformity of organisational approaches and practices by describing the socially constructed pressures in which organisations operate (Suchman 1995). According to the theory, the social forces of institutions lead to isomorphic pressures, whereby organisations mimic established forms and practices (DiMaggio and Powell 1983). Early institutionalists described this pressure as one that meant that any alternative to the institutional practices and approaches were “literally unthinkable” (Zucker 1983, p. 25). As a result, the institutionalised processes and practices continue to be repeated (Jepperson 1991), unless political, functional, or social shocks instigate new institutions (Oliver 1992). In this thesis I draw on the institutional logics and institutional work streams of research within institutional theory. In the following sections, I firstly provide an overview of institutional logics, and how the role of individuals has changed over time within this literature stream. I briefly outline the commercial, sustainability, and professional logics, which are the focus of my research. I then summarise how agency within institutions is enacted through institutional work, and the types of work identified in the literature. I conclude the Chapter returning to the SBM literature, summarising the gaps to which this research contributes, and identifying how institutional logics and institutional work can be used to move the SBM literature forward.

2.2.1 Institutional logics

Friedland and Alford (1991) criticised institutional theory for conceiving of individuals as passive within the institutional environment. This can be seen, for example, in the idea of actions outside of the socially accepted practices being considered ‘unthinkable’, and changes to institutions only occurring through shocks. Friedland and Alford’s work on institutional logics provided a way to conceptualise the variation in how different actors, within the same context, respond differently to institutional pressures. Friedland and Alford (1991) conceptualised institutional logics as practices and symbols for each institutions’ organising principles. Institutional logics manifest in practices as well as directly in organisational structures (Cloutier and Langley 2013). Thornton and Ocasio (1999) further developed this conceptualisation of institutional logics, defining institutional logics as “socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and

reproduce their material subsistence, organise time and space, and provide meaning to their social reality” (p. 804). In sum, institutional logics hold the shared goals, practices, and understanding that have developed over time and guide acceptable actions and decision making.

2.2.1.1 Characteristics of institutional logics

Friedland and Alford (1991) identify ‘generic’ logics and describe their characteristics. These are market, family, community, and religion institutional logics. As the institutional logics theory has developed, scholars have expanded the descriptions of the ‘generic’ logics, added other core logics, and identified the creation of new logics through combinations of the generic logics (e.g. Thornton 2004; Goodrick and Reay 2011; Thornton and Ocasio 1999). In this thesis, I focus on the commercial logic as the currently prevailing logic in business models, and the sustainability logic. Both of these logics have been described in an organisational context by Laasch (2018) (see **Table 3**). Commercial logic characteristics manifest as, for example, organisations considering customers and shareholders as the primary stakeholders, and contractual responsibilities and competition as the basis of interaction with other organisations. For organisations operating under this dominant logic, financial value is the focus. Under the sustainability logic, organisations see society and the environment as key stakeholders, and collaboration with other organisations as the basis of interaction. Value under the sustainability logic is environmental, social, and economic.

Table 3 Institutional logic characteristics (Source: Laasch 2018)

Characteristic	Commercial	Sustainability
Reference institutions	Capitalist market system	Supra-national organisations, e.g. United Nations
Conceptual basis	Capitalism, neoclassical economics	Sustainable development, Brundtland Report, international development
Human characteristics	Opportunistic, self-interest-driven, seeing others as means to an end	Relational and caring, concerned with needs of oneself, others and humanity as a whole
Main stakeholders	Customers, shareholders	Humanity, society, environment
Basis of interaction	Contractual responsibilities, market exchange, competition	Moral responsibilities, multi-stakeholder exchange, collaboration
Environmental relationship	Exploitation, natural environment as input	Conservation, natural environment as a good
Type of value	Financial	Environmental, social, economic
Normative goal	Maximisation of financial value and economic growth	Balancing and sustaining environmental, social and economic value
Time horizon	Short to medium run	Long run
Governance criteria	Efficient, effective, profitable	Inclusive, equitable, restorative
Orienting parameters	Price, cost, revenue, margin	Triple bottom line, resource conservation and replenishment

Organisations' accepted norms and behaviours are also influenced by sector-specific logics. As the empirical research of this study takes place within a PSF, the professional logic is of interest. Traditionally, professions have included lawyers, accountants, and physicians, with newer professions including engineering and management (W. R. Scott 2008). The professional logic reflects the specialist knowledge held in professional networks and associations, and social interactions between different groups of actors (Thornton et al. 2012). Actors operating under a dominant professional logic apply their specialist logic and exercise control over work and quality, including through interacting primarily with others within the same profession (Goodrick and Reay 2011). Thornton (2004) provided an early characterisation of the professional logic (see **Table 4**). Skelcher and Smith (2015) identify the professional logic as having a focus on personal expertise, authority in professional associations, and identity in association with the quality of craft.

Table 4 Professional logic characteristics as outlined by Thornton (2004)

Characteristic	Professional logic
Economic system	Personal capitalism
Sources of identity	Personal reputation, quality of innovation
Sources of legitimacy	Personal expertise
Sources of authority	Professional association
Basis of norms	Membership in guild
Basis of attention	Status position in network
Basis of strategy	Increase personal reputation and quality of craft
Learning mechanisms	Cooperation, apprenticing, relational network
Informal control mechanisms	Celebrity professional
Formal control mechanisms	Internal and external peer review
Forms of ownership	Private
Organisation form	Network organisation
Logic of exchange	Indebtedness and reciprocity
Logic of investment	Capital committed to nexus of relationships

2.2.1.2 Influence and interaction of logics

Institutional scholars (Seo and Creed 2002; Greenwood et al. 2011) recognise that there is a growing institutional complexity, and as a result, organisations are operating within, and influenced by, multiple logics over long periods. The extant literature explores this through investigating how different logics might inform individual behaviours and how organisations seek to manage different combinations of logics.

Some scholars have investigated how different institutional logics are invoked and inform actors' subsequent behaviours and decision-making. Thornton et al. (2012) draw on situationism

to describe how institutional logics are triggered and guide behaviour in different social environments. The authors outline three factors that are necessary to cue an institutional logic. First, the institutional logic, or specific aspect within the logic, must be available; that is, the actor must have knowledge from the logic. Second, the information must be accessible and come to mind when a specific situation occurs. The authors note that the actor may have both 'chronic' and 'temporary' constructs in mind. In these instances, they suggest that the temporary construct will be dominant due to the likelihood of its being top of mind. However, they argue that the chronic construct would become dominant as the strength of the temporary construct fades. Finally, the institutional logic must be activated to be applied to passive or active behaviours. This is because what is available and accessible may not necessarily be activated in the specific situation (Morris and Gelfand 2004). Once the institutional logic is activated, it can influence what external information is considered important and how much attention to pay to different options.

Schilke (2018) builds on this with a study invoking the commercial and family logics and observing subsequent decision-making. Through the study, Schilke (2018) found that the commercial logic was associated with greater attention being paid to external factors in order to be competitive with others in the market. This leads to greater likelihood of changing decisions based on others' behaviour. In contrast, the study found that the family logic leads to a focus on 'what is right for us', and results in greater resistance to changing decisions from external pressures. The family logic also emphasises quality and the 'right way of doing business' compared to the commercial logic. This study demonstrates the direct influence of institutional logics on actors' behaviours.

The interaction of logics within organisation is also an area of interest in the extant literature. This has included conceptual studies exploring the mechanisms and outcomes of how logics interact, as well as 'hybrid' organisations whereby actors seek to deliberately operate within the norms and accepted practices of multiple logics. Hybrids include, for example, public private partnerships (PPPs) (Jay 2013), the combination of science and market logics in commercial biotechnology organisations (Powell and Sandholtz 2012), and social enterprises combining market and social logics (Pache and Santos 2013).

Combining logics is challenging, and scholars have identified barriers to successfully navigating and balancing the different content of multiple logics. These studies explore organisations with existing dominant logics that are introducing a new logic, as well as organisations that intentionally bring two logics together on an equal basis. In a longitudinal study, Reay and Hinings (2009) find that the introduction of a second institutional logic can result in one logic remaining only superficially accepted by some actors, and not integrating with or displacing the dominant institutional logic. Skelcher and Smith (2015) explored this interaction of multiple institutional logics conceptually, developing five potential combinations. Four of the combinations are variations of negligible to incomplete integration of a secondary institutional logic. Only one type blends institutional logics, leading to the creation of a new logic such as social enterprise. Similarly, Besharov and Smith (2014) provide a matrix to describe how logics interact within organisations based on two dimensions. The first dimension of the matrix is how connected the logics are to organisational goals; ‘high’ connectivity indicates that multiple logics are core to goals, and ‘low’ indicates a single logic is driving organisational goals. The second dimension of the matrix is compatibility of the logics in terms of the actions they prescribe. High compatibility indicates the logics lead to similar actions being undertaken, and low compatibility suggests the logics have different actions to achieve organisational goals. These dimensions lead to four types of logic interactions. A ‘dominant’ relationship describes where organisational goals are captured within one dominant logic, and other logics can be leveraged to achieve those objectives through aligned practices. This relationship has no conflict, as the dominant logic overrides any misalignment with other logics. Where multiple logics are core to organisational objectives, and have similar approaches, the interaction is ‘aligned’, leading to only minimal conflict where there may be slight variations in practices. However, lack of similarity of actions with one logic being core to organisational functioning creates an ‘estranged’ relationship, with moderate conflict. Finally, where multiple logics are core to organisational objectives, but do not have similar approaches, the interaction is ‘contested’, leading to extensive conflict.

Thus, the literature suggests that while there may be a localised or weak influence of secondary institutional logics, the dominant institutional logic remains the primary influence (Greenwood et al. 2010). However, while maintaining a dominant institutional logic, the introduction of a second logic has been found to have a moderating effect. Durand and Thornton (2018) show that the religion logic (through the influence of the Catholic church) moderates

corporate downsizing activities, including when the environment is one of economic downturn. Similarly, M.-D. P. Lee and Lounsbury (2015) demonstrate moderating effects of political ideologies on how firms deal with toxic waste, and Almandoz (2012) shows how the community logic can reduce the use of risky banking instruments to achieve growth. Considering a sustainability and commercial logic interaction, Haigh and Hoffman (2014) identify key areas where hybrid organisations have challenged core commercial logic beliefs. One area is challenging the belief in the need for economic growth, with some examples in the literature of hybrid organisations deliberately reducing growth to better meet other, non-financial, objectives. This also demonstrates the tendency for hybrid organisations to subordinate profit to achievement of other objectives, challenging the belief that organisations must increase their profits.

2.2.1.3 Institutional logics and the SBM literature

While the SBM literature has not yet embraced institutional logics (see Laasch 2018 for an exception), the influence of different logics on the literature can be detected in the evolution of SBM definitions. Early definitions can be seen as reflecting hybrid logics, part way between the purely commercial and purely sustainable logics. However, over time, the dominance of the commercial logic appears to reduce, with a corresponding increase in the dominance of the sustainability logic. For example, early definitions included “creat[ing] the business case for sustainability” (Lüdeke-Freund 2009, p. 56), and “creat[ing] positive business effects” (Schaltegger et al. 2012, p. 812). More recently is the definition provided earlier, of “creating significantly increased positive effects and/or significantly reduced negative effects for the natural environment and society” (Lüdeke-Freund et al. 2018, p. 147). There remains a need for a greater understanding of how institutional logics shape the overall business model, and different activities and relationships within it. This will provide important insights to support existing and new organisations navigate the radical changes needed to make meaningful contributions to sustainability challenges.

Institutional logics scholars have been occupied with meanings of logics, and less focused on who produces the meanings and how they develop (Zilber 2017). This lack of focus on agency of actors within institutional logics has been a common critique in the extant literature (Gawer and Phillips 2013; Hampel et al. 2017). However, the research into institutional logics has facilitated a focus on the ways in which actors have agency to shape institutions, and how institutions change

incrementally over time (Hardy and Maguire 2017). This is because, while institutional forces lead to conformity, the complexity and ambiguity of multiple logics create opportunities for actors to exercise agency and change institutional structures (van Dijk et al. 2011). In the next section I introduce institutional work, which captures the different ways in which actors deliberately act to navigate the forces of institutional logics. This literature has centered on actors not embedded in the institutions, but who actively seek to disrupt established institutions and institutionalise new logics (e.g. Greenwood and Suddaby 2006; Hardy and Maguire 2017). More recent attention has also expanded to individuals who are embedded in the context they wish to disrupt, and who are interacting with multiple institutional logics (e.g. Battilana and Dorado 2010; Pache and Santos 2013).

2.2.2 Institutional work

According to Thornton and Ocasio (1999), it is the continual actions of individuals that both reinforces and evolves institutional logics over time. With a focus on agency of actors, institutional work considers how logics are created (or combined), maintained, and disrupted through institutional work (Zilber 2013). According to Lawrence and Suddaby (2006), institutional work comprises three key elements. Firstly, actors have awareness, skill, and reflexivity about how the logics operate and influence actors. Secondly, individuals produce and reproduce, or disrupt, logics. That is, logics are a result of the actions of individuals applying, or not applying, the accepted practices, such that what is ‘accepted’ changes over time. Finally, there is a recognition that even those actors seeking to change logics are operating within them, and thus draw on the practices and norms of the existing and dominant logic.

Through a review of case studies in the literature, Lawrence and Suddaby (2006) categorise types of institutional work into activities that lead to creating, changing, and maintaining institutions. The institutional work includes, for example, creating institutions through advocacy, changing normative associations and networks, theorising and educating about new activities and creating supporting rule structures. The authors suggest that maintaining institutions occurs through institutional work of policing, narratives that mythologise the institution and valourise and demonise different behaviours. They describe institutional work to disrupt institutions of undermining assumptions and beliefs and disassociating moral foundations. Lawrence and Suddaby’s (2006) articulation of institutional work is not without critique, and scholars have

refined and developed the conceptualisation. For example, the outcome-based categorisation (creating, maintaining, and disrupting institutions) has been criticised as being misaligned with the messy nature of actors' work (Zilber 2013). The outcome-based approach also presents methodological challenges for scholars investigating institutional work as it happens, as they may not know what outcomes will be achieved (Zilber 2013). In response, Hampel et al. (2017) put forward categorisation based on three categories of institutional work. The following discussion presents a non-exhaustive summary of different types of institutional work identified by institutional work scholars, and ordered by Hampel et al.'s (2017) categorisation.

First, and the most prevalent in the literature, is symbolic work. Hampel et al. (2017) describe symbolic work as comprising signs, identities, and language. Actors develop narratives and use rhetoric to connect to and potentially disrupt multiple existing institutional logics. Symbolic work enables actors to justify and defend new approaches and shift practices. Zilber (2009, 2013) highlights the role of narratives and meaning-making in institutional work. Ruebottom and Auster (2017) also describe how personal narratives can be used to challenge the dominance of existing institutional logics in the minds of actors, and create reflexivity for further change. Rhetorical strategies are a common feature in institutional work studies (Hampel et al. 2017). Harmon et al. (2015) outline how rhetorical strategies from within or across institutions influence institutional stability and change. Moisander et al. (2016) identify how rhetorical work supports emotional work, with language that arouses, regulates, and organises emotions to support changes and fend off resistance to change. Exploring organisational change, Daudigeos (2013) describe how health and safety professionals use framing to garner support for introduced practices, including aligning the new activities with objectives of the existing dominant logic, and highlighting risks to the dominant logic of not following the new practices. Despite abundant existing research in symbolic work, Hampel et al. (2017) suggest there is much left to be explored.

The second type of institutional work identified by Hampel et al. (2017) is relational work. Relational work refers to how actors can build support for institutional change and build collaborations with other organisations. Relational work captures actors' efforts to engage others to undertake and support change or maintenance activities. It has typically focused on supportive actors. In one study, Tracey et al. (2011) identify how actors engage with key stakeholders to build support for a new organisational form, which remained an institutional change, even following the

decline of the organisation that prompted the work. Arenas et al. (2020) similarly highlight the importance of building relationships with actors across different logics to help bring about change in a dominant logic. Considering the impact of power relationships in relational work, Topal (2015) presents a relational model articulating combinations of dominant and subordinate actors on the outcomes of institutional work. Power tactics are also identified as including proactive work to support change and counteracting others' defenses. Pas et al. (2019) show how this form of institutional work can reflect political alignment or conflict during institutional change. Political work is commonly identified in the institutional work literature; in fact, Acosta et al. (2019) argue that political work is a more important factor for effective institutional change than other types of institutional work.

The final type of institutional work identified by Hampel et al. (2017) is material work. This type of work is less prevalent in the literature, and captures how actors manipulate physical elements of institutions, such as technology and the built environment. For example, Raviola and Norbäck (2013) investigate the role of technology in changes in the newspaper industry. In a similar study that considers both physical and virtual materials, Monteiro and Nicolini (2014) follow the material elements of prize-giving events and show that materials and activities related to the materials shape and influence surrounding institutions. Other scholars further extend the idea of materiality to include space. Rodner et al. (2020) explore the role of physical spaces, such as buildings, in disruptive and defensive institutional work. The authors identify that actors exerting control over spaces and space can act as an enabler for bringing actors together and facilitating interaction for institutional change. Cartel et al. (2018) find that spaces (physical or virtual) can be used to create experimental areas that facilitate participants' temporary disconnection from their dominant logic and be open to alternative logics. The authors also identify the role of these spaces in managing emotional responses.

Despite the more recent categorisation of institutional work by Hampel et al. (2017), there remain types of institutional work not captured within the three categories. Here I present a few examples. Related to material work in spaces, scholars identify instances of temporal work. Granqvist and Gustafsson (2016) describe how actors can create and take advantage of timing as part of institutional work, emphasising the role of sequence and windows of opportunity that create urgency and prompt action. Empson et al. (2013) observe the role of timing and 'simultaneous

occurrence', whereby multiple forms of institutional work are undertaken together to 'sediment' new institutions. As already alluded to, emotional work is an increasing area of research in the literature. Ruebottom and Auster (2017) describe how personal narratives are related to emotional work that generates actors' reflexivity and ability to be involved in further institutional work activities. Moisander et al. (2016) identify that evoking and directing emotions can be effective in avoiding resistance to institutional change and attract supporters for change activities. Conversely, Jarvis et al. (2019) observed actors suppressing their own emotions while undertaking relational work and evoking emotional responses of potential supporters. Finally, Creed et al. (2019) critique the extant literature for focusing on cognitive elements at the expense of senses, and expand institutional work to the aesthetic. The authors describe how the aesthetic of the institutional logic is internalised into individuals' aesthetic, and interacts with maintaining, creating, and disrupting institutions.

In addition to identifying the different types of institutional work, the literature explores work being undertaken at different levels. Some studies consider all levels. For example, Tracey et al. (2011) identify institutional work being undertaken at all levels as part of the development of a new organisational form. The authors describe how field-level change is achieved as a new organisational form is developed, both of which draw on institutional work undertaken at the individual level. Other studies are focused on a single level. For example, at the individual level, Creed et al.'s (2019) study, already described, is focused on the individual level of personal aesthetics relating to how they understand meaning and reflecting aesthetics of institutions. Malsch and Gendron (2013) explore boundary institutional work at the level of the accounting profession, with experimental institutional work that leads to increasing the influence of commerciality in professionals' mindsets. Moving to the organisational level, Daudigeos' (2013) study is an example of changing organisational practices, with a focus on how internal actors achieve change through bringing in concepts that are not dominant within the organisation.

A final aspect of institutional work is variation in the actors undertaking the work. Tracey et al.'s (2011) study highlights the role of founders and leaders in undertaking institutional work at the organisational and field levels, while Acosta et al. (2019) follow the actions of lower-level managers in engaging in organisational level institutional work. In addition to different organisational roles, Lawrence et al. (2013) identify that professionals are prominent in the

literature as the actors undertaking institutional work. Muzio et al. (2013, p. 706), studying professions as institutions, suggest that “professionals are the preeminent crafters of institutions, facilitating and regulating a broad range of human activities.” Several studies illuminate the characteristics of actors undertaking institutional work. Ruebottom and Auster (2017) identify the need for actors to be reflexive and aware of their social construct in order to undertake institutional work. Following this, Daudigeos (2013) suggest that actors must be skilled at navigating the social context and contextualising their activities in the new institutional logic. van Dijk et al. (2011) also find social skills are important, and identify the benefit of social position in effective institutional work.

While the institutional work literature provides a rich perspective on the types of activities being undertaken within changing logics, Zilber (2017) critiques the lack of explication of the details of the logics being worked on. This is important because different logics may require different types of institutional work for logic creation, maintenance, and disruption. Indeed, Nilsson (2015) argues that the institutional work described in the literature may be counterproductive to achieving the objectives of logics capturing ‘positive’ practices, of which sustainability might be one.

2.3 Summary of literature and research goals

In this final section of **Chapter 2**, I briefly describe key themes in the SBM literature to which this research contributes. I focus on the following limitations in the extant literature, which I aim to address with this thesis, including through drawing on institutional logics and institutional work. First, there is a lack of clarity on fundamental components within SBMs and associated sustainable value creation (Lüdeke-Freund et al. 2020). Second, the SBM literature has a bias towards sectors with direct environmental impact. This means other aspects within sustainability and sectors remain understudied. Third, due to a focus on organisations already undertaking sustainability activities, there is a lack of understanding of how existing commercial organisations may be considering or commencing a transformation towards SBMs. Finally, and building on the third limitation, is a lack of explication of what it takes for an organisation to commit to business model change for sustainability.

Table 5 summarises these limitations of the extant literature, their implications, and how this thesis responds to these implications through the three studies. In the remainder of this section, I step through each of these limitations.

Table 5 Summary of limitations of the extant literature and implications addressed through this research

No.	Limitations of the extant literature	Implication	Study responding to implication		
			1	2	3
1	Lack of clarity of fundamental components of SBMs and sustainable value creation within SBMs	Lack of conceptual clarity of the effects of SBM activities	X		
2	Case studies in the SBM literature predominantly focused on environmental impact	Lack of balance across sustainability aspects, predominantly lacking social	X		
		Lack of balance across sectors and organisational types with less direct environmental impact		X	X
3	Focused on organisations with sustainability already integrated at least in part	Existing commercial organisations understudied		X	X
		Lack of understanding of process to make a commitment to sustainability*			X
4	Change process literature focused on ideation of business model design	Lack of understanding of barriers and enablers to change prior to ideation		X	X

*Relates to both No. 3 and 4

First, as the SBM literature is relatively new, there remains conceptual gaps in identification of the fundamental components of SBM, and how SBMs create value. The literature includes a diverse range of case studies that shed light on activities within SBMs. Reviews of the literature draw on these case studies and associated findings from a range of different lenses. For example, Goni et al. (2020) review the literature to identify nine key features of an SBM, such as stakeholder engagement and core values. Geissdoerfer et al. (2018) review the literature with a lens on the success or otherwise of sustainable business model innovation. Lüdeke-Freund et al. (2018) provide a synthesis with 45 patterns that capture the types of activities within the SBM described in the literature. However, there remains a lack of understanding about the potential effects of these activities. Lüdeke-Freund et al. (2020) observe this, noting that the extant literature implicitly refers to, but does not yet provide clarity about, sustainable value creation. Specifically, the authors call for research into the following four areas: what value is and its sources; how value is created; for whom value is created; and who captures value. In this paper, we make a

contribution to this call through developing a conceptual framework that can shed light on these questions.

Second, delving into the range of SBM activities identified by scholars, I observe a narrow focus on sectors and organisations with direct and substantial environmental impacts. Bocken et al.'s (2014) archetypes typify this. The archetypes were developed for the manufacturing sector. Additionally, the authors note that environmental activities are represented more strongly in the archetypes due to environmental impacts being the focus of the extant literature and practice. This narrow focus has two implications. First, theory development in the SBM literature is hindered by a lack of balance across the aspects of sustainability. Lüdeke-Freund et al.'s (2018) study developing SBM patterns reinforced the observation that social aspects of sustainability are underrepresented, and the authors suggest the social enterprise literature has relevant insights for the SBM literature. Second, the sectors and organisations reflected in the literature are not representative of all types of sectors and organisations. Two exceptions are the application of the archetypes to the banking sector (Yip and Bocken 2018) and across all sectors through the S&P500 (Ritala et al. 2018). Through my exploration of the SBM literature, I have not seen PSFs as examples of potential business models to be changed for sustainability. In this research I therefore expand the breadth of SBM literature through incorporating social enterprise literature and focusing on the distinct organisational type of a PSF.

The third limitation of the extant SBM literature is the focus on organisations that have already made commitments and taken steps towards transformation. This has occurred, as noted above, due to the focus of SBM scholars on the range of activities that could be undertaken in an SBM. As a result, there is a paucity of research investigating existing commercial organisations that could transform towards SBMs, and, therefore, what might make a commercial organisation's transformation to an SBM effective or ineffective. Studies that have been undertaken indicate that attitudes, values and common understanding act as barriers or enablers to change (e.g. Laukkanen and Patala 2014). Outside of the identification of types of barriers, extant research has primarily focused on actions, with less consideration of why inaction occurs (Slawinski et al. 2016; Bocken and Gerdts 2020). Nor has there been further exploration to understand the underlying explanations for the presence or absence of different barriers or enablers in organisations. Scholars recognise a growing institutional complexity in which organisations operate (Seo and Creed 2002;

Greenwood et al. 2011). These underlying norms and practices influence how managers consider their business models and potential business model changes (Bettis and Prahalad 1995; Chesbrough and Rosenbloom 2002). Despite institutional logics providing a method theory with which scholars could explore these underlying norms and practices, institutional logics have not been prominent in the SBM literature (see Laasch 2018 for an exception). In this research I explore the barriers and enablers created through the interaction of the commercial, professional, and sustainability logics.

Finally, the extant literature considering the change process is focused on ideation of new business model designs, and not how organisations come to the ideation process in the first place. In a review of the literature, Pieroni et al. (2019) identify three phases of change towards an SBM, starting with exploring opportunities for new SBMs through to transformation. It is revealing that these phases of change do not start with actors engaging with sustainability concepts and making a decision to take the next step. Indeed, Roome and Louche (2016) have called for further research into the antecedents of business model change. A rare exception of explicitly considering activities prior to these phases is Rauter et al. (2017), who explore motivations and drivers for change for sustainability. The authors identify the importance of senior leaders' personal drivers for sustainability and external shocks as key drivers for change. Where an explanation for sustainability efforts is referenced in case study descriptions the literature, it reflects these motivations. For example, Abdelkafi and Täuscher (2015) describe how the case study founder's personal values played a key role in developing a new organisation to incorporate SBM activities. For external shocks, the literature identifies regulation, consumer pressure, and cost and risk reduction as triggers for business model change (e.g. Long et al. 2018; Pinkse and Gasbarro 2016; Schaltegger et al. 2012). However, the literature doesn't explain *how* these triggers lead to an organisational commitment to business model change for sustainability. This is particularly important in light of the findings of Pinkse and Gasbarro (2016) that a risk can trigger change in an organisation only if it is perceived to be sufficiently impactful on the organisation to warrant change activities. Institutional work is a useful theoretical framework for business model change (see Tracey et al. 2011 for an example); however, it is severely under-researched in the SBM literature. In this research, I focus on the phase of change prior to, and as a commitment to, business model change is made and draw on institutional work to explore how actors navigate this process.

Drawing the threads of these limitations in the extant literature together, the objectives of this research are threefold. First, I aim to support increased clarity of what comprises an SBM, through identifying SBM components and the effects of activities within each component. Second and third, I intend to draw on institutional logics and institutional work to illuminate the early process of change of an existing commercial firm in the absence of external shocks or personal realisation of a leader. In the following Chapter, I set out how the research design supports these research objectives.

Chapter 3. Research design

In this Chapter I step through the research design for the overall thesis. First, I set out my ontological and epistemological position of critical realism and explain how this position informed each of the three studies. As the methodology for Study 1 is specific to that study, I have not replicated the description, which can be found in **Chapter 4**. The remainder of the Chapter thus presents the methodology for Studies 2 and 3. I introduce and justify the ethnographic method, and describe the study subject, an existing PSF with which I have a long-standing relationship. I then outline the data collection process, comprising data sources and stages of data sorting and analysis.

3.1 Ontological and epistemological perspective of the research

Ontology and epistemology refers to a researcher's philosophical beliefs about what constitutes reality, and how it can be known through research (S. K. Lee 1992). Common views explained in the literature are those of objective ontology and positivist epistemology, and subjectivist ontology and phenomenological (or sometimes interpretivist) epistemology. An objectivist has a belief that the world exists separately from our experience of it, and thus epistemologically can be measured and laws of the world developed (Sandberg and Tsoukas 2011). At the other end of the spectrum, the subjectivist belief is that reality is only created through our construction of meanings and interactions with the world (S. K. Lee 1992). In addition, there are other perspectives that have been proposed, such as pragmatism and critical realism. Guba and Lincoln (1994) suggest that in the future a new paradigm may emerge that enables a synthesis of the current views. The authors posit that a new paradigm will achieve this when it is "more informed and sophisticated than any existing one" (p. 116). In the meantime, it is necessary to choose the most appropriate ontological position that reflects my philosophical views and the research question. My ontological position is critical realist.

Critical realism is focused on critique of the social world rather than pure explanation. Crotty (1998, p. 113) describes this as "research that seeks to bring about change". Alvesson and Deetz (2000) expand this objective of critical theory. They suggest it is to "demonstrate and critique forms of domination, asymmetry, and distorted communication through showing how social constructions of reality can favour certain interests, and alternative constructions can be obscured and misrecognised" (p. 35). These sentiments closely describe the thinking that led me to my research area and topic, as I believe it is imperative to challenge the status quo of businesses'

relationship with a dominant commercial logic, and expand this to include, or even focus on, society and the environment.

The critical realist ontological and epistemological position describes reality as stratified; events are able to be experienced and investigated empirically, while deeper realities are not able to be directly experienced or measured (Danermark et al. 2002). The deeper realities are divided in two parts. First, the realities that happen but are not experienced. Deeper than this are mechanisms that may result in events. It is this deeper level that is the focus in critical realist research (Danermark et al. 2002). Put simply, it is not the events that we experience that are the focus in research under a critical realist perspective, but rather, seeking to understand the underlying causes of what we experience, which cannot be observed directly. Mechanisms are described as having potential to lead to events, however, as they may not always lead to empirically observable events, we rely on theory to explore and understand them (Lennox and Jurdi-Hage 2017). The stratified view of reality means that critical realists do not equate ontology with epistemology (Fletcher 2017). That is, what is real may not be known. Our knowledge of reality is formed through human interpretation, with theory playing an important part in getting close to truth (Danermark et al. 2002).

In critical realism, the subject of study, such as organisations, people, relationships, and resources, are considered ‘entities’. Entities are described by: (1) their structures – made up of components and relationships between those components and (2) their tendencies – comprising powers and liabilities (Easton 2010). Powers are capable of generating events that are observed empirically, and liabilities are where the entity may be susceptible to the influence of other entities (Sayer 1999). The characterisation of entities enables precision in data collection and analysis through highlighting, for example, relationships and impacts not just between entities, but also within them (Leca and Naccache 2016). Context is an essential consideration and is conceptualised as relationships between entities (Easton 2010). Generative mechanisms are used to describe causality through describing the deep interactions between entities and their structures and tendencies, and which may trigger powers and lead to events (Sayer 1999). As there is variation in how critical realist terms are used, I follow (Mingers 2014), using ‘powers’ to describe what the entity may achieve. This is distinct from an entity’s properties, which may individually or in combination generate powers. Properties are causally generated through the entity’s structure.

Building on a description of powers of a knife from Mingers (2014), **Figure 2** summarises critical realism terminology with the example of a knife as the entity under study, and its power to cut.

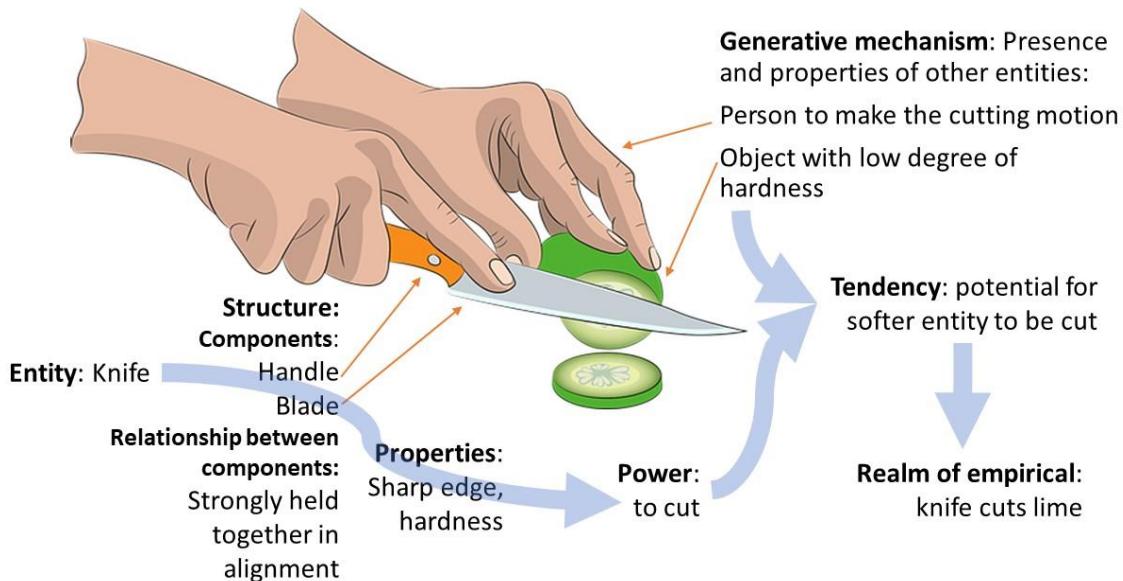


Figure 2 Demonstration of critical realism terminology with a knife with the power to cut (expansion and illustration of Mingers' (2014) description of the power of a knife to cut)

In this research, I take the business model as the entity under study. I explore, in different ways, the entity's structure, powers, and generative mechanisms. In Study 1, I identify the components of the SBM (that make up its structure), and the powers of those components. In Study 2, I continue to focus on the components of the SBM, while exploring how the presence of other entities – institutional logics – and their properties come together with the entity and create tendencies such as acting as barriers or enablers to commitment or change towards sustainability. In Study 3, the focus moves to the overall entity and generative mechanisms of actors undertaking institutional work in effort to achieve a commitment or change towards sustainability, which may (or may not) lead to changes in the empirical realm.

3.2 Methodology

The research design for this thesis is divided in two parts: Study 1, and Studies 2 and 3. The methodology for Study 1 is a systematic literature review to identify components and powers of an SBM. The systematic literature review includes both the SBM literature and the social enterprise literature to provide a balance across sustainability in the components and powers

developed. I draw on the extant SBM and social enterprise literatures to identify what the SBM has the potential to achieve, as broken down by components. The method is detailed in section **4.3**.

In the remainder of this Chapter, I describe the methodology for Studies 2 and 3. I follow Daft's (1983) advice to learn about organisations first-hand, Edmonson and McManus' (2007) guidance to engage directly in the field, and Cresswell's (2007) description of qualitative research of collecting data where the problem under study is occurring. For Studies 2 and 3, I used ethnography to exploring how the transformation towards an SBM might develop.

3.2.1 Choice of ethnographic approach

A qualitative research design is necessary to respond to the research questions, because there are problems for which “we need a *complex*, detailed understanding of the issue” (Cresswell 2007, p. 40, italics in original). Ethnography, while overlapping with other methods such as case studies, is a method in its own right (Cresswell 2007; Hammersley and Atkinson 2019). As I discuss in this section, ethnography is well suited to revealing details of organisational change processes, and is appropriate to study the behaviour and language that reflect underlying norms and expectations (Cresswell 2007). Further, an ethnographic approach is aligned with the critical realist ontology. The method highlights the importance of meaning being socially constructed and the role of the researcher in interpreting and framing the research, as well as recognising independent realities that exist in the world separately from how events are experienced or interpreted (Watson 2011). While critical realists accept a wide range of research methods (Danermark et al. 2002), ethnography can play a particularly useful role in revealing critical realist insights through responding to questions of “what caused the events associated with the phenomenon to occur” (Easton 2010, p. 124).

With the choice of this method, I respond to calls for ethnographic research in the SBM literature. Several SBM scholars have noted the lack of detailed understanding of how firms navigate sustainability and call for ethnographic methods to address this. Bocken et al. (2018) identify the need for studies that closely follow internal experimentation within firms exploring sustainability in their business models. Likewise, Laasch and Pinkse (2020) suggest an ethnographic approach to better explore the complex nature and tensions of organisations navigating multiple institutional logics, and Pieroni et al. (2019) call for action-based and

longitudinal research. SBM-related literature, namely social enterprise literature, has usefully applied ethnographic methods to identify institutional work to develop new organisational forms for social outcomes (e.g. Tracey et al. 2011) and investigate behavioural change for environmental outcomes by following individuals within an organisation (e.g. Hargreaves 2011).

The choice of ethnography also follows an established tradition of ethnography in institutional logics and institutional work research (Voronov and Vince 2012). Scholars continue to call for ethnographic research to better understand institutional stability and change. Newth (2018) argues that ethnographic methods uniquely reveal how institutional logics manifest at the microlevel within organisations. This echoes Besharov (2014), reflecting on a study of organisational values, who suggests ethnographic studies are needed within firms to explore interactions of logics over time. Similarly, Ramus et al. (2017) identify that ethnography is necessary to understand how actors understand and respond to organisational tensions caused by the complexity of institutional logics.

Watson (2011, pp. 205-206) defines ethnography as “draw[ing] upon the close observation of and involvement with people in a particular social setting and relat[ing] the words spoken and the practices observed or experienced to the overall cultural framework within which they occurred.” Van Maanen (2011, p. 221) further explicates ‘culture’ within the definition of ethnography as “the meanings and practices produced, sustained, and altered through interaction.” Practically, ethnography requires the researcher to spend a long period of time with the group under study, including participating in the activities of the group, asking questions, taking part in conversations, and reading relevant documents (Maanen 1979; Watson 2011). Ethnography is described as interpretive, investigating questions of ‘how’ and ‘why’ (Van Maanen 2011). Given the chaotic nature of organisational change, the ethnographic method, with the researcher embedded within the organisation and change processes, is thus useful to provide a better understanding of what is happening within the organisation than can be achieved through other methods (Micelotta et al. 2017). More specifically, Watson (2011) argues that the researcher must intensively understand, and interact within, the firm where the change is being considered, in order to grasp what influences strategic changes. In other words, ethnography is a key method for researchers investigating organisational change, such as business model change for sustainability.

The strength of the ethnographic method for capturing change and underlying interactions is highlighted in the literature, including its comparison to other methods. Zilber (2016) argues that with other methods, the researcher misses day-to-day struggles and details. Supporting this, Watson (2011) identifies that surveys are unsuited, and interviews are similarly lacking when the researcher is unable to observe interviewees as they undertake their tasks. Digging into this further, Newth (2018) discusses how ethnographic research provides for greater contextual insights than can be achieved through interviews. He shows how interviews that are retrospective to change processes “flatten the narrative” and “risk losing detail as well as the richness of the temporal dimension” (p. 687). This is because interviewees may, unintentionally or intentionally, skew the story, and/or overlay different perspectives or emotions, based on how the events turned out. However, these scholars agree that these other tools are useful as different sources of data to further explore organisational change and contextual influences within an ethnographic method (Hammersley and Atkinson 2019). In fact, Watson (2011) asserts that interviews, document analysis, and surveys add strength to researchers’ activities and data collected as participant observers.

Limitations of the ethnographic method arise in several areas. First, a critique of the ethnographic method is that the findings are not generalisable (Hammersley and Atkinson 2019). While the findings of individual ethnographic studies are not generalisable, the findings are theoretically useful. This is because observing social dynamics playing out within a particular study can be useful for understanding social interactions more widely (Watson 2012). More specifically for critical realists, ethnography provides insights into different structures and mechanisms (Danermark et al. 2002). Because of the depth of insight achievable in ethnography, the method’s value lies in its contribution to the development of nascent theory where “little is known[, and so] rich, detailed, and evocative data are needed to shed light on the phenomenon” (Edmondson and McManus 2007, p. 1162). The topic of this thesis fits within the application of the research area for nascent theory development, as SBM research on change processes is a relatively new research area, and theoretical development has been identified as needed to further progress the literature (Dentchev et al. 2018). Furthermore, theory development is a core focus of critical realist research (Danermark et al. 2002). The second key limitation of the method is due to the close integration of the researcher into the field setting, whereby the researcher may lose objectivity. This could be due to the researcher becoming emotionally connected to the actors

under study (Riener 1977). A loss of objectivity may be an even greater challenge for researchers motivated by positive social change, such as SBM researchers (Newth 2018). Managing this limitation occurs through the reflexivity of the researcher throughout data collection, analysis, and research write up (Watson 2011, 1995), and respondent validation (Hammersley and Atkinson 2019). To address the limitations of ethnography, Cresswell (2007, p. 218) puts forward the following criteria for ‘good’ ethnography:

- Clear identification of a culture-sharing group
- Specification of cultural themes that will be examined in light of this culture-sharing group
- A detailed description of the cultural group
- Themes that derive from an understanding of the cultural group
- Identification of issues that arose “in the field” that reflect on the relationship between the researcher and the participants, the interpretive nature of reporting, the sensitivity and reciprocity in the co-creating of the account
- An explanation overall of how the culture-sharing group works
- A self-disclosure and reflexivity by the researcher about her or his position in the research

Following the choice of organisation for the research, in **Table 7** I step through how the research design responds to each of these criteria.

3.2.2 Study subject

Hammersley and Atkinson (2019) reflect that some research opportunities arise as part of the researcher’s communities or places of work. For this research, the study subject is a project I undertook outside of the research as a corporate sustainability professional, which I was able to also observe ethnographically. Riener (1977) terms this ‘opportunistic’ research, and Newth (2018, p. 686) suggests the active involvement of the researcher leads the researcher to “understand and report the influence that context is having over their actions even more acutely and accurately”. In this section, I provide justification for the choice of a PSF as the study subject. I then introduce the study subject as a PSF with which I work in my professional capacity and provide an overview of the characteristics of the firm. I summarise the benefits and disadvantages of this opportunistic

approach that are evident in my study subject, and step through how the research design responds to Cresswell's (2007) criteria for 'good' ethnography.

PSFs are a distinct organisational type that are an increasingly important part of the global economy (Empson et al. 2015). Empson et al. (2015, p. 3) argue that "PSFs are worth studying because of their theoretical significance and the insights they may generate into the contemporary challenges facing organisations within the knowledge economy." For example, scholars (e.g. Bévort and Poulfelt 2015; Ollila et al. 2015) identify theoretical potential from PSFs' strongly held institutional logics, ownership forms, strong relationship with clients, and knowledge management and delivery. In addition to the extensive contributions of PSFs on their own, PSFs play a leading role in guiding and shaping behaviour of the businesses and governments they work with (W. R. Scott 2008). While there is variation in definitions of PSFs, Empson et al. (2015, pp. 6-8) suggest that PSFs display, to varying degrees, the following characteristics:

1. Primary activity: Application of specialist knowledge to creation of customised solutions to clients' problems
2. Knowledge: Core assets are specialist technical knowledge of professionals and their in-depth knowledge of clients
3. Governance: Extensive individual autonomy and contingent managerial authority, where core producers own or control core assets
4. Identity: Core producers recognise each other as professionals and are recognised as such by clients and competitors.

PSFs have been the subject of institutional logics and institutional work literature (e.g. Bévort and Poulfelt 2015; Lander et al. 2017; Greenwood and Suddaby 2006). However, reflecting the general lack of focus on PSFs in academic research (Empson et al. 2015), PSFs have not been well studied in the SBM literature.

The study subject of my research is a typical PSF. I refer to the organisation by the pseudonym 'Orion' and only provide necessary organisational details to maintain the anonymity of the organisation. Orion is a well-established PSF of medium size operating predominantly in Australia and New Zealand. It provides services related to the built environment to a wide set of public and private companies across many sectors. Following the PSF characteristics above,

Orion's primary activity is providing specialist built-environment knowledge to its clients through its network of professionals. Professionals exercise their autonomy in the specific services they provide, the clients they work with, and how services are adapted from one client to another. Employees are the greatest resource of Orion, as this is where Orion's knowledge-asset is held; in the collective expertise and experience of its people. Orion has an employee-ownership structure, whereby mid- and late-career employees who are established in the firm are invited to become shareholders. The combination of professional expertise and employee-ownership leads to a strong sense of autonomy among employees, particularly senior members of the team. **Table 6** provides an overview of Orion at the commencement of the study period, broken down by business model component.

Table 6 Description of Orion by business model component

Business model component	Description of Orion's characteristics and activities
Value proposition	
Goods and services	Orion provides specialist technical input to a wide range of built-environment projects. Orion has a strong brand as a built-environment firm, and works with clients to make sure any impacts on the environment and communities are within legal bounds.
Clients	Orion wants clients that return regularly, pay on time and without fuss, enable its people to learn key skills, and are not otherwise too disruptive to work with. This helps Orion to be profitable, efficient, and effective in delivering its services. Orion sees its role as providing clients with solutions to their described (or further explored and understood) problems.
Value creation and delivery	
Employees	Orion employs staff that have academic qualifications and professional staff that are highly experienced. Orion often finds people through existing networks, which helps it to be efficient, as the people have familiar ways of working. As an employee-owned business, there is a strong value of 'care'. Orion has a culture that encourages a high degree of social interaction and aims to support its people's wellbeing and opportunities to get involved in their areas of passion. Orion has a focus on its peoples' technical development and provides opportunities for networking and growing their identities as professionals. Recently, employee experience has been identified as a development area to support customer experience. Employee-owners feel empowered over the direction of the company.
Operations	Orion works on a project-by-project basis, typically in project teams within its technical and geographic areas. Some project teams draw on skills from different areas of the business. Orion team members travel to visit clients, team members, and project sites regularly. With a direct relationship between hours worked on client projects and revenue, the business is focused on productivity targets to manage operations and has a focus on efficiency and quality in project delivery. Orion uses a mix of digital and physical resources to undertake its work, and typically produces hard-copy documentation for editing, review, and providing to its clients. Reducing operational environmental impacts occurs because of individuals' efforts, but is becoming more articulated due to a planned office move.

Suppliers	Orion has some long-standing supplier relationships. There is a new focus on procurement to reduce costs, and Orion has an intention to consider environmental and social impacts in its choices of suppliers.
Broader outcomes	Orion supports targeted industry initiatives and future professionals through financial contributions, scholarships, and time supporting organisations and. Orion is heavily involved in some industry-wide initiatives to support the sector.
Value capture	
Value	'Value' is typically focused on shareholder financial value, with shareholders typically receiving an annual dividend. Communications about company ownership, financial performance and direction are largely kept to shareholders. A recent 'integrated thinking' focus shared with shareholders aims to expand this out to consider other forms of value the company's operations and activities interact with.

My professional work with Orion is providing sustainability expertise for Orion's clients. At the time of seeking a research subject for this thesis, conversations within Orion began to turn to the external and internal pressure for sustainability that Orion was observing. Several team members identified a need for an internal project to consider these pressures and guide the Leadership Team in potential responses. Due to the governance structure of Orion (described further in section 5.4.2.1), the Leadership Team operates on the mandate of employee-owners, and as a result, relies on individuals within the firm to galvanise momentum around new initiatives before making organisational changes. The opportunity arose to both support Orion's explorations in sustainability ('the project') and undertake an ethnographic study of the process as it unfolded. The ethnography took place from July 2019 through to May 2021. Over this time, I led the project to explore the sustainability context for Orion and develop Orion's response (while also continuing existing professional work with Orion). The study period culminated with Orion committing to a new organisational strategy which included a step-change for sustainability and introducing Leadership Team accountability for sustainability activities. The process leading to, and the form of, the project are described in detail in section 6.4.

The benefits of drawing on the researcher's experience and skills outside of research, described by Riemer (1977) and evident in my research, are as follows. Due to a long-standing relationship with the study subject, organisational members were already comfortable with me prior to commencement of the study. This meant that as I was already established in the research setting, there was no time required for integration with the Orion team and processes. It also meant that I had existing relationships with actors across the organisation, understanding of the organisation's ways of operating, social networks and their peculiarities, and where to access

supporting information. As a result, I could more readily identify useful questions and interpret the organisational data and behaviours I observed. For example, I was able to quickly identify where documentation or stated objectives differed from the lived experience within the organisation. The high level of integration of myself as the researcher also provides a potential disadvantage for the research. Specifically, there is an increased potential for my historical knowledge and assumptions about the organisation to hinder accurate identification of activities and meanings. This potential for reduced objectivity was managed through reflexivity and respondent validation. This is outlined in **Table 7**, which steps through how the research responds to Cresswell's (2007) criteria for 'good' ethnographic research.

Table 7 How the research design responds to Cresswell's (2007) 'good' ethnographic research criteria

Criteria	Research design response
Clear identification of a culture-sharing group	The culture-sharing group in this research is Orion, as made up of the individuals within the firm. As shown by the institutional logics literature, individuals that are operating under dominant institutional logics share underlying norms and expectations. While organisations operate under institutional complexity, as a well-established firm, Orion has a distinct culture which reflects how the group has responded to its particular arrangement of institutional logics.
Specification of cultural themes that will be examined in light of this culture-sharing group	The cultural themes under study in this research are those represented by the institutional logics with detailed core content as outlined in section 5.4.2 .
A detailed description of the cultural group	Orion, as made up of the individuals as the cultural-group, is described above and in Studies 2 and 3. This includes the overall description of the firm, description of institutional logics interacting within each component of the business model (Study 2, section 5.4), the project narrative (Study 3, section 6.4), and the institutional work and responses to institutional work (Study 3, section 6.5).
An explanation overall of how the culture-sharing group works	Table 6 provides a summary of Orion's characteristics and activities by business model component.
Themes that derive from an understanding of the cultural group	Themes developed through the research are presented in Studies 2 and 3. Study 2, section 5.5 , presents themes related to the implications of institutional logic interaction. Study 3, section 6.5 , discussion section identifies types of institutional work undertaken through the project, and where institutional work was unsuccessful.
Identification of issues that arose "in the field" that reflect on the relationship between the researcher and the participants, the interpretive nature of reporting, the sensitivity and reciprocity in the co-	<i>Relationship between the participants and the researcher</i> As described above, I was fortunate to commence the research on the back of a long-standing relationship with the study subject, including with ongoing, unrelated work, throughout the study period. This relationship impacted directly on my relationship as a researcher with 'participants' in the research, who I describe as my team members during the project. 'Team member' reflects one of my roles during the research, and the main way that participants related to me on a day-to-day basis. Participants would have been more aware of my role as a researcher at the points of asking participants for permission to observe them in their work and during formal interviews.

Criteria	Research design response
creating of the account	<p>I observed an interesting expression of the professional logic at the commencement of the research and throughout the work. Core content of the professional logic includes a focus on building knowledge and supporting the development of professionals. This was expressed through a strong support for my role as a researcher, as it was a way that individual professionals could support my professional development. This was expressed by the CEO as part of considering the merits of the project, and also by team members as participants. The view of the research from team-member professionals is best exemplified by a team member who did not support Orion investing in sustainability (“Orion’s going to spend effectively shareholders’ money on some of these things that a lot of people feel is a bit a bridge too far” [Robin, interview]). The team member was nonetheless generous with their personal time and thoughts for my research (“If you’ve got any other queries or anything else you want to ask me later on, I’d be happy to answer any more questions. Give us a yell back, yeah, no problem” [Robin, interview]). In other words, team members actively supported me undertaking professional development, even if they did not support the project that I was working on. This meant that I could engage with team-members with a wide range of views on the project.</p> <p>A final reflection on my relationship as a researcher to the participants relates to who I interacted with most during the research. The nature of the project meant that the team members I most interacted with were those who were supportive of the work. Although, as noted above, I made efforts to understand other views in both my roles as the project lead and as researcher. Additionally, as described in Study 3, the resourcing for the project meant I engaged more with the Leadership Team and key team members surrounding the work, with less time spent with other team members across Orion. This reflection informs the analysis of Study 3.</p> <p><i>Interpretation and co-creating of the account</i></p> <p>My long-standing relationship with Orion meant that I had a greater degree and nuanced understanding about how the organisation operates, including how the firm has changed over time, and what is meant by different language and actions. This additional understanding of Orion was invaluable in assisting in data interpretation and analysis. I also used several mechanisms to check my interpretations. Throughout the project I shared my observations informally with key team members to test my thinking and get their feedback. In addition, at several stages, my perspectives were checked with key Orion team members in a structured way:</p> <ul style="list-style-type: none"> • Approximately mid-way through the research, I shared my views of the business model (Table 6) as a survey with a group of 18 team members for feedback. Of 9 statements describing the business model, all team members surveyed agreed with 4 of the statements, 17 agreed with 2 of the statements, and 15 agreed with 3 of the statements. In other words, all statements received a minimum of 83% agreement among those I surveyed. • Study 2 was shared with the CEO, who commented that the description and views within the study were what they also observed of the firm. • Study 3, which comprises the narrative of the project, was shared with the CEO and risk manager. The risk manager was able to provide a detailed review of the narrative, as they had met with me on a weekly basis to discuss project progress. Neither the CEO or risk manager had any changes to make to the narrative.
A self-disclosure and reflexivity by the researcher about her or his position in the research	<p>My relationship to the project as the researcher has been described in this section of the thesis, and is also described in each of Study 2 and 3. In Study 3, which presents a narrative of the project, my role is clearly described throughout.</p>

Criteria	Research design response
	<p>Several steps have been taken to mitigate the limitation of ethnographic research in which the researcher has a fundamental role, meaning there may be a reduction in reflexivity.</p> <p>The choice of institutional logics as a method theory supported my reflexivity during the research. As part of choosing the theoretical lens for the research, I recognised that I am driven by a strong sustainability logic. I realised that the institutional logics helped me to not only understand drivers of team members and the organisation, but also my responses to those observations. In other words, the logics helped me to recognise and compartmentalise my responses, and better put myself in the place of team members operating more under other logics.</p> <p>Additionally, the role of research supervisors has included challenging perceptions and findings throughout the study. This has supported my ability to be reflective and ‘step back’ from the day-to-day project work. In addition, the challenging and ‘extra pairs of eyes’ described above (survey of business model component descriptions, and CEO and risk manager feedback on Studies 2 and 3) served to support my ability to remain reflexive and support accuracy of the data and analysis.</p>

3.2.3 Data collection and analysis

In this section, I detail the data collection process. First, I describe the sources of data from the ethnographic method. I then outline how I sorted and analysed the data, in line with the critical realist paradigm.

3.2.3.1 *Data sources*

Ethnography draws data from many sources, including documentation, observations and interactions, and asking questions both formally and informally (Maanen 1979; Watson 2011). The data sources for this research included existing and new documentation, interactions with team members, including personal notes and reflections, and formal interviews. These data sources are further described in the remainder of this section and summarised in **Table 8**, together with the number of sources and total file size for each source type.

Existing and new documentation covers the following characteristics: documentation from outside and within the firm; documentation developed prior to and during the study period; and documentation developed as part of the project and in parallel to it. External documentation was used to build understanding of the context of the organisation and included industry and sustainability frameworks and current state assessments of sustainability performance in Australia and New Zealand. Organisational documentation (both prior and in parallel to the project) comprised board papers, annual reports, policies, and training material. Documentation developed

through the project included, for example, Board and progress reports to the Leadership team and Board, presentations to different teams within Orion, integrated annual reports, and templates and tools for team members to use. The project-related documentation also included supporting working materials, such as informal interview notes, draft materials, and feedback on draft materials.

Interactions with Orion team members were both informal and formal. These were in person, on phone and video, and by email. Data sources from interactions included email exchanges, detailed notes typed during meetings which serve as partial transcriptions, and short notes captured after interactions occurred. Interactions included, for example, informal interviews conducted at the start of the project to support initial project activities, weekly meetings with the Risk Manager, monthly meetings with Leadership Team sponsors, and meetings with individuals and groups to provide information or progress activities, as well as ‘water cooler’ discussions around the office or before and after meetings, or informal meetings. I documented my personal reflections and activities throughout the study period, immediately following their occurrence, at the end of the day, or at the conclusion of significant periods of activity. Formal interviews were used to supplement the data collection and provided an opportunity to delve further into themes arising in the research. I undertook 11 semi-structured formal interviews of around one hour each with a cross-section of employees (see Appendix C for interview questions). Interviewees were chosen to provide insight from different roles, levels, geographies, and teams within Orion. There was also a spread of level of engagement with the project, including regular interaction and discussions (such as a project sponsor), individuals with awareness and periodic engagement (other Leadership Team and Board members), and individuals not connected to the work (including a previously senior team member and mid-career team member). The interviewees also covered a range from very supportive to not supportive of the project. The interviews were undertaken approximately two-thirds through the data collection period, providing an opportunity to understand how the initial phases of the project had been received by those not directly involved. The formal interviews were recorded and then transcribed by a third party.

Of this data collected, 87 documents were imported into NVivo for coding. These documents included: all formal and informal interviews and surveys; documents collating over 500 emails; my personal meeting notes and reflections; key reports developed as part of the project;

and several internal documents that provided insight into Orion's business model and operations. Coding of these documents led to data being coded over thirteen thousand times (including data points being coded to multiple codes) (see **Table 9**).

Table 8 Summary of data sources and indicative source size

Data sources	Examples of source types	No. files	Size (MB)
External documents	UN SDG national progress reports, Australia and New Zealand National 'state' reports (environment, society), Peer webpages and annual reports	40	231
Internal documents (existing prior to the study period)	Strategy and strategy development process, environmental policy, client journey map, procurement process, client conversations, shareholder feedback	65	192
Internal documents (developed during the study period)	Risk reports, staff briefing presentations, code of conduct working material, focus areas during Covid disruption	24	96
Internal documents (developed as part of the project)	Working and final materials for board papers and sustainability policy, descriptions of potential sustainability services, training material, progress reporting, integrated annual reports, tool development, employee survey questions and results	283	1,500
Informal interviews as part of the project	Notes from internal interviews held with 40 stakeholders across Orion as the first activity of the project	40	2,000
Emails related to the project	Emails between the researcher and Orion team members about the project that were transferred to NVivo for coding	500+*	2,000+
Researcher's personal meeting notes and reflections	Meeting notes taken in Word and One Note (files approximately 20 pages each), and presentations delivered with notes included, reflections of interactions and activities	41	97
Formal research interviews	Documentation from 11 interviews of approximately 1 hour, video recorded and transcribed (files include videos, transcripts, my preparatory notes, and the notes taken during the interviews)	45	6,000
Total		1038+*	12,116+*

*Emails were collated into 20-40 page documents for transfer to NVivo for coding

Table 9 Number of files coded in NVivo and number of data points coded

Data coding in NVivo	No.
Files coded - includes: all formal and informal interviews and surveys; documents collating over 500 emails; personal meeting notes and reflections; key reports developed as part of the Sustainability Project; and several internal documents that provided insight into Orion's business model and operations	87
Data coded (includes occurrences of individual data points being coded to multiple codes)	13,567

3.2.3.2 Data sorting, coding, and analysis

Data analysis was in line with the critical realist paradigm. Critical realist analysis requires a combination of deduction, induction, abduction, and retrodiction (Danermark et al. 2002). Further, critical realist research has a strong emphasis on theory; with theory being used to inform each step. Danermark et al. (2002, p.109-110) describe critical realist research methodology in a series of stages. In the remainder of this section, I draw on the descriptions of the stages by Danermark et al. (2002) (except where stated). I outline how this research responds to the first four stages. I used NVivo to sort and code the data to support the analysis.

Stage 1: Description

First, critical realist research is grounded in what is empirically observed, and as such, the phenomenon must be described. To support this step, I sorted the data by date to put the data in chronological order and by the project or firm activities they were related to. This data sorting enabled the development of an ‘event history database’ (Garud and Rappa 1994) and write up of the narrative of the research. Descriptions of the study subject are provided in sections **5.4** and **6.4**.

Stage 2: Analytical resolution

Stage 2 comprises breaking the complex phenomenon into parts for analysis. I used a combination of deductive and inductive coding for this stage. Following critical realism’s focus of building on theory, I used existing theory as the initial code sets, and expanded on these from the empirical data. In other words, I started coding with deduction, and moved to induction based on the data. I resolved the data into three sets of analytical parts. The coding types and coding sets are outlined in **Table 10**. First, I sorted the data by business model component. The components coded deductively were: customers, products and services, operations, suppliers, costs and revenues (Richardson 2008; Osterwalder and Pigneur 2010). Through induction, I added employee and ownership and governance as business model components. Second, following Goodrick and Reay (2011), I used pattern matching (Reay and Jones 2016) to identify institutional logics expressed in the data. This comprised deductively coding the data to the commercial, sustainability, and professional logics at an overall level. Finally, to identify the institutional work being undertaken during the study period, I deductively coded the data to types of institutional work that have been described in the literature by Lawrence and Suddaby (2006) and Tracey et al. (2011). Inductive

coding was needed to capture institutional work that did not appear to be described in the extant literature. This resulted in an extended list of types of institutional work expressed in the study.

Table 10 Data coding by deduction and induction

Coding type	Business model components	Institutional logics	Institutional work	
Deduction	<ul style="list-style-type: none"> • Customers • Products and services • Operations • Suppliers • Costs and revenues 	<ul style="list-style-type: none"> • Commercial • Sustainability • Professional 	<ul style="list-style-type: none"> • Advocacy • Defining rules of membership • Vesting property rights • Constructing identities • Normative networks (intra-organisational) • Normative networks (organisational) • Mimicry • Theorising (naming new concepts) • Education • Enabling • Policing • Deterrence • Valourising & demonising • Mythologising 	<ul style="list-style-type: none"> • Embedding and routinising • Disconnecting sanctions and rewards • Disassociating moral foundations • Undermining assumptions and beliefs • Framing the problem • Counterfactual thinking • Building the organisational template • Theorising the organisational template • Connecting with a macro discourse • Aligning with highly legitimate actors
Induction	<ul style="list-style-type: none"> • Employees • Ownership and governance 		<ul style="list-style-type: none"> • Leveraging disruption • Familiarisation • Innovation and allowing testing • Changing narrative 	
Sources	(Richardson 2008; Osterwalder and Pigneur 2010)	(Laasch 2018; Thornton 2004; Barac et al. 2019)	(Lawrence and Suddaby 2006; Tracey et al. 2011)	
Studies	Studies 2 and 3	Studies 2 and 3	Study 3	

Stage 3: Abduction / theoretical redescription

Abduction involves reinterpreting the phenomenon to create new insights. Recontextualising a phenomena with abduction serves to “introduce new ideas of how individual phenomena are part of the structure and internal relations” (Danermark et al. 2002, p. 96). For this research, I used the method theories to reinterpret the data and identified key expressions and interactions of institutional logics (in Study 2) and institutional work (in Study 3) to enable theoretical redescription.

Institutional logics (Study 2): First, to identify how the logics were being expressed, I used induction to reveal themes within the sorted data. This enabled me to match the revealed themes with the core content of the institutional logics (Laasch 2018; Thornton 2004; Barac et al. 2019). See **Tables 17-20** in section **5.4** for the results of this analysis. The inductive coding and matching provided greater precision on not just which logics were being expressed, but the ways in which the core content was being expressed. Next, I looked for alignment or misalignment of logic objectives or prescriptions for actions in the data. This comprised ‘mapping’ the logics expressed in the business model components to Besharov and Smith’s (2014) descriptions of logic interactions in the literature (see **Figure 3**). As Besharov and Smith’s (2014) framework is simplified for interactions between two logics, the ‘mapping’ involved making pair-wise comparisons of the logics against the framework dimensions. For example, this is evident in **Figure 3** with the employee component of the business model. In this component, both the professional and sustainability logic are core to organisational goals and have aligned prescriptions for action. This is because supporting future professionals is core to Orion’s organisational goals and reflects both the professional and sustainability logics. The professional logic has a focus on supporting the next generation of professionals and growing their expertise and experience. This focus of the professional logic aligns with the sustainability logic of care for stakeholders. The pair-wise comparison of each of the professional and sustainability logics with the commercial logic shows moderate conflict. This is because the time focused on professional development and care come at a cost and potentially reduced efficiency, which is key content of the commercial logic. Having explored the expression and interactions of logic in the components of Orion’s business model, I described the business model components through the lens of the institutional logics expressed (see section **5.4**).

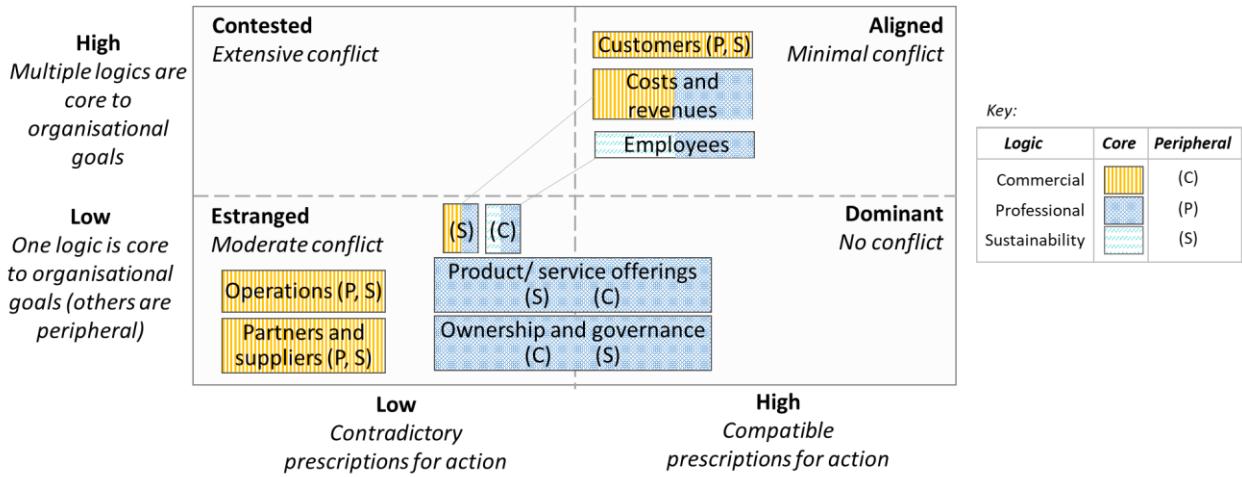


Figure 3 'Mapping' of institutional logics expressed in Orion's business model components against Besharov and Smith's (2014) logic interactions framework

Institutional work (Study 3): Having sorted the data into types of institutional work derived from the literature and identified through induction, it was necessary to further sort the coded data to enable redescription. I first sorted the list of 27 types of institutional work by the number of times data had been coded to each type. This served to identify the most common types of institutional work over the study period (see **Table 11**). Noticing that the descriptions of the types of institutional work may not accurately reflect what I had observed in the study, I then returned to the literature. I moved between the literature and data to identify how the expressions of the institutional work were similar to, or different from, the institutional work described in the wider literature (that is, additional literature than those used for the initial coding). For example, while I had identified familiarisation as an additional type of institutional work, I realised that ‘education’ as it was described in the literature related to formalised education programmes. For example, firms already committed to multiple logics implement education bringing the logics together (e.g. Battilana and Dorado 2010; Zilber 2009). In contrast, where there were activities that provided Orion team members with education in the new logic, these were less formal. I thus subsumed the ‘education’ codes into the ‘familiarisation’ codes. Similarly, I noted that ‘changing narratives’ and ‘undermining beliefs’ were not, on their own, substantial areas of institutional work, but they could be seen as being part of framing. In this way, I layered and ordered the most prevalent types of institutional work observed in the study. This reduced the types of institutional work to those that most accurately reflected the study. See **Table 12** for the final set of observed types of institutional work and associate coding numbers. For each observed type of institutional

work, I identified the main activities which occurred. For example, formalisation comprises activities of documentation, allocating responsibilities, and clarifying reporting lines and decision-making processes. Together with the results of Stage 4, I reinterpreted the activities within and around the project (see section **6.5**).

Table 11 Frequency of codes to types of institutional work, sorted by most to least frequent

Institutional work type	No. codes	Institutional work type	No. codes
Education	83	Undermining assumptions and beliefs	15
Aligning with highly legitimate actors	57	Valourising & demonising	13
Connecting with a macro discourse	57	Constructing identities	13
Familiarisation	57	Mythologising (narratives of the past)	11
Framing the problem	55	Vesting property rights	10
Counterfactual thinking	47	Theorising the organisational template	9
Embedding and routinising	41	Defining rules of membership	6
Leveraging disruption	40	Innovation and allowing testing	6
Enabling	35	Policing	4
Normative networks (intra-organisational)	32	Advocacy	4
Building the organisational template	28	Theorising	2
Normative networks (organisational)	28	Disassociating moral foundations	1
Mimicry	26	Deterrence	1
Changing narrative	20	Disconnecting sanctions and rewards	1

Table 12 Final set of observed types of institutional work and associated numbers of coding from the data

Observed type	No. codes	Institutional work type
Aligning with key stakeholders	85	Aligning with highly legitimate actors Normative networks (organisational)
Familiarisation	140	Education Familiarisation
Formalisation	112	Embedding and routinising Enabling Mimicry Vesting property rights
Framing with logics	147	Framing the problem Changing narrative Undermining assumptions and beliefs Building the organisational template Connecting with a macro discourse

Stage 4: Retroduction

Retroduction is aimed at investigating what must be true for the observable events to occur. The objective of the analysis is to shed light on “the system of social positions, the norms and rules, or the social and culturally acquired dispositions (habitus) structuring … particular action[s]” (p.97). More specifically, in retroduction, the researcher explores questions such as ‘what are the properties and causal relationships that relate to the observed phenomena?’ This focus is reflected in each Study’s research question.

How logic interactions influence transformations towards more sustainable business models (Study 2): Responding to the Study 2 research question required considering the implications of the logic interactions identified in the previous Stage. I first identified that the strongest interactions were occurring in the customer and ownership and governance components of the business model. For each of these interactions, I followed the event timeline to explore what occurred (or did not occur) as a result of the interactions. I then considered the implications of these interactions, and further explored the data to confirm if these implications were apparent in the data. I could then describe how the institutional logics informed behaviours and outcomes that had been observed empirically. I then summarised these implications as propositions. The propositions describe how the interaction of the logics act as a mechanism that leads to the empirical observation.

How actors within a firm use institutional work to navigate institutional logics and instigate a commitment to business model change for sustainability (Study 3): Retroduction, in asking ‘what has to be true?’ for the commitment to business model change for sustainability, led to the analysis for Study 3 being divided into five parts. Collectively, the five parts help to describe how actors use institutional work and the effectiveness of the work. First, I worked forward from the identified types of institutional work to identify what occurred as a result of each type of institutional work. This included reviewing the event history database to find activities that represented each type of work, and how those activities led to or supported project progress within the study period, or did not lead to or support project progress. For example, a Sustainability Issues Paper was researched and written, and presented to the Leadership Team and Board, which led to a subsequent phase of the project being approved. Second, I considered how each type of

institutional work interacted with other types and contributed to the commitment to business model change. I undertook a pair-wise analysis of the types of institutional work to identify how they supported (or did not support) the respective activities of each type. For example, institutional work to interpret sustainability for the firm was formalised through documentation and shared with key stakeholders and more widely to familiarise employees with the interpretation. Third, I explored how the institutional work interacted with the institutional logics. This comprised identifying if the types of institutional work drew on specific core content of the logics. This was most evident in the framing with logics work, which drew on specific core content of the commercial and sustainability logics. This part also revealed, for example, that the professional logic was not used in framing with logics work. Fourth, I considered the skills the actors need to undertake the types of institutional work. I did this by applying Perkman's (2016) classification of skills in institutional work to the typical activities in each type of institutional work. Additionally, I looked for activities and types of institutional work that drew on knowledge of the sustainability logic. Finally, bringing all the parts together, I identified what changed in the firm because of the institutional work, and how each of the previous parts contributed to the change. To support this assessment, I then reviewed the event history database for activities and types of institutional work that had not contributed to the outcomes or had not progressed. I also reflected on types of institutional work that were absent. The results of this Stage are presented in **Figure 7**.

Now I have introduced the reasoning and details for the research methodology, the following three Chapters present the findings of the research. **Chapter 4** (Study 1) first sets the scene with a conceptual study to identify the components and powers of SBMs. In this Chapter, I also posit that the sustainability logic may act as a generative mechanism for SBMs. **Chapter 5** (Study 2) then focuses on the interaction of institutional logics within Orion's business model with the introduction of a sustainability logic. **Chapter 6** (Study 3) explores the institutional work I, and others within Orion, undertook to navigate the institutional logics and move towards commitment of the firm to a step-change in sustainability. Following the studies, I discuss the research as a whole in **Chapter 7**.

Chapter 4. The power of ‘powers’: A critical realist conceptual framework of potential sustainable value creation in sustainable business models (Study 1)

4.1 Introduction

In 2015, the United Nations General Assembly (UN) described an array of challenges facing our world, including poverty, inequality, unemployment, health threats, natural disasters, natural resource depletion, and climate change (United Nations 2015, p. 5). The UN launched the Sustainable Development Goals to galvanise collective action between governments, civil society and, importantly, business. Acting on sustainability challenges in commercial organisations, such as under the term of corporate responsibility, has become increasingly accepted. Scholars, however, still report that activities implemented are generally targeted on low hanging fruit and opportunities for short-term increased revenue or reduced cost (Ritala et al. 2018). In addition, many (e.g. Haigh and Hoffman 2014; Schaltegger et al. 2012) agree that periphery activities, philanthropy, and corporate responsibility approaches are insufficient for business to play its role in addressing the environmental and social challenges affecting society on a global level. Scholars have declared that these challenges require changes “at the core of the business model” (Bocken et al. 2014, p. 44).

Business models describe how organisations ‘do business’, comprising not only what a business does, but how it does it (Zott et al. 2011). Consequently, business models shape the types of products and services consumed, how they are created and delivered, and how organisations interact with customers, employees, partners, and other stakeholders (Chesbrough and Rosenbloom 2002; Demil et al. 2015). Through design and choices in the business model, therefore, organisations can help create a fairer, healthier, and happier future, in which the natural environment is protected and regenerated (WBCSD 2010). The sustainable business model (SBM) literature has emerged to investigate these choices and outcomes.

The SBM literature includes conceptualisation at different levels. At the most abstract, definitions describe the overall objectives associated with SBMs. For example, SBMs have been defined as organisations focused on “creating significantly increased positive effects and/or significantly reduced negative effects for the natural environment and society” (Lüdeke-Freund et

al. 2018, p. 147). Some SBM scholars (e.g. Joyce and Paquin 2016; Biloslavo et al. 2018; Upward and Jones 2016) have expanded out these definitions, presenting frameworks to describe the components and principles that differentiate SBMs from commercially focused business models. Breuer et al. (2018) provide a review of the frameworks, identifying common elements of a focus on multiple forms of value, as well as on stakeholders, and placing the organisation as part of a network within a wider system. More specifically again, and focusing instead on variation between SBMs, scholars are exploring the range of activities that could be undertaken within an SBM. These studies have resulted in, for example, the description of 11 archetypes of activities within and across SBMs (Bocken et al. 2014), and 45 patterns of different activities within SBMs (Lüdeke-Freund et al. 2018). However, despite the growing literature, Lüdeke-Freund et al. (2020) observe a persistent lack of clarity of ‘value creation’. The authors argue that opening this ‘black box’ is crucial for SBM research progress. In this conceptual paper, which we develop under the critical realist paradigm, we contribute to opening this black box. We do this by developing a conceptual framework that identifies what the potential ‘sustainable value creation’ of business model changes for sustainability might include.

Following Lüdeke-Freund et al. (2020), we explore the types of value that SBMs might create and for whom, and where these value creation activities occur in the business model. The research thus follows the normative tradition of SBM research (Lüdeke-Freund and Dembek 2017), which is also supported by the critical realist emphasis on “research that seeks to bring about change” Crotty (1998, p. 113). A strength of critical realism is the approach of recontextualising a phenomena, which serves to “introduce new ideas of how individual phenomena are part of the structure and internal relations” (Danermark et al. 2002, p. 96). In this paper, we make use of case studies and theorising associated with SBM components from the extant literature, and recontextualise them with the critical realist concept of ‘powers’. Powers are “the ability of a system to produce a particular effect” (Mingers 2014, p. 73). In other words, we draw out the potential consequences of SBM activities. We structure the research with SBM ‘components’; the parts that make up the entity which is being studied (Easton 2010), in this case, the SBM. This clear structure supports clarity, transparency, and communication (Roelens & Poels, 2015) of this research as well as future SBM studies (Lüdeke-Freund et al. 2020).

The domain theory (Lukka and Vinnari 2014) for this paper is the SBM literature. However, we also draw heavily on the social enterprise (SE) (including social entrepreneurship) literature. The SBM and SE literatures are aligned through a shared focus on the role of business in responding to global challenges. Bull (2008, p. 272) describes the SE literature as focused on “the development of alternative business structures (and practices) that support socially rational objectives.” Macke et al. (2018, p. 677) expands this, saying that “the weaving of a social mission into an enterprise can bring about social innovation through the development of solutions to long-standing problems and the improvement of the living conditions of a community.” We bring together these literatures in this paper because, as we will show, the SE literature provides a rich source of case studies that can strengthen our understanding of the powers, or potential effects, of SBM activities. The SE literature also supports balancing the predominant environmental focus of the extant SBM literature (Bocken et al. 2014; Lüdeke-Freund et al. 2018).

The paper thus responds to the following research questions: (1) What does the extant literature reveal about the ‘powers’ of SBMs? (2) How do SBM ‘powers’ contribute to ‘sustainable value creation’? Our conceptual framework has eight SBM components: customers, product and service offerings, employees, operations, supply chain, targeted additional value, surplus, and ownership and governance. It identifies powers related to each component. Through the powers, we find that sustainable value creation can occur in every component of the SBM. Further, we find that SBMs are oriented around intentional sustainable value creation for traditional stakeholders (such as customers and suppliers) and non-traditional stakeholders (such as marginalised groups and the environment). Non-traditional stakeholders receive value through integration into traditional stakeholder roles and arm’s length activities, whereby SBMs support inter-organisational efforts for wider sustainable value creation. While we identify that the SBM powers can emerge through activities within a single component of the SBM, there may be greater value creation from activities that sit across multiple components. This is an area for future research. We draw on institutional logics to illustrate variation in the powers that emerge in different organisations, and suggest the presence and triggering (or not) of the sustainability logic may be one explanation for this variation.

Our paper responds to Lüdeke-Freund et al.’s (2020) call to provide insight into ‘sustainable value creation’. We identify different types of value created for different stakeholders

from different business model activities through our approach of describing components and powers. The components and powers will enable a more transparent, nuanced, and robust scholarly debate about what SBMs comprise and how they engage in sustainable value creation.

This paper is divided into four sections. First, we introduce the business model concept and provide an overview of key differences between the mainstream business model literature and the SBM and SE literatures. Second, we present our methodology. Third, we present our identified SBM powers and explore what they reveal about sustainable value creation in SBMs. Finally, we outline our contributions and areas for further research.

4.2 Business model literature

To provide background for this paper, we briefly introduce the following aspects of the literature. We first summarise the business model concept, before discussing the different approaches to ‘value’ and stakeholders. We then discuss business model components in the literature. Finally, we touch on the descriptions of sustainable value creation in the SBM and SE literature.

A business model describes the activities undertaken to create and deliver products or services to customers, and how value is captured along the way. Zott and Amit (2010, p. 217) define a business model as a “set of activities, as well as the resources and capabilities to perform them — either within the firm or beyond it through cooperation with partners, suppliers or customers”. Thus, the business model concept considers how the focal organisation fits into and interacts with other actors to create value. In a comprehensive review, Zott et al. (2011) identify consensus among business model scholars that the concept is useful as a unit of analysis that provides a systemic view of how firms ‘do business’. Richardson (2008) pinpoints the concept’s usefulness as its place between organisational objectives, such as articulated in strategy, and business operations.

4.2.1 ‘Value creation’ in the business model literature

There is recognition among SBM scholars (e.g. Joyce and Paquin 2016; Upward and Jones 2016; Biloslavo et al. 2018) that environmental and social considerations have been ‘implicitly de-emphasised’ in the mainstream business model literature. Given the place of the business model concept between organisational objectives and business operations, it is helpful to consider the

difference between the focus of ‘value creation’ activities (objectives) in the mainstream business model literature and the SBM and SE literatures. First, there is a critical divergence between how ‘value creation’ is understood. In the mainstream business model literature, the purpose of the business model as described as generating economic value for the firm (Chesbrough and Rosenbloom 2002; Osterwalder and Pigneur 2010; Teece 2010). ‘Value creation’ in this context refers to what the customer pays for and financial return to the organisation (Zott and Amit 2010).

In contrast, ‘value creation’ is wider in both the SBM and SE literatures. In the SBM literature, ‘value’ has been deliberately reconceived from the customer and financial focus (Schaltegger et al. 2016). While there is no agreed definition of ‘value creation’ within the SBM literature (Lüdeke-Freund et al. 2020), a wider view of ‘value creation’ is clear. For example, Upward and Jones (2016) relate ‘value’ to human and non-human fundamental needs, and Bocken et al. (2014) point to environmental and social value. Similarly, the SE literature has a wider concept of ‘value’, with value capture less of a priority (Santos 2012). Wilson and Post (2013) note that SEs bring together values of both for-profit and non-profit organisations. Grieco et al. (2015, p. 1174) describe ‘value creation’ in SEs as “contributing to the wellbeing of society.” Santos (2012) more specifically considers ‘value creation’ as an increase in the net utility of society’s members. For the purposes of this research, we combine Santos’ (2012) definition with Lüdeke-Freund et al.’s (2018, p. 147) SBM definition. We thus define ‘sustainable value creation’ as *designing-out negative impacts and designing-in positive impacts from activities within and across SBM components to maximise net value for society and the environment*.

4.2.2 Stakeholders in the business model literature

Business model scholars also consider “how [the business model] creates and captures value for its stakeholders” (Demil et al. 2015). The focus on stakeholders is another difference between the SBM / SE and mainstream business model literatures. The mainstream business model literature identifies that stakeholders are a crucial part of business models, suggesting that business models describe “how [the business model] creates and captures value for its stakeholders” (Demil et al. 2015). However, the often implicit discussion of stakeholders tends to be limited to value creation for customers, suppliers, and investors (Lüdeke-Freund et al. 2020). Where stakeholders are named, it is typically the traditional stakeholder groups of customers, suppliers, investors, partners, employees, competitors, and regulators (e.g. Amit and Zott 2001; Demil and Lecocq

2010; Doz and Kosonen 2010). These stakeholders are referred to as “economic actors” (Demil et al. 2015, p. 4), highlighting their direct role in the focal organisation's economic functioning.

Reflecting the wider view of ‘value creation’ described above, both the SBM and SE literatures have a wider view of stakeholders. SE scholars differentiate between ‘social’ and ‘economic’ stakeholder groups (Imperatori and Ruta 2015). Additionally, Santos (2012) articulates the difference to the mainstream business literature in stakeholder approach as moving from ‘control’ to ‘empowerment’. The author also highlights that the empowerment includes stakeholders outside organisational boundaries, such as beneficiaries of the organisation’s activities, users, or partners. Furthermore, Grieco et al. (2015) suggest that there is a greater degree of involvement of stakeholders in an SE compared to mainstream business models. The SBM literature also includes the traditional stakeholder groups in the mainstream business model literature, while also explicitly including non-traditional stakeholders of the environment and society as key organisational stakeholders (Bocken et al. 2014; Stubbs and Cocklin 2008). Freudenreich et al. (2020) divide SBM stakeholders into five groups: financial stakeholders, customers, business partners, employees, and societal stakeholders (which captures both environmental and societal impacts). While there is recognition of the integral role of stakeholders within SBMs, there remains a lack of clarity of how SBMs engage with ‘society’, and how different value is created for different stakeholders (Lüdeke-Freund et al. 2020). Furthermore, Freudenreich et al. (2020) suggest an area for further research is identifying how sustainable value can be created through stakeholder relationships in the SBM.

4.2.3 Business model components

We now return to the overall concept of business models. Richardson (2008) suggests the business model “provides a simple and logical structure for the strategist to think about how the many activities of the firm work to execute the strategy” (Richardson 2008, p. 143). In a review of the literature, Massa et al. (2017) identified a stream focused on ‘business models as representations’. In this stream, ‘formal conceptual descriptions’ of business models are developed by identifying their structure, or grouping of activities that make up business models, has developed into a distinct stream within the business model literature. Despite this focus, the authors conclude there remains a lack of agreement about what constitutes the fundamental components of a business model. Richardson (2008) and Osterwalder and Pigneur (2010) outline two similar

sets of components, which are often referred to in the literature (see Table 13). As is typical of the mainstream business model literature, these components were explicitly developed to identify those components necessary to maximise value for customers and the organisation's ability to capture more value than its competitors (Richardson 2008). In other words, the components reflect the organisational objectives of a commercial business model.

Table 13 Business model components from the mainstream business model literature

Richardson (2008)		Osterwalder and Pigneur (2010)
Value proposition	The target customer	Customer segments Customer relationships
	The offering	Value proposition
	The basic strategy to win customers and gain competitive advantage	
Value creation and delivery	Resources and capabilities	Resources
	Value chain, activity system, business processes	Activities Channels to market
	Position in the value network	Partners
Value capture	The economics of the business	Costs
	Revenue sources	Revenues

The above differences in the conceptualisation of value and consideration of stakeholders, raise a question about the fundamental business model components for SBMs, and what these may reveal about how different stakeholders receive value from SBMs (Massa et al. 2017). Extant SBM literature which has considered business model components has primarily focused on developing tools to prompt discussion on integrating sustainability into existing or new organisations (Breuer et al. 2018). For example, Joyce and Paquin's (2016) triple-layered business model canvas (TLBMC) aims to address the identified gap in the mainstream literature, by adding environmental and social layers to complement the economic focus of Osterwalder and Pigneur's (2010) Business Model Canvas (BMC). The TLBMC intentionally taps into the commercial business model approaches favourable with practitioners, namely, the BMC and triple bottom line thinking. Biloslavo et al. (2018) also build upon the BMC to identify where social and environmental impacts may occur in the business model. They couple their revised BMC with the 'Value Triangle', which more explicitly incorporates sustainability aspects, particularly society and public value. The Value Triangle guides what to consider in a business model, such as recognising key stakeholders. The tools conceptualise the wide range of impacts in SBMs, including environmental and social benefits, and recognising the wider environmental and social contexts. In so doing, we

suggest the tools move beyond the “simple and logical structure” (Richardson 2008, p. 143), provided by the set of components used in the mainstream business model literature. In sum, we suggest that business model components are useful, and these need to reflect the business model's relationship to SBM objectives and different approach to stakeholders. We also find the extant SBM literature does not yet provide a simple set of SBM components for scholars and practitioners to apply.

4.2.4 Sustainable value creation activities

As a newly emerging concept, SBM scholars have been focused on identifying and articulating ‘what’ an SBM is. To do this, scholars have largely drawn on empirical data from existing organisations that are considered sustainable in one or more ways to identify activities that could be undertaken within an SBM. For example, in the provision of products and services, activities can be designed to reduce customers’ environmental impacts through energy efficiency (Abdelkafi and Täuscher 2015), reduce packaging (Sousa-Zomer and Cauchick Miguel 2018), or support customers’ education (Rosca et al. 2017). The design of products and services and operational processes can focus on renewable and circular resources (Roome and Louche 2016). When considering employees and the supply chain, activities can be designed to support employees throughout their careers (Biloslavov et al. 2018) and require suppliers to consider environmental and social impacts in their operations (Boons and Lüdeke-Freund 2013). The literature also describes actions beyond mainstream core business, such as networks with other organisations to collaboratively innovate and contribute to local communities and environments (Biloslavov et al. 2018). Thus, the extant literature shows that sustainability permeates across SBM activities.

Reviews of the literature draw on these case studies and associated findings from a range of different lenses. For example, Goni et al. (2020) review the literature to identify nine key features of an SBM, such as stakeholder engagement and core values. Geissdoerfer et al. (2018) review the literature with a lens on the success or otherwise of sustainable business model innovation. Lüdeke-Freund et al. (2018) provide a synthesis with 45 patterns that capture the types of activities within the SBM described the literature. However, there remains a lack of understanding about the potential effects of these activities.

4.2.5 Summary

Lüdeke-Freund et al. (2020) observe that the extant literature implicitly refers to, but does not yet provide clarity about, sustainable value creation. Specifically, the authors call for research into the following four areas: what value is and its sources; how value is created; for whom value is created; and who captures value. In this paper, we make a contribution to this call through developing a conceptual framework that can shed light on these questions.

4.3 Research design

4.3.1 Critical realism

We first provide a brief overview of key concepts in critical realism and how we apply these concepts in this paper. In critical realism, reality is described as stratified; events are able to be experienced and investigated empirically, while deeper realities are not able to be directly experienced or measured (Danermark et al. 2002). The subject of study, such as organisations, people, relationships, and resources, are considered ‘entities’. Entities are described by: (1) their structures – made up of components and relationships between those components and (2) their tendencies – comprising powers and liabilities (Easton 2010). Powers are capable of generating events that are observed empirically, and liabilities are where the entity may be susceptible to the influence of other entities (Sayer 1999). Mechanisms are described as having *potential* to lead to events. This is reflected in the terminology of ‘tendencies’ (powers and liabilities); they are not always expressed empirically. As mechanisms may not trigger the expression of tendencies and therefore do not always lead to empirically observable events, we rely on theory to explore and understand them (Lennox and Jurd-Hage 2017).

We explicitly apply three critical realist concepts in this paper. First, the paper is focused on powers: the ability of activities within the SBM to produce particular effects or events. In other words, we draw out the potential consequences of SBM activities. Second, with SBMs as the entity, we turn to the ‘formal conceptual descriptions’ literature (Massa et al. 2017). We do this by describing the SBM as made up of SBM components. We use the component approach because the components provide a structure within which to sort and analyse the data and communicate the findings. Additionally, and more importantly, presenting SBMs as made up of common components enables managers and scholars to create shared understandings, communicate more

clearly, and discuss alternative approaches (Roelens & Poels, 2015). Third, we discuss a potential mechanism to trigger expression of SBM powers.

4.3.2 Methodology

We turn to the extant literature to provide the empirical data for our conceptual framework. We do this by drawing out case study descriptions of activities within SBMs and SEs, and theoretical findings related to activities across the business model. This is because the SBM and SE literatures contain a large set of case studies which can be reinterpreted to respond to our research question. For example, in the SBM literature, Gauthier and Gilomen (2015) investigates 11 organisations in an urban district that contribute to energy efficiency outcomes. Also investigating energy efficiency activities, Tolkamp et al. (2018) present descriptions of nine case studies in the Netherlands providing a range of different energy efficiency products and services. Also describing activities related to products and services, Rosca et al. (2017) draw on insights from nine organisations supporting frugality. On the operational side, Yip and Bocken (2018) adapted Bocken et al.'s (2014) archetypes to the banking sector with four case studies. In a study of barriers for further sustainability activities, Birkin et al. (2009) drew on experiences in five Nordic organisations.

The SBM literature has a strong environmental focus (Bocken et al. 2014). This focus has meant that social aspects of sustainability are presently underrepresented in the literature (Lüdeke-Freund et al. 2018). In this research we utilise the strong social emphasis in the SE literature to support the development of conceptual framework. The SE literature similarly draws on case studies to understand how existing organisations are navigating financial and non-financial value. For example, Battilana and Dorado (2010) describe the different approaches of two new microfinance organisations to hiring and training employees. Also considering employees, Pache and Santos (2013) present a comparative case study of four work integration social enterprises. Florin and Schmidt (2011) validate a process model on value creation with a survey of 32 organisations, which the authors briefly describe. Other examples include Mason and Doherty (2015) investigating five fair-trade organisations, Barth et al. (2015) studying ten organisations supporting regional Australia, and Gillett et al. (2018) following four organisations involved in an empty homes project. As is evident just in these few examples, the SBM and SE literatures are a source of many case study descriptions that we utilise in this study.

We thus structured our method according to a case survey approach (Lucas 1974). We did not follow the case survey approach strictly however, as we were also interested in theoretical insights related to business model components. To bring rigour to the collection of cases and build theory, we applied an interpretive systematic literature review method (Rousseau et al. 2008). The first author undertook all sorting and coding, with all authors debating the emerging coding scheme extensively throughout the research process. Following Danermark et al. (2002), we undertook the systematic literature review in three Stages: description, analytical resolution, and abduction and retrodaction. **Figure 4** summarises the Stages.

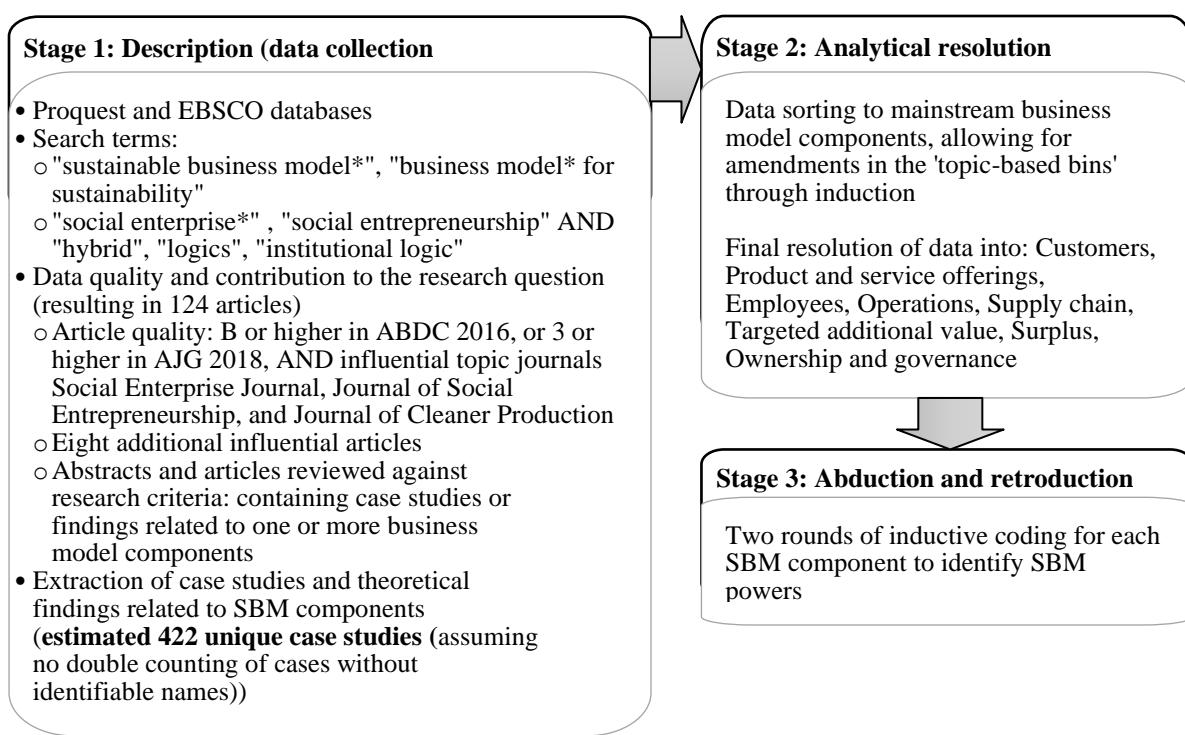


Figure 4 Summary of research steps

4.3.2.1 Stage 1: Description (data collection)

First, critical realist research is grounded in what is empirically observed, and as such, the phenomenon must be described. For the purposes of this study, description has already occurred; the first step is thus to collate the descriptions from the literature. As the study is conceptual, the purpose of the systematic literature review was to identify a wide range of case studies. Thus, we determined that the search engines Proquest and EBSCO would provide sufficient case studies. We used these search engines to generate the list of peer-reviewed SBM and SE articles, with terms searched in keywords and abstracts. SBM literature terms were ‘sustainable business

model*’ and ‘business model* for sustainability’. SE literature search terms were ‘social enterprise*’ and ‘social entrepreneurship’. We did not use the term ‘business model’ in the SE search, as this has not been widely used as a formal concept in the SE literature. Instead, the SE terms were combined with ‘hybrid’, ‘logics’ and ‘institutional logic’ to draw out the subset of SE literature studies focused on business responses to sustainability challenges. The search included articles published to the end of 2019. Only one article appeared in both SBM and SE literature articles. The search yielded 417 unique articles (215 from the SBM literature search and 203 from the SE literature search).

Articles ranked B or higher in ABDC 2016, or 3 or higher in AJG 2018 were included to ensure high-quality literature. Articles from the Journal of Cleaner Production, Social Enterprise Journal, and Journal of Social Entrepreneurship were also included as key ranked journals for the SBM and SE literatures¹. A further eight articles that did not meet the above criteria were added that were deemed by the authors to be influential in developing this emergent field (see Appendix A). The abstracts and articles were assessed in line with the study’s purpose; articles that did not provide case studies or did not include findings related to components of the business model were excluded. For example, articles focused on policy environments, legal forms, financial performance, governance practices, and social entrepreneurs’ actions were excluded. After these steps, 124 articles were included in the review.

The first author extracted the data from the articles. Data extraction included all case studies, SBM arrangements, and findings related to business model components, resulting in 422 unique case studies or SBM arrangements from the literature (assuming no double counting of cases without identifiable names). The cases covered a wide range of organisational types and sectors, including, for example, food and beverage, healthcare, retail, outsourcing, and finance.

4.3.2.2 Stage 2: Analytical resolution

Stage 2 comprised breaking the complex phenomenon into parts for analysis. A combination of directed (Hsieh and Shannon 2005) and inductive coding was used to sort the data,

¹ Journal of Cleaner Production is a key source for SBM literature (e.g. Bocken et al. 2014; Dentchev et al. 2018; Lüdeke-Freund and Dembek 2017; Stubbs 2017a) and ranked A in ABDC 2019. The Social Enterprise Journal and Journal of Social Entrepreneurship were identified by Hota et al. (2019) as journals where the most cited documents on social entrepreneurship research have been published.

with initial codes from Richardson's (2008) nine business model components (see Table 13) as 'topic-based bins'. This comprised reviewing the information provided in each case study (or theoretical contribution) and identifying the business model component it related to. For example, descriptions of products and services were coded to the 'product and service' component, while supplier-related activities were coded to the 'suppliers' component. Inductive coding was used where data did not fit within the topic bins, and reflected a particular activity type, resulting in amendments to the coding set. As the case studies in the literature have not been reported with the business model components in mind, and there is variation in the amount of information provided on each case study, we could only allocate the information provided to the appropriate component. It was through the large number of case studies that we got a range of codes for each component. After data sorting, a component-by-component check, and an overall review were undertaken to ensure sorting consistency.

While the deductive and inductive coding provided a starting point to identify the SBM components, further assessment was needed to fully resolve the data into meaningful components. We did this iteratively with Stage 3, by reviewing the contents, names, and descriptions of the components such that they meaningfully reflect the data and collectively describe what could be considered the core activities of an SBM. The final set of SBM components are shown in **Table 14**.

The components themselves are not dissimilar to the components identified in the mainstream business model literature. There are five main points of variation in the components. First, 'employees' is called out as a component. As shown in **Table 13**, employees' role in the mainstream business model is sometimes considered as 'resources' and 'capabilities'. The component was added due to the wide range of value-creating activities in the case studies for employees. Second, a subtle variation is the naming of the economic-focused component as 'surplus' rather than 'profit', or 'costs and revenue', following Bull (2008). The renaming reflects Stubbs and Cocklin's (2008) finding that financial aspects are the means, not the ends, of SBMs. Third is the inclusion of an ownership and governance component. We find that SBMs utilise ownership and governance roles and structures to support achieving SBM objectives. Fourth, we identify a component that focuses on creating wider value (targeted additional value). This component captures activities that are not directly related to the provision of products or services

but are vital to achieving SBM objectives (Santos et al. 2015). Finally, partnerships are not identified as a particular component (or sub-component). This is because the systematic literature review revealed that partnerships can be part of delivering value creation in SBMs across all components.

Table 14 Sustainable business model components identified through deductive and inductive coding of the data

SBM components	Description
Customers	How the organisation identifies and engages with customers.
Product and service offerings	Design, development, and delivery of products and services.
Employees	All activities related to employees, such as recruitment, training, wages and salaries, and employee programmes including health, safety, and wellbeing.
Operations	All internal activities necessary to maintain the running of the organisation, including manufacturing, office-based activities, and any additional activities that are undertaken ‘in-house’.
Supply chain	Activities to work with others up and down the supply chain to achieve organisational objectives, including direct suppliers as well as considering impacts further down the supply chain.
Targeted additional value	Activities that target sustainable value creation outside of the ‘core’ activities of delivering products and services to customers that are nonetheless fundamental to the organisation to achieve its purpose.
Surplus	Activities related to the flow of financial value through the organisation, including costs and revenues, and how any remaining surplus is used.
Ownership and governance	Stakeholders and structures that make up who is involved in ownership of the organisation and how governance is managed.

4.3.2.3 Stage 3: Abduction and retrodiction

Abduction and retrodiction involve reinterpreting the phenomenon to create new insights and investigating what must be true in order for the observable events to occur (Danermark et al. 2002). Abduction and retrodiction are thus focused on structures that are not directly observable; in this case the powers (or effects) of activities in each of the SBM components. We undertook two rounds of inductive coding of the data within each component. We considered the coding associated with each SBM component in turn. In the first round, we identified common themes in what was reported for each component's case studies and findings. In the second round we drew on the literature and data to identify the consequence, or effect, of the themes identified in the first round of coding. In other words, we identified the powers associated with each component. An example of the two rounds of coding is shown in **Figure 5** for the customer component. We were thus able to redescribe the data though the lens of powers and components of critical realism. The full description is provided in Appendix B.

In the next section, we present the powers of SBM components and discuss how the powers shed light on sustainable value creation. For the remainder of the paper, we will focus on the SBM literature, and only differentiate to the SE literature as necessary.

Example case study descriptions and findings sorted to the Customer business model component

Inductive coding
(round 1)

Inductive coding
(round 2, (SBM
powers))

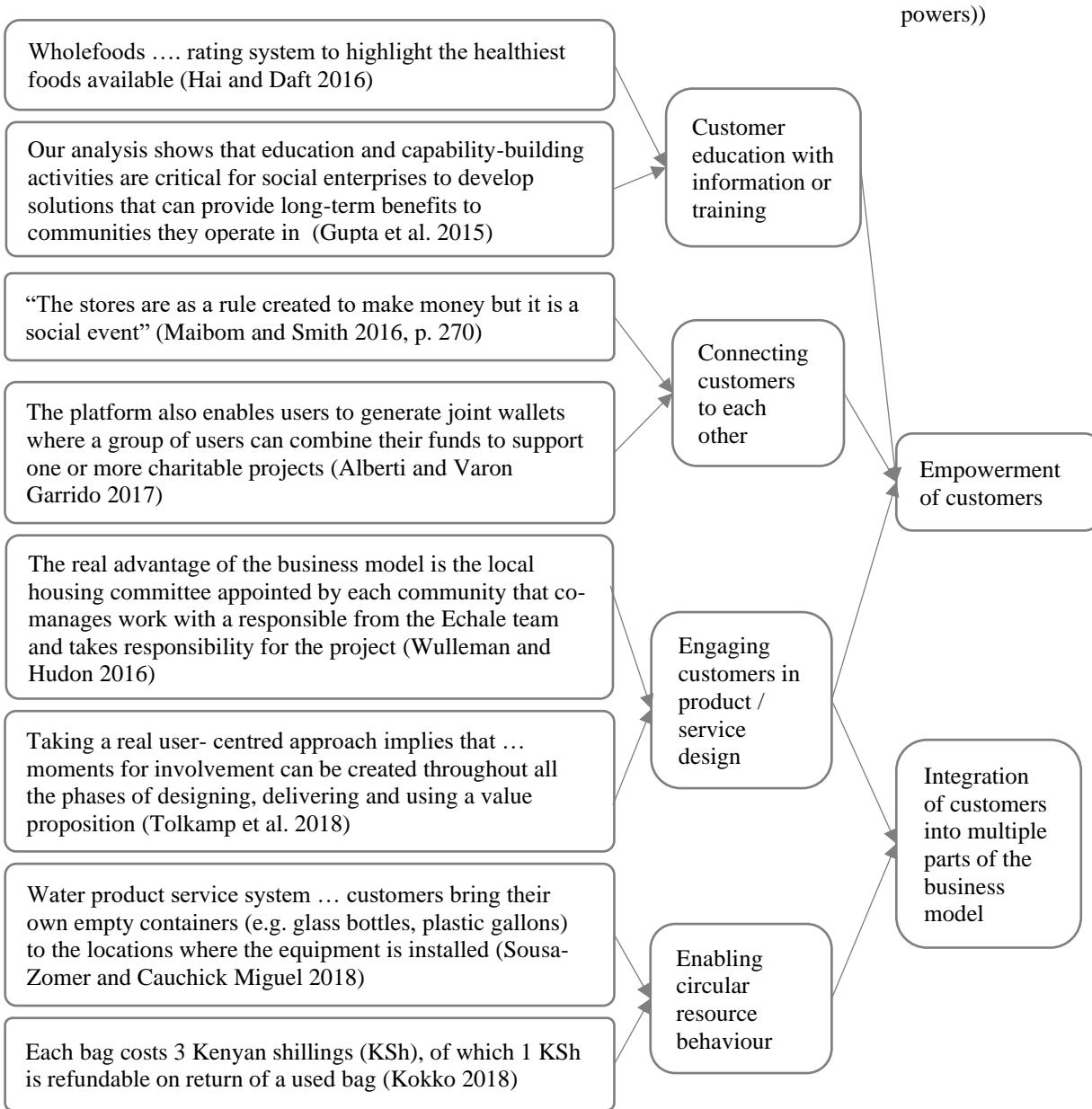


Figure 5 Example of two rounds of inductive coding to identify sustainable business model component powers

4.4 Sustainable business model ‘powers’

In this section, we present the SBM ‘powers’, which describe the potential effects, or outcomes, of activities in each SBM component. The powers are presented in **Table 15**, along with examples of possible ways the powers may emerge. The powers identify the types of sustainable value creation that occur within different SBM components and indicate the stakeholder groups that are recipients of the sustainable value creation. **Table 15** shows that, like with all viable business models, value creation with and for stakeholders is at the heart of SBMs (Amit and Zott 2015). Our findings show that this sustainable value creation is intentional in an SBM, and there is potential for the powers expressing different types of sustainable value creation to emerge in every component within the SBM. As we will discuss further in our contributions, we encourage SBM scholars to expand upon the SBM powers identified in **Table 15**. We also suggest that the components and powers can support consistent analysis of case studies within the SBM literature, to identify both the presence and absence of powers. As we discuss later, not all powers may emerge for any given organisation. Instead, the powers represent the tendencies of organisations with SBM components.

To structure the following discussion, we draw on several of the questions posed by Lüdeke-Freund et al. (2020). We first explore what the powers reveal about different types of sustainable value creation and its recipients. We then consider how the powers contribute to creating greater sustainable value. In our discussion, we refer to the powers with the identifiers included in **Table 15**. We use examples from the literature throughout the discussion to demonstrate our findings.

Table 15 Conceptual framework of sustainable business model components and powers

SBM component	SBM powers (from inductive coding, round 2)	Examples of how the powers could emerge (from inductive coding, round 1)
Customers	C.1 Empowerment of customers C.2 Integration of customers into multiple parts of the business model	<ul style="list-style-type: none"> • Customer education with information or training • Connecting customers to each other • Engaging customers in product / service design • Enabling circular resource behaviour (e.g. take back schemes)
Product and service offerings	P&S.1 Creation of sustainable value through customers and their stakeholders' engagement with the product or service	<ul style="list-style-type: none"> • Enabling customers to better meet their basic needs • Supporting livelihoods • Customer empowerment such as through education or enabling social connections. • Reducing customers' negative environmental impacts
Employees	E.1 Empowerment of employees in their work and lives beyond work E.2 Targeted social needs addressed through provision of employment opportunities	<ul style="list-style-type: none"> • Work agreements that provide security, sufficient pay, and respond to employee needs • Fitting tasks to the employees rather than employees to tasks • Contributing to employees' whole of life prospects and wellbeing • Providing employees with purpose and autonomy in their roles • Employing disadvantaged groups
Operations	Op.1 Creation of sustainable value through choice of locations of operations Op.2 Minimisation of negative environmental impacts of operations and maximisation of positive impacts Op.3 Minimisation of negative environmental impacts of products and services and maximisation of positive impacts	<ul style="list-style-type: none"> • Contributing to local communities • Working with local resource providers • Reducing transport to markets • Renewable resources • Circular economy approach
Supply chain	SC.1 Empowerment of suppliers SC.2 Targeted social needs of suppliers' or their communities addressed SC.3 Support for suppliers to improve their sustainable value creation	<ul style="list-style-type: none"> • Providing training and support to improve suppliers' operations or working relationships that enable suppliers to meet their own objectives • Targeting procurement spend to disadvantaged or local communities • Engaging with suppliers that have aligned values • Collaborating with suppliers to find improved sustainable solutions
Targeted additional value	TAV.1 Improvement of outcomes for stakeholders within the business model TAV.2 Improvement of outcomes beyond the traditional boundary of the organisation	<ul style="list-style-type: none"> • Providing wraparound training and support for target stakeholders • Advocating for systemic change
Surplus	S.1 Enablement of further sustainable value	<ul style="list-style-type: none"> • Reinvesting into the organisation • Extracting for aligned activities • Extracting for other sustainable activities
Ownership and governance	O&G.1 Integration of representative stakeholders into ownership and governance to receive and add value	<ul style="list-style-type: none"> • Employee ownership • Board seats for stakeholder representatives • Board seats for producers

4.4.1 What value is created, and for whom?

Our findings support previous literature (Freudenreich et al. 2020) that SBMs go beyond the influential ‘stakeholder salience’ perspective (Mitchell et al. 1997) to an intentional focus on sustainable value creation for a wide range of stakeholders. Our findings allow us to make a nuanced contribution to this. First, we identify sustainable value creation (with and) for stakeholders directly involved within the business model (relational stakeholders). We show that this is through the use of products and services and empowerment as a result of engagement with the SBM. Second, non-traditional stakeholders, who do not have strong voices and influence over the organisation, are intentionally brought into the core of the business model and are recipients of indirect sustainable value creation activities.

It is important to note that success (or otherwise) in meeting stakeholders’ needs is determined by the stakeholder (Upward and Jones 2016). In other words, it is the recipient of value creation who determines if a value is, in fact, created. As we follow the extant literature, which predominantly presents the organisations’ view of value creation, we cannot provide insight into how well these types of value creation meet different stakeholders’ needs and suggest this is an area for future research. Instead, we identify where SBMs *intend* to create value for different stakeholders. We now describe how this occurs for relational and non-traditional stakeholders in turn.

4.4.1.1 Relational stakeholders

The SBM components reveal how SBMs create value for stakeholders with a direct, or relational, role within the business model. Specifically, we find that SBMs intend to create value directly for customers and empower customers, employees, and suppliers.

As reflected in the mainstream business model literature, organisations target customers with value creation activities; however, SBMs take a more directed approach with this stakeholder group. More than focusing on ‘what the client will pay for’ (Teece 2010), our findings show that the SBM approach reflects what Santos (2012) terms ‘sustainable solutions’, which aim to address sustainability challenges. The powers are expressed through a focus on sustainable solutions in the product and service offering component, whereby sustainable value creation occurs through customers’ engagement with the product or service (P&S.1). For example, SBMs could help

customers improve health and wellbeing by providing nutritious food free from synthetic chemicals (Hai and Daft 2016; Katre and Salipante 2012), or support individuals' connectivity with others through providing collaborative working spaces (Kodzi 2015). Our findings reveal that SBMs target customers from a wide range of stakeholder groups. Customers include 'traditional' groups, who are competed for alongside organisations with commercial business models. As discussed in the next section, customers also include non-traditional customer groups. Non-traditional customers are groups not typically targeted by organisations with commercial business models, as non-traditional customers may have a lower ability to pay or require different offerings from the SBM.

Another type of sustainable value creation, which is repeated for stakeholders across the SBM, is empowerment. Here, our findings align with Santos' (2012) description of a relationship with stakeholders based on empowerment rather than control. The World Bank's (Alsop et al. 2006, p. 1) definition of empowerment is "the process of enhancing an individual's or group's capacity to make purposive choices and to transform those choices into desired actions and outcomes." From an SBM perspective, the powers show that SBMs undertake activities that aim to support the capacity of customers (C.1), employees (E.1), and suppliers (SC.1) to make choices that will lead to the stakeholders' intended outcomes. For example, Whole Foods provides customers with nutritional information about products directly at the point of purchasing, to support customers in making informed decisions (Hai and Daft 2016). For employees, Loccioni takes a whole of career view of its people, with programmes supporting people from before employment as members of the community, during employment, through to well beyond individuals' employment within the organisation as they move to different organisations or into retirement (Biloslavo et al. 2018). Loccioni also supports suppliers through a multi-sector network to connect suppliers with other potential clients and industries (Biloslavo et al. 2018). Thus, the SBM uses the relational nature of its engagement with these stakeholder groups as an avenue for providing sustainable value creation to those stakeholders.

4.4.1.2 Non-traditional stakeholders

Literature based on commercial business models identifies power relationships as a key determinant in the amount of value each stakeholder can receive (Bowman and Ambrosini 2000). In contrast, we find that SBM activities act to balance power relationships through greater

inclusion of stakeholders with traditionally less bargaining power. SBMs' focus on non-traditional stakeholders such as the environment and society (Bocken et al. 2014; Stubbs and Cocklin 2008) reflects Mitchell et al.'s (2016) conceptualisation of multi-objective organisations whose activities provide social welfare outcomes. Mitchell et al. (2016) argue that organisations have the "responsibility for articulating and pursuing the objectives that emerge from the explicit and implicit contracts among a particular corporation's stakeholders" (p. 265). Where Mitchell and colleagues set out the argument for a 'responsibility' the organisation takes on to contribute to sustainable value creation for non-traditional stakeholders, we shed light on the ways SBMs do this.

Our findings show that the 'community' or 'society' non-traditional stakeholder group contains particular sets of marginalised stakeholders. That is, individual organisations identify one or more sets of marginalised stakeholders to target in sustainable value creation. Marginalised groups might include, for example, low-income people (Pullman et al. 2018), low-skilled and long term unemployed women (Wilson and Post 2013), people with disabilities (Barth et al. 2015), people with autism (Santos et al. 2015), drug addicts (Imperatori and Ruta 2015), and incarcerated individuals (Pullman et al. 2018). We note that this finding is not new to the SE literature; however, the SBM literature has not provided detail on specific attributes of the 'community' or 'society' stakeholder group, which is necessary to better understand sustainable value creation for these groups (Lüdeke-Freund et al. 2020).

We divide the ways SBMs create value for non-traditional stakeholders into two groups. First, we find that SBMs integrate non-traditional stakeholders into the roles of relational organisational stakeholders. Integration of non-traditional stakeholders requires targeted activity on behalf of the SBM, as the groups' characterisation as marginalised means they are otherwise unable to readily access traditional stakeholder roles. Taking one marginalised group as an example: small holders can receive value as customers through low cost agricultural goods and services that increase their environmental performance and resilience (Ciambotti and Pedrini 2019) (C.1, P&S.1), through being supported into supply chains (Calvo and Morales 2016) (SC.1, SC.2), and included as stakeholder representatives in ownership and governance (Davies and Doherty 2019) (O&G.1). Similarly for another marginalised group, poor women can be customers receiving value such as affordable legal services (Litrico and Besharov 2018) (C.1), as employees (Battilana

et al. 2012) (E.2), as suppliers (Katre and Salipante 2012) (SC.1, SC.2), and as owners (Holt and Littlewood 2015) (O&G.1). Khayelitsha Cookie Company demonstrates integration into two roles; whereby unskilled women are hired as employees and are made employee-owners with 30% of the business (Holt and Littlewood 2015). Through integration into relational organisational roles, these stakeholders can receive the traditional benefits of those roles, such as job security and reliable contracts (Freudenreich et al. 2020) and the sustainable value creation described in the previous section of sustainable solutions and empowerment. The natural environment could also be considered in the role of non-traditional organisational stakeholder, particularly in the role of supplier. Driscoll and Starik (2004) identify direct relationships organisations have with the environment, such as the environment as the provider of forestry and fisheries and dealing with organisational wastes such as runoff from farms.

Second, SBMs create value ‘from an arm’s length’, whereby SBMs intentionally create value for those stakeholders with whom there is no direct integration into the delivery of organisational activities. There are two main ways we identify arm’s length sustainable value creation in an SBM. The first is actively partnering with other organisations to create value for large groups of the target stakeholder. This could include undertaking and sharing research (e.g. Gupta et al. 2015) (TAV2, SC.3), or advocacy on behalf of the stakeholder group (e.g. Pullman et al. 2018; Katre and Salipante 2012) (TAV.2). SolidaritySurplus worked to share its business model of collecting and distributing still useful food waste to organisations feeding those in need to governments and other organisations that could mimic and learn from it (Rossignoli et al. 2018). These examples are typically part of the targeted additional value component. In the surplus component, arm’s length sustainable value creation can include extraction of surplus for investment in community initiatives (e.g. Mair et al. 2015; Kannothra et al. 2018) (S.1). The second approach we identify to arm’s length activities is sustainable value creation for the natural environment. For example, the environment cannot be a customer in the traditional sense; however, it can benefit from customers’ use of goods and services that have regenerative, or reduced negative, impacts on the environment (e.g. Hai and Daft 2016; Teasdale 2012) (P&S.1). Similarly, British Sugar and Kalundborg have co-located operations to utilise the by-products of their and others' operations as resources (Lüdeke-Freund et al. 2018) (Op.3). This reduces the need for extraction of virgin materials and associated impacts.

4.4.2 How can value creation become more sustainable?

Lüdeke-Freund et al. (2020, p. 82) also identify another important avenue for future research, as “whether and how value creation.... can be designed in more sustainable ways”. Our findings contribute insights in this area. We identify variation in the potential for degrees of sustainable value creation in how activities are expressed within or across components and suggest that the sustainability logic as a generative mechanism that may enable the emergence of the SBM powers.

4.4.2.1 Configurational fit for enhanced sustainable value creation

Configurational fit refers to the degree of mutual reinforcement which acts to increase effectiveness of the business model (Storbacka et al. 2012). According to Miller (1996), greater configurational fit can occur from unifying themes within a business model. The literature has focused on the configurational fit for competitive advantage (Miller, 1996; Payne, 2006). Our findings suggest that configurational fit from a unifying sustainability theme may have an advantage for sustainable value creation.

We identify potential for variation in the degree of sustainable value creation between how powers emerge within the SBM. We can divide the way the powers can emerge into two groups: restricted to activities within their associated component and activities undertaken across multiple components. For example, in the supplier component, Ben & Jerry's intentionally choose like-minded suppliers to support their products' delivery in line with their values (Hai and Daft 2016). This demonstrates the power of supporting suppliers' sustainable value creation activities (SC.3). This power is also expressed through HÅG's activities. HÅG invites suppliers with aligned values to come into its product development process (Høgevold 2011). This means that suppliers are involved in both the supplier and product and service offering components. Through involvement in product design, the suppliers may innovate new solutions with and for HÅG, improving sustainable value creation in the suppliers' business model. The power is thus expressed in both examples. In the first, the activities that lead to the power emerging are contained within the supplier component. In the second, additional activities are involved that connect two components of the business model, and lead to the power emergence. The latter is an example of greater configurational fit between the SBM components, whereby the powers are expressed through multiple elements in the business model reinforcing one another.

In other words, based on these, and similar examples in the literature, we posit that where there is a greater configurational fit between components where SBM powers emerge, there is an opportunity for greater net value for society and the environment to be created. While we identify this potential through our conceptual framework, more research is needed to confirm, quantify, and understand any further implications from these relationships between powers and component activities.

4.4.2.2 Sustainability logic as a generative mechanism

In our study, we found that, at least in case studies described to date, not all powers consistently emerge together. The case studies in the literature show a spectrum from one to two powers emerging, through to a high number of powers emerging. For example, Liberty Source focuses on employing military spouses and veterans through outsourcing services to the mainstream market (Khan et al. 2018). This business model targets an identified need for employment among this group (E.2). In another case study, Stonyfield Europe provides organic dairy products to the market from a vast organic farmer network (Haigh et al. 2015). The apparent powers emerging in this example are nutritional value for customers (P&S.1) and supporting suppliers with aligned values (SC.1). Greyston Bakery creates jobs for long-term unemployed and unemployable people (E.2), provides additional support to help employees succeed (TAV.1), and works with suppliers with aligned values (SC.3). In an example with a high proportion of powers emerging, Macken Växjö is an employee cooperative for marginalised people to provide services such as language workshops, goods repair and second-hand goods sales, and business development support (Gupta et al. 2015). The powers identifiable in this example include customer and product and service offering powers through training and repair services (C.1, C.2, P&S.1), addressing social needs through the employment of marginalised groups (E.2), second-hand goods minimising product impacts (Op.1), and integration of representative stakeholders into ownership through the cooperative model (O&G.1). We turn to exploring a potential generative mechanism for these powers to help explain why only some powers may emerge in any given organisation.

We follow Leca and Naccache (2016), who identify that institutional logics can act as generative mechanisms. Institutional logics hold the shared material and cognitive approaches and beliefs that have developed over time and guide ‘acceptable’ actions and decision-making (Thornton and Ocasio 1999). Under the sustainability logic, key stakeholders are humanity,

society, and the environment (Laasch 2018). In addition, the sustainability logic is based on core content of caring for others, moral responsibilities and multi-stakeholder exchange (Laasch 2018). We thus posit that the sustainability logic influences what has been observed empirically and described in the literature. We suggest that SBMs have an underlying notion of caring for others and moral responsibility and focus their attention on one or more non-traditional stakeholder groups' needs. As a result, SBMs give priority to those non-traditional stakeholder group(s), which leads to targeting of sustainable value creation for these group(s) through organisational activities.

However, it is not sufficient for a logic to just be present to influence organisational activities. As institutional logics shape, and are shaped by, organisational actors, it is necessary to consider the micro-foundations of institutional logics as generative mechanisms. Thornton et al. (2012) describe three conditions necessary to cue an institutional logic in the minds of organisational actors and trigger action. Firstly, the institutional logic, or specific aspect within the logic, must be available; that is, the actors must understand the logic. Secondly, the information must be accessible and come to mind when a specific situation occurs. Finally, the institutional logic must be activated; it must be applied to passive or active behaviours. This is because what is available and accessible may not necessarily be activated in a specific situation (Morris and Gelfand 2004). These micro-foundations of institutional logics may provide an explanation for why we see in the literature that only some powers emerge, and only in association with some components.

To illustrate this, we draw on these criteria to consider why similar powers may not emerge together. Powers such as empowerment of stakeholders (for customers (C.1), employees (E.1), and suppliers (SC.1)), and leveraging the business model to respond to social needs (through employment (E.2) or supply chain spend (SC.2)) appear to rely on care for others. Yet our analysis reveals these powers do not necessarily emerge together. The lack of multiple-power emergence may be because the generative mechanism is not triggered in the design, implementation, and operation of the respective activities. For example, first, actors may have the sustainability logic characteristic of caring and prioritising others' needs. This may be agreed within the organisation and captured within, for example, organisational values. Second, when designing the employment approach, the actors may recognise that the organisational value of care is relevant to the task at hand. Finally, the actors may then look for different ways of designing employee activities to

respond to the value of care, such as developing programmes that empower employees. However, the process may not be the same when the actors consider the supply chain component. Even though the logic is available (the first criterion), such as documented in organisational values, the situation surrounding the design of supply chain processes may not lead to the sustainability logic being triggered (the second criterion). For example, the commercial logic may be triggered instead, through an organisational focus on keeping costs low. The commercial logic may then dominate the actors' considerations (Thornton et al. 2012), resulting in a commercial trade-off mindset rather than value creation for all stakeholders mindset (Freeman 2010). As a result, the actors may implement traditional commercial supply chain activities, without integrating the sustainability logic into that business model component. Put simply, the sustainability logic's influence in one component of the business model does not necessarily mean it will inform activities in other business model components. This has implications for the degree of sustainable value creation an organisation can achieve, particularly in combination with our earlier suggestion that powers expressed through multi-component activities may lead to greater sustainable value creation. While we have considered only one possible generative mechanism, this illustration shows that it is essential to understand potential generative mechanisms, and what may support or interrupt these mechanisms and thus the emergence – or not – of SBM powers.

4.5 Conclusion

In this paper, we address the need for greater clarity of what comprises an SBM. In this paper, we identify components that set out the fundamental groups of activities in an SBM, and powers that describe the effects, or outcomes, of those activities. Our conceptual framework showed that sustainable value creation - designing-out negative impacts and designing-in positive impacts from activities within and across SBM components to maximise net sustainable value for society and the environment - is at the heart of SBM component powers.

4.5.1 Contributions

1.1.1.1 Sustainable business model literature

We make several contributions to the SBM literature, responding to calls for further insights into business model approaches that lead to sustainable value (Bocken 2015; Lüdeke-Freund et al. 2020). Our primary contribution is our response to the recent call of Lüdeke-Freund et al. (2020), by contributing to understanding of how, where, and for whom value creation occurs

within an SBM. **Table 15** outlines SBM powers which capture types of value created and the SBM components they relate to. We provide examples of activities that can lead to this sustainable value creation. Further, we provide insights into the stakeholders who are involved in and recipients of sustainable value creation, and the ways this occurs.

Lüdeke-Freund et al. (2020) make a case for transparency of different types of sustainable value creation and destruction within SBM literature, such that normative arguments of what value *should* be created can be critically debated. By identifying components and powers, our findings can support SBM scholars in achieving greater transparency and consistency in how case studies are reported – such as identifying the presence and absence of different powers. Thus, we provide an essential building block for scholarly debate on what comprises an SBM. As captured in **Table 15** and described in the discussion above, our findings reveal that sustainable value creation for stakeholders can occur in each and every component of the SBM. Therefore, one argument may be that all components being focused on sustainable value creation for stakeholders could be a requirement for being considered an SBM.

The integration of the SE literature also contributes to the SBM literature. Our paper contributes to resolving the identified underrepresentation of social aspects within SBM literature (Lüdeke-Freund et al. 2018). The SE literature provides a rich source of case studies that have an emphasis on this aspect. In particular, by drawing on the SE literature, which has an established focus on marginalised stakeholders, we contribute to understanding how non-traditional stakeholders are integrated into SBMs and are recipients of sustainable value creation (Lüdeke-Freund et al. 2020).

Finally, we contribute to the SBM literature by demonstrating how the critical realist approach can be used to provide new insights. The critical realist perspective supports precision in explicating what makes up an SBM and a focus on revealing the potential of SBMs. In addition to being well suited to synthesising and building on scientific knowledge, the critical realist approach is uniquely suited to identifying mechanisms and structures that have the potential for social transformation (Lennox and Jurdi-Hage 2017). More than this, it is a core belief of critical realists that social research should contribute to transforming society (Egbo 2005; Crotty 1998). This

stance reflects our research, and the SBM literature generally, which is engaged in the topic of SBMs to provide insights that may support organisations increasing sustainable business practices.

1.1.1.2 Social enterprise literature

For the SE literature, this paper responds to the call for research into new business models and related organisational forms that will help address society's intractable problems (Tracey et al. 2011). SE scholars have responded to this call with different examples of organisational forms for sustainability outcomes (e.g. Stubbs 2017b; Gümüsay and Smets 2020; Kenny et al. 2019). However, while the term 'business models' is present in the social enterprise literature, its use is general, and does not draw on the structures or insights from the business model literature. We demonstrate how the SE literature and its emergent concepts fit with the business model concept. In doing so, our findings contribute an empirical and analytical base for how social enterprises are different from commercial business models. Furthermore, the integration of the SBM literature with the SE literature bolsters this empirical base. Our findings also indicate a spectrum beyond the current hybrid organisational models, which draw on several, but not all, the components and powers identified. This could be further explored to increase sustainable value creation within individual business models.

1.1.1.3 Managers

First, for managers considering the pressure of sustainability on commercial organisations, there is a lack of clarity of what it means to be a sustainable business. Put simply, it is not yet clear what organisations should be targeting. This is because, while the extant literature includes useful descriptions of the array of activities that could be undertaken in an SBM (e.g. Lüdeke-Freund et al. 2018; Bocken et al. 2014), and frameworks that guide principles and considerations in designing SBMs (e.g. Joyce and Paquin 2016; Biloslavo et al. 2018), it does not yet provide simple descriptions of the potential effects of SBMs at the level of SBM components. In this research, I contribute to greater clarity in this regard. **Table 15** outlines eight components of an SBM, describes the effects of activities in each component, and provides examples of how the powers could be achieved. As such, **Table 15** provides a clear and accessible reference for managers to understand the potential of an SBM. Additionally, this research provides key insights for managers about SBMs to supplement **Table 15**. The research clarifies that sustainable value creation can occur in all components of an SBM. This can help managers understand the scope of SBM

activities. The powers described also show managers how sustainable value creation can involve different stakeholder groups in each component of the SBM. Collectively, these insights and simple table can act as a ‘guiding star’ for managers’ transformation efforts. As part of providing a clear ‘end point’ for SBMs, **Table 15** can be used practically in every phase of change. Managers can compare organisational activities and outcomes against the tool and identify how close or far the organisation is in each business model component. This exercise will also reveal which components or powers are easier to achieve for the particular organisation, and which components of the business model may require more change effort. These insights gained into relative change effort can then be used to assist in programming change activities.

4.5.2 Limitations and future research

The systematic literature review was confined to the SBM and SE literatures. There may be other streams of literature and examples that would enhance our findings. Similarly, the paper and our findings are based on existing organisations through case studies from the literature. This is both a strength and a limitation. As a strength, all the activities and approaches described in the literature have been applied and can be further built upon. As a limitation, the reliance on existing ways of creating sustainable value means the paper does not contribute to further widening the possible ways value can be created. We encourage SBM scholars to expand upon the SBM powers identified in **Table 15**. In particular, we note that the powers we identify in this paper are each associated with an SBM component. We posit, however, that there are powers that arise out of the SBM acting as a whole – the whole being greater than the sum of the parts. As our study did not uncover empirical examples where all, or a majority, of identified powers emerged, we cannot suggest what these powers may be. This is an area for future research.

As noted by several scholars (e.g. Upward and Jones 2016; Lüdeke-Freund et al. 2020), stakeholder perceptions of value creation are essential to determine if activities meet stakeholders’ needs. Our systematic literature review could not ascertain the relationship between the sustainable value creation described and the appropriateness of the types of value targeted for meeting stakeholders’ needs. Future research could consider each of the types of value creation described in the powers, and how these meet (or do not meet) the needs of different stakeholder groups.

In this paper we applied the critical realist approach to the SBM literature, focusing on two aspects: components and powers. Further research is needed to develop the application of critical realism to SBM research and realise the benefits of this ontological lens. In particular, further research could develop our understanding of the structure of SBMs by explicating the relationship between components and powers and investigate other possible generative mechanisms. The critical realist approach aims to determine the explanation that ‘best fits’ by assessing multiple potential hypotheses (Mingers 2014). We suggest future research further explore how institutional logics may act as generative mechanisms and mechanisms arising through means other than institutional logics. For example, Laasch (2019) identifies the roles of artefacts, activities, and cognitive changes in integrating ‘responsible business’ practices into an existing organisation. An area of research may be the role of artefacts in triggering each of the three criteria for the sustainability logic.

Chapter 5. Implications of institutional logics interactions in business model change for sustainability in an existing professional services firm (Study 2)

5.1 Introduction

To respond to the significant environmental and social challenges we face globally, scholars have called for changes “at the core of the business model” (Bocken et al. 2014, p. 44). This is because business interacts with the environment and influences how society functions (Demil et al. 2015). Businesses shape how people work, the types of goods and services consumed and how this occurs, and relationships along the value chain from resource extraction, through manufacture, distribution, use and disposal (Demil et al. 2015). The combination of these aspects is reflected in the concept of a business model; the interconnected nature of which means that individual organisations can play a role in shifting entire networks to new, sustainable, activities and relationships (Johnson and Suskewicz 2009).

The business model for sustainability (SBM) literature has grown in response to the calls for business model change for sustainability. Recognising the relatively new area of research, Dentchev et al. (2018) outline a range of areas requiring further research. These include expanding the range of organisational types explored from an SBM lens, detailing antecedents of SBMs, including how existing organisations can navigate change towards SBMs, and strengthening theoretical contributions that build on those already introduced to the SBM literature. Of relevance for this paper, it is necessary to better understand how business model changes for sustainability occur within existing organisations (Ritala et al. 2018). In this paper, we consider existing professional services firms (PSFs). PSFs are a distinct organisational type that has not been well studied in the SBM literature, despite playing a leading role in guiding and shaping behaviour of the businesses and governments they work with (W. R. Scott 2008). In particular, the literature does not yet provide a thorough understanding of how existing organisations navigate barriers and enablers to move towards a more sustainable business model (Geissdoerfer et al. 2018).

Fundamental to business model change is the accepted norms and practices that hinder or facilitate managers’ abilities to make changes to their business models (Bettis & Prahalad, 1995; Chesbrough & Rosenbloom, 2002). We explore these norms through the lens of institutional

logics, which capture the shared understanding and values that guide practices, behaviours, and organisational structures (Thornton and Ocasio, 1999). More specifically for our study, insight is needed into the interplay of commercial, professional, and sustainability expectations within existing organisations. Therefore, we consider the research question: How do institutional logics within an existing PSF influence transformations towards more sustainable business models?

To respond to this question, we follow, ethnographically, a PSF seeking to respond to sustainability challenges. We identify commercial and professional logics interacting with the sustainability logic in each component of the business model and explore the implications of these interactions. We find that the commercial logic is instrumental in action being taken on customers' sustainability expectations, and a transformation from a view of individual customers demanding increased sustainability to a broader customer trend is a key step in more substantial business model change. The professional logic leads to an organisational and management approach that requires consensus to be built prior to business model changes. However, we also suggest the sustainability and professional logics can align through a focus on knowledge building and contribution to society.

This paper is laid out as follows. First, we overview the SBM literature and introduce institutional logics. Second and third, we outline our ethnographic methodology and describe the institutional logics in our case study in each of the business model components. Fourth we present our analysis of the interactions of the commercial and professional logics, respectively, with the sustainability logic, and explore the implications of these interactions. Finally, we present our conclusion, contributions, and suggest areas for future research.

5.2 Theoretical context

5.2.1 Business models for sustainability

The business model concept describes what a business does and how it does it (Zott et al. 2011). It articulates: what activities are performed, by whom, how the activities and actors are related to each other and in what order, and where the activities are undertaken (Zott and Amit 2010). Business model components typically identified in the literature include customers, product and service offerings, suppliers and partners, operations (comprising resources and capabilities), and costs and revenues (Richardson 2008; Osterwalder and Pigneur 2010). Staff, ownership and

governance could also be considered business model components, although these are less commonly identified in the business model literature.

The application of business model concepts to sustainability is the starting point for the SBM literature. However, SBM scholars have observed a ‘profit-first’ orientation of the mainstream business model literature, resulting in environmental and social considerations being ‘implicitly deemphasised’ (Joyce and Paquin 2016; Biloslavo et al. 2018; Kurucz et al. 2017). Therefore, at its core, the SBM literature aims to “re-conceptualise the purpose of the firm and value creating logic and perceptions of value” (Bocken et al. 2014, p. 43). Thus in the SBM literature, ‘value’ is deliberately extended from the financial focus of mainstream business model literature, to a focus on how business models can be used to reduce negative impacts and contribute positively to the environment and society (Schaltegger et al. 2016).

The SBM literature provides insight into how organisations are achieving a more expansive view of value through their business models. The literature shows that sustainability can contribute to every component in a business model, collectively describing what a SBM could be (see Lüdeke-Freund et al. (2018) for a comprehensive review of different activities within SBMs). However, even amongst organisations with a clear commitment to the sustainability logic, there is variation in which aspects of sustainability are prioritised and how these are seen to interact with other aspects of sustainability (DiVito and Bohnsack 2017). Laasch and Pinkse (2020) suggest a scale of how existing organisations respond to sustainability pressure, from ‘discretionaries’ with strong commercial relationships and drivers, through ‘remedials’ with more ambiguity and pressure, to ‘reactives’ and ‘proactives’, who face similar pressure for sustainability but respond with minimum effort or actively work embed to sustainability into the business model. Delving into decision-making, Hahn et al. (2014) identify how a business case for sustainability lens leads to narrower detection of sustainability issues and prioritisation of commercial outcomes, in contrast to a ‘paradoxical’ lens whereby sustainability is viewed more broadly, and tensions are accepted and navigated. However, the extant literature exploring the implementation of SBMs is remains relatively new and sparse, and SBM scholars have called for further research into the dynamic processes within organisations that may (or may not) lead to change (Geissdoerfer et al. 2018; Pieroni et al. 2019).

Several SBM scholars identify institutional barriers to change. Laukkanen and Patala (2014) and Long et al. (2018) find the external environment is a source of barriers (or conversely, drivers); comprising lack of flexibility of existing regulations or lack of supportive regulations, and events that result in positive or negative stakeholder pressure. The authors also identify internal barriers from lack of understanding of sustainability and lack of knowledge about its application, and a fear of disrupting profitability of existing approaches, combined with lack of certainty of proposed approaches. More fundamentally, Laukkanen and Patala (2014) detect underlying normative rules, attitudes, and values as barriers and drivers. As echoed in a recent study by Bocken and Geraets (2020), the authors point to underlying focus on shareholder value and short-term focus as institutional barriers and drivers for SBMs. Furthermore, Bocken and Geraets (2020) find that these institutional barriers make SBM particularly vulnerable to the barriers arising from inertia of existing organisational approaches. Outside of the identification of types of barriers such as these, extant research has primarily focused on actions, with less consideration of why inaction occurs (Slawinski et al. 2016; Bocken and Geraets 2020). In the next section, we introduce institutional logics as the potential source of the norms and beliefs that have been identified as a barrier to change, and a key area to be addressed in future research (Pieroni et al. 2019).

5.2.2 Institutional logics

Thornton and Ocasio (1999, p. 804) define institutional logics as “socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their social reality”. Institutional logics thus hold the shared approaches and values that have developed over time and guide ‘acceptable’ actions and decision-making. With the introduction of logics, institutional scholars identified ‘generic’ logics and their resulting characteristics. These included institutional logics of market, family, community, and religion (Friedland and Alford 1991). As the institutional logics theory developed, scholars have expanded the descriptions of these logics, added other core logics, and identified the creation of new logics through combinations of the generic logics.

Institutional scholars recognise that there is a growing institutional complexity, and as a result, organisations are operating within, and influenced by, multiple logics over long periods (Seo and Creed 2002; Greenwood et al. 2011). The literature explores interactions of logics within

organisations. It identifies that organisations, with rare exception, operate under one dominant logic, with other logics having localised, weak, or moderating effects (Greenwood et al. 2010; Almadox 2012; Durand and Thornton 2018). However, even with a dominant commercial logic in business models, other logics influence decision-making and impact upon how resources and revenues are managed (Radoynovska et al. 2019).

Considering tensions created by interactions of different logics, Besharov and Smith (2014) outline a model to describe the level of conflict arising from logic interactions. They identify primary dimensions of logics being core (or not) to organisational strategy, and compatibility (or lack thereof) of the actions prescribed by the respective logics. How logics interact along these dimensions leads to varying degrees of alignment or conflict. Ocasio and Radoynovska (2016) suggest that organisations can interpret institutional complexity either as incompatible or providing opportunities for integration of logics. The authors argue that these interpretations shape organisational business models, including how value is created and subsequently distributed. Putting this in Besharov and Smith's (2014) terms, discerning logics as creating opportunities for integration means multiple logics can simultaneously be seen as core to organisational objectives, and is more likely to lead to identification of aligned practices between the respective logics. On the other hand, perceiving logics as incompatible is likely to lead to one logic being identified as core, and a focus on opposing practices of the logics, increasing potential for conflict. In this paper, we explore the interpretations and interactions between three logics: commercial, professional, and sustainability logics, summarised in **Table 16**

Table 16. To illuminate the potential influence of each of these logics on a business model, it is useful to describe the attributes of a PSF as if it were operating solely under each logic separately (Goodrick and Reay 2011).

Table 16 Core content of commercial, professional, and sustainability logics (adapted from Laasch 2018; Thornton 2004; Barac et al. 2019))

Core content	Commercial logic	Professional logic	Sustainability logic
Objectives / drivers	Financial	Personal expertise, autonomy	Environmental and social benefit
Key stakeholders	Customers, shareholders	Professional network	Humanity, society, environment
Governance	Efficient, effective, profitable	Networked, consensus	Inclusive, equitable, restorative
Interactions	Opportunistic, self-interested, contractual,	Peer review, cooperation to build future	Relational and caring, moral responsibilities, multi-

Core content	Commercial logic	Professional logic	Sustainability logic
	market exchange, competition	knowledge, social contract	stakeholder exchange, collaboration
Timeframe	Short to medium	As prescribed by technical need	Long

The commercial logic is the prevailing logic in business models. The objective of an organisation operating under the commercial logic is maximisation of financial value for shareholders (Laasch 2018). Which products and services are provided to the market are determined so they maximise possibility of value capture for shareholders (Goodrick and Reay 2011). Technical professionals are typically employees of the organisation, with management roles held by non-technical professionals (Goodrick and Reay 2011), under a hierarchical control model (Pache and Santos 2013). Organisational operations are designed to minimise costs and increase efficiency (Mitzinneck and Besharov 2018), with management determining product and service prices, how they are delivered, and employees' training needs (Goodrick and Reay 2011). Any sustainability benefits achieved across the business model are a result of the pursuit of profit for the organisation (Pache and Santos 2013).

The professional logic is an important influence in PSFs. The professional logic captures the specialist knowledge held in professional networks and associations and social interactions between different groups of actors, and how these guide actions and decision-making (Thornton et al. 2012). Professionals are characterised by a reliance on and protection of abstract knowledge in their work (Goodrick and Reay 2011). Organisations under this logic comprise collections of individuals working in partnership (Thornton 2004). In this model, individuals maintain control over their own work, and organisational leadership is made up of professionals (Goodrick and Reay 2011). Profits are shared directly between members of the partnership. Knowledge between professionals is shared as part of maintaining quality for the overall profession, which is managed through industry associations (Goodrick and Reay 2011). The organisation, and wider industry of professionals, trains future professionals under apprentice-type relationships (Thornton 2004).

The sustainability logic has been described by Laasch (2018). An 'ideal type' organisation under a sustainability logic has an objective of maximising social and environmental value (Laasch 2018). As such, products and services are designed to meet social and environmental needs (Pache and Santos 2013). Similarly, operations are designed to protect the environment, such as through

resource efficiency (Laasch 2018), and support communities and create wider economic value, such as through creating local jobs (Mitzinneck and Besharov 2018). Profit is managed as a means to achieving the organisation's objectives, not an end goal (Stubbs and Cocklin 2008), and as such, organisations under this logic may have a non-profit form (Pache and Santos 2013). Community ownership is used as a way of (re)distributing value to a wider set of stakeholders (Laasch 2018), with associated democratic organisational control (Litrico and Besharov 2018).

While there are increasing numbers of studies exploring interactions between logics, there are limited studies specifically focusing on the sustainability logic. Our discussion of the differences in understanding of 'value' in the commercial and sustainable business model literatures appear to reflect the descriptions of the commercial and sustainability logics, respectively. Put simply, we suggest that commercial business models are expressing the commercial logic, and SBMs are expressing the sustainability logic. However, there is limited literature connecting the business model and institutional logics concepts. We therefore find that a greater understanding is needed of how institutional logics shape overall business models and, importantly, interact with other logics to support or deter the implementation of more sustainable activities and relationships within the business model.

5.3 Methodology

This research comprises an ethnographic case study of a PSF that was seeking to understand how to respond to sustainability challenges. Ethnography is well suited to studies of change processes, and in particular those considering macro-level structures such as logics, combined with the 'messy' and 'improvised' micro-level activities that occur as change is navigated (Micelotta et al. 2017). Ethnographic research requires trusting relationships and wide-ranging access, and hence we drew on the pre-existing relationships of the first author, following Riemer (1977). The first author has a long-standing working relationship with the case study organisation and thus had good rapport with firm members, already 'fitting in' when the research commenced. Furthermore, the study takes advantage of the first researcher's professional experience with over ten years' experience working as a sustainability consultant.

We refer to the case study organisation by the pseudonym 'Orion' and only provide necessary organisational details to maintain the anonymity of the organisation. Orion is a well-

established PSF of medium size operating predominantly in Australia and New Zealand. Orion provides services related to the built environment to a wide set of public and private companies across many sectors. Orion has an employee-ownership structure, whereby mid- and late-career employees who are established in the firm are invited to become shareholders.

5.3.1 Data collection, sorting, and analysis

Data collection took place from July 2019 to March 2021. In addition to the approximately one day per week undertaking Orion's sustainability project, the first researcher spent one to two days per week engaging with team members on separate projects. This provided additional opportunities to observe interactions in different settings and have informal interactions regarding the sustainability project. Through these multiple avenues, the first researcher had unfettered access to individuals across Orion, including senior management and Board members. This included individuals with alternative views on sustainability from the first researcher, who freely provided their time and views to contribute to the research. Data collection was as follows. Organisational documentation included board papers, formal meeting minutes, annual reports, policies, and training material. Detailed notes were typed during meetings and serve as partial transcriptions. Activities and reflections were documented immediately following their occurrence, at the end of the day, or at the conclusion of significant periods of activity. Finally, 11 semi-structured interviews of around one hour were undertaken with a cross-section of employees, including those involved and not involved in the project. This suite of interviews served two purposes. First, observing if logics were expressed consistently across the organisation. Second, as the interviews were undertaken approximately two-thirds through the data collection period, the cross-section of employees provided an opportunity to understand how the initial phases of the project had been received outside of those directly involved. The interviews were recorded and transcribed.

We sorted the data through undertaking three rounds of coding. The first author, being responsible for the field work, did the initial coding, but all authors debated the emerging coding scheme extensively throughout the research process. First, we coded data by date and critical project activities to create an 'event history database' (Garud and Rappa 1994). The event history enabled cross-checking of activities and supported narrative development. Second, data were deductively coded to business model components. The components were: customers, products and

services, employees, operations, suppliers, costs and revenues, ownership and governance. Finally, following Goodrick and Reay (2011), we used pattern matching (Reay and Jones 2016) to deductively code the data to the ideal types of the commercial, sustainability, and professional logics. This step was a combination of deductive and inductive coding, whereby we first identified the logics that were being expressed, and then inductively identified themes within the data, and matched these themes to core content within the logic. These additional steps of inductive coding and matching provided greater precision on not just which logics were being expressed, but what core content and in what ways the expressions of logics were emerging.

Analysis of the sorted data was by abduction (Mingers 2014), moving between the data and theory to explore the interactions between the logics and the business model components. We developed descriptions of each business model component. To identify how the logics were interacting, we looked for alignment or misalignment of logic objectives or prescriptions for actions in the data. When we identified interactions, we followed the event timeline to explore what occurred (or did not occur) as a result of the interactions. We then considered the implications of these interactions, and further explored the data to confirm if these implications were apparent in our case study.

5.4 Findings

In this section, we describe our case study. We first provide a brief overview of sustainability activities during the study period to provide context, before focusing on the interaction of logics within each of the business model components.

5.4.1 Summary of sustainability project and outputs

Prior to the current focus on sustainability, various attempts had been unsuccessfully made to integrate sustainability into Orion's core activities. The renewed efforts, however, benefited from greater focus on sustainability in the external environment. This included, for example, the UN Sustainable Development Goals, Paris Agreement on Climate Change, increased government focus on sustainability, and increased societal awareness of issues such as plastic waste and climate change. There was also a general sense of increasing numbers of clients asking Orion to provide sustainability information in proposals.

At the commencement of the study period, Orion allocated resource to better understand Orion's sustainability context and identify how to respond more systematically to this context. The project was proposed and led by a sustainability professional (the lead author), who spent approximately one day per week on the project, supported by a new risk manager. Two members of the senior management team were nominated as project sponsors and contributed through discussions during periodic updates on progress. Team members from across the organisation with an interest in sustainability also provided additional support. The first part of the work comprised preparing a 'Sustainability Issues Paper' synthesising the sustainability expectations of clients, employees, and identifying key external drivers and context for sustainability. The paper recommended a series of low cost and uncontentious operational actions and a strategic response integrating long-term objectives into the planned organisational strategy update. The recommendations were accepted by the senior management team and Board, and the resource allocation extended to focus on implementation.

Shortly after beginning to focus on implementation, Orion was disrupted by the Covid-19 pandemic, during which there was uncertainty about cashflow and forward workload for around six months. The strategic response actions were put on hold, and attention diverted to supporting teams' engagement with clients on sustainability. Orion responded and fared well during the disruption from Covid-19, with few redundancies and increasing certainty in its forward workload, and was able to largely return to operational normality. The client focus remained in the sustainability project, with support provided as needed to include sustainability in the overall firm strategy development.

By the end of the study period, Orion had approved a new Sustainability Policy, made some operational changes such as establishing carbon tracking and setting a new procurement process incorporating sustainability considerations, increased resource allocation for sustainability, and toolkits to support growing sustainability capability and engaging with clients on sustainability. Importantly, Orion incorporated sustainability as a core pillar in the new strategy and intends to allocate further resource to enable implementing the strategy.

5.4.2 Institutional logics within business model components

We now return to our research question: How do institutional logics within an existing PSF influence transformations towards more sustainable business models? In this section, we describe the institutional logics that dominate key components of the business model and how the increased focus on sustainability interacted with these logics during the study period. Due to space constraints, we have only included the components where there are substantial interactions between the logics. Excluded components are operations, supply chain and partnerships, and costs and revenues. The remainder of this section presents logic interactions within the ownership and governance, customer, product and service, and employee components, supported by **Tables 17-20**.

5.4.2.1 *Ownership and governance*

Orion is owned by a set of its employees. The ownership form reflects the professional logic, whereby professionals create partnership-type arrangements to be market facing, while retaining their autonomy in delivery of their expertise (Thornton 2004). Except for several specific roles, all senior management team and Board roles are held by employee-owners who are built environment professionals in the firm. The wider shareholding group of employees not in formal management and governance roles also expect some involvement in decisions impacting Orion, leading to a multi-stakeholder approach to governance. The professional and commercial logics are in part alignment in this component, as they both refer to the capitalist market system (Laasch 2018; Thornton 2004). Profit is seen as ‘shareholders’ money’, with operational costs potentially reducing shareholder dividend. The short-term focus of the annual dividend for employee-owners was identified as a potential challenge for sustainability activities.

The dominance of the professional logic in this component means that decisions to resource new activities are not as simple as in traditional commercial hierarchical organisations. Despite strong support for sustainability to be better integrated into Orion among several of the senior management and Board, they do not see their role as setting the organisation’s aspiration for sustainability. In addition, there is also a history of strong voices across the organisation calling for a focus on core activities only. To minimise this potential conflict, the sustainability project lead sought to connect sustainability activities with Orion’s ability to deliver dividends to shareholders. An early Board Paper argued, “businesses that actively manage non-financial risks

and value provide better shareholder return and are better placed to weather changing market conditions". The proposed approach also outlined small first steps, so the initial resource requirement was limited.

Table 17 Logics expressed in Orion's ownership and governance business model component

Representative data	Themes (inductive coding)	Logic characteristic and logic (deductive coding)	
"part of our leadership journey is to get the business to put the peg in the sand, not to be the definer of the peg"	Company as collection of individuals, leading to consultative governance	Self-interest driven and multi-stakeholder exchange	Professional logic
"at the end of the day, we're a consultancy looking to make money and make a profit for our shareholders"	Making a profit for shareholders	Personal capitalism, Shareholders as main stakeholders	Professional logic, Commercial logic
"I fear it then focuses some people too much around the short term, you know, things such as financial gain."	Focus on annual dividend	Short term thinking	Commercial logic

5.4.2.2 Customers

The primary expression related to customers in the business model is that Orion is client-led. Orion responds to client requests and identifies opportunities with clients for the benefit of Orion. Thus, choices of, and relationships with, customers are dominated by the commercial logic. During the study period, new government procurement rules were introduced that focused on sustainability, impacting a high proportion of Orion's clients. The sustainability logic interacted with this context through aligning with commercial logic objectives; with sustainability framed as a way to meet customer needs and reduce risk of Orion losing work through lack of action.

Early in the study period, specific customer requests were responded to on a case-by-case basis, with the sustainability project lead working closely with a team preparing information for customers. For instance, descriptions of services included consideration of sustainability only where clients specifically required it. Customers also asked for information about sustainability in Orion's own operations, and employment and supply chain approaches. Over time, consistency in customer requests and the increasing volume of requests led to the development of a document to collate responses and increase efficiency of responses. In most cases, there were no ready strategies to refer to, and responses indicated aspects of Orion's activities that contribute to sustainability

outcomes, while highlighting the intention for integration into Orion's strategy. The specific requests formed the evidence base for allocation of resources to develop stronger responses.

The customer-driven sustainability responses focus on what Orion is doing, not what it chooses to not do; Orion responds to customer requests that are within legal bounds that fit with its skillset and have not previously been found financially risky. Explanations for undertaking potentially unsustainable work typically referenced 'commercial reality', and individuals' autonomy in choosing work that is professionally interesting. A Board paper during the study period proposed an approach to reviewing all clients and projects for potential negative sustainability impacts. Through the paper review process this section was accepted as being for discussion only, and not for immediate action. However, numerous team members from across Orion expressed a desire to proactively consider sustainability impacts when choosing and responding to client requests, suggesting this is an area of active debate within the firm.

Table 18 Logics expressed in Orion's customer business model component

Representative data	Themes (inductive coding)	Logic characteristic and logic (deductive coding)	
“Central to everything we do is our clients. They engage us and pay us money. They are central to us generating profits. We organise ourselves around our client [and] project teams.”	Client-led organisation	Customers as main stakeholders	Commercial logic
“Clients are moving towards more sustainable approaches we need to be able to adapt quickly to their requirements before the competition”	Sustainability as a way for Orion to secure more work	Self-interest driven	
“as soon as clients have started requiring specific details around how we positively impact social initiatives, our organisation has really progressed things and started to actively make change – which wasn’t the case when sustainability was a general clause asked in proposals (which it has been for some time)”	Client requests driving sustainability responses		
“But [we] also have to bear in mind we’re a commercial entity. We’ve been fortunate for a decade that we’ve had enough work to choose what we want to do, but that might change.”	Reluctance to turn down opportunities due to ‘commercial reality’	Capitalist market system	
“This is where I think we are going to have some, need to have some robust conversations. Because depending on what we believe being more sustainable means will mean that we may have to say no to a whole range of things that may be financially beneficial but inconsistent with our sustainable aspirations.”	Desire for changing how clients are chosen to consider sustainability	Environmental, social, economic value	Sustainability logic

5.4.2.3 Product/service offerings

Orion's products and services reflect the dominance of the professional logic. As such, products and services are delivered with a focus on standards and codes and meeting industry-set

expectations. Previous efforts to integrate sustainability into Orion resulted in messaging that ‘good work’ considers sustainability. Despite there being little change in delivery of products and services at that time, this sentiment remains, with some external-facing team members feeling that sustainability objectives are already included within the current professional approach, which is seen to produce ‘good work’.

When discussing integrating sustainability into products and services, several barriers are raised. First, there is an assumed increased cost of sustainability solutions compared to traditional solutions, coupled with a perception that clients are not willing to pay for more sustainable options. Second, there is a lack of personal knowledge and scepticism about suitably meeting professional standards and codes through different approaches. Relatedly, there is a desire for knowledge about the ‘right’ solutions, which are expected to be clear and straight forward. Finally, professional standards themselves are a potential barrier. For example, the lifetime impact of products and services are considered to be addressed through professional codes, which assume a largely stable context. During the study period, some activities were progressed to support general understanding of sustainability, however, these were limited. As a result, there was no substantial effort or associated shift in capability of team members across the firm to change how products and services were delivered.

Separately, following pressure from the commercial logic in the customer component, Orion sought to expand services to provide direct sustainability services to customers. This included delivering sustainability aspects as part of other services being delivered, as well as building market opportunities to deliver sustainability services separately to customers.

Table 19 Logics expressed in Orion's product and service offering business model component

Representative data	Themes (inductive coding)	Logic characteristic and logic (deductive coding)	
“These new massive highways ...[and] they’re designed until 2050 or something. And I just asked the question in the presentation, I was like, are you considering autonomous transport in your design? And they said, oh no, it’s not part of our design.”	Working within established professional frameworks	Performance standards	Professional logic
“But for me personally as a scientist, I want to know what’s behind those variables. And you know, if you’re telling me that this type of concrete is not, it has a really big environmental footprint, well don’t tell me that. Tell me what are the alternatives and demonstrate to me how they are better. But the problem with sustainability is that there isn’t one right answer.”	Desire for certainty and detail of sustainability as applied to professional area	Control over knowledge	
“If you were telling your client that something’s more sustainable than this, but if it’s more expensive, are they really gonna spend more money for that, you know? That’s up to them, I guess. But that’d be a big barrier.”	Perception of clients' lack of willingness to pay for sustainable goods and services	Cost orienting parameter	Commercial logic
“As specialists we need to be the best at what we do, but need to progress getting there within budget and time constraints”	Sustainability as impact on project time and budget constraints	Efficiency, revenue and margin	
“I don’t think we should be doing sustainability just when we’re asked – we should be offering it.”	Desire for delivering more sustainable goods and services	Moral responsibilities	Sustainability logic

5.4.2.4 Employees

As an employee-owned company under a professional logic, Orion informally operates as a ‘collection of individuals’, more so than commercial organisations with hierarchical structures. Orion has a strong reputation of caring for its people. Employees stay a long time and often return after being employed in other organisations. This environment reflects alignment in several ways between the professional and sustainability logics, through a shared focus on caring for employees, supporting future professionals, and empowering individuals. In contrast, the commercial logic interacts with the professional and sustainability logics in several opposing ways in the employee component. On one hand, a typical explanation of ‘commercial realities’ in this component relates to being able to provide employees with secure employment, and supporting the livelihoods of employees. On the other hand, Orion’s work processes are structured around targets for ‘billable hours’. It may be either or both commercial and professional logics that lead to employees taking on too much workload or expecting others to work in the same ways and with the same focus on productivity they do. This interaction can undermine the focus of care from the professional and sustainability logics within the employee component.

During the study period, the alignment of professional and sustainability logic helped in the creation of a network of sustainability champions. One or more champions from each team in the firm self-nominated to support understanding sustainability for their area of the business, provide updates to their teams, and support their teams' implementation of sustainability activities. Despite this alignment, the professional and sustainability logics are misaligned in their key stakeholders. The professional logic focuses on professionals and the professional network. This means employees come from established pathways such as universities and established professional networks. In contrast, the sustainability logic has a wide view of stakeholders, including wider society. This wider view of stakeholders translates into leveraging employment opportunities to support the wider community. During the study period, supported by pressure from the commercial logic through the customer component (as noted previously), individuals in key roles progressed increasing diversity in early career recruitment activities.

Table 20 Logics expressed in Orion's employee business model component

Representative data	Themes (inductive coding)	Logic characteristic and logic (deductive coding)	
“we're a group of [many] individuals, all of us with different opinions about things. And trying to make good go/no go decisions is really, really hard.”	Collection of individuals	Profession as relational network	Professional logic
“We have the luxury of being able to [choose clients in line with moral values], but that won't always be the case ... it also has to play out when we have [many] mouths to feed”	Commercial success to enable providing for employees	Professional network / Moral responsibilities	Professional logic / sustainability logic
“Every now and then I have a conversation with myself, am I here for the right reasons, and is there something else I would rather be doing, or somewhere else I would rather be? And no, I'm happy here. And I talk to other people that come from other consultancies, and they say stuff like this, that 'I just felt like a cog in a wheel', or 'just the big brother, being treated like a number just got too much'.”	Creating a positive environment for employees	Professional network / Relational and caring	
“We're masters of our own destiny and masters of our own financial success.”	Self-determination through company ownership	Relational and caring and/or Self-interest driven	Sustainability logic / commercial logic
“Orion's not the Department of Social Welfare, you know. ... People want to come to work, they want to work hard, they want people beside them to work hard as well, and they want to be well rewarded for that.”	Expectations for a high level of time and effort	Self-interest driven	Commercial logic and/or professional logic

5.5 Discussion

Having provided an overview of how the logics are expressed and interact in key components of Orion's business model, we now discuss the interactions of the commercial and professional logics with the sustainability logic. We consider the implications of these interactions on how an organisation may progress towards integrating sustainability into its business model. We present a series of propositions based on our case and the literature.

5.5.1 Commercial and sustainability logic interactions and implications

Our findings contribute to previous findings that economic returns support sustainability activity (Long et al. 2018; Schaltegger et al. 2012) by providing more nuanced explanation of how commercial outcomes can be a driver for sustainability. Our findings reveal that meeting customer expectations for delivery of, or performance in, sustainability creates aligned prescriptions for action, reducing conflict between the commercial and sustainability logics. The alignment occurs from a shared focus on the commercial logic's key stakeholders: customers and shareholders. We divide our discussion into two parts, reflecting different organisational responses to customer pressure for sustainability considered on a case-by-case basis, or viewed as a trend among customers.

5.5.1.1 *Individual customer pressure*

Pressure for change: Under the dominance of the commercial logic, and in the absence of a firm's own sustainability logic and associated objectives, the firm responds to customers' sustainability requests because they are customer requests. This corresponds with the business case lens described by Hahn et al. (2014), with a commercially driven response to sustainability pressure. In PSFs, customers' sustainability requests are made as part of determining if they will contract the firm to undertake services. However, currently responses to client expectations provided as part of winning work for a PSF are not typically part of ongoing contract management. This means that, unless expectations are tied directly to service delivery, the driver for meeting customers' sustainability expectations is largely removed once contracted work commences. Thus, more specifically, we find that the firm's commercial driver is to provide its customers with sufficient sustainability information to secure a contract for work. Consequently, we find that, with a dominant commercial logic, and in the absence of other pressures from the sustainability logic,

it is unlikely a commitment to change for sustainability will occur outside of customers' pressure prior to agreement to deliver services. We therefore make the following propositions:

Proposition 1a: Individual customer expectations for sustainability in the firm's business model create pressure for business model change during the period between a customer requesting information and awarding a contract to a PSF.

Proposition 1b: Likelihood of change activities occurring are reduced if a commitment to change is not made before a contract has been awarded to the PSF.

In our case study, customers initially made general sustainability requests of Orion. These were addressed with equally general responses referring to existing assorted activity. In other words, the commercial logic led to meeting customer needs in a way that was time-efficient and avoided making commitments and taking on potential associated costs for the firm. At a deeper level, the professionals responding to client requests may not have comprehended how general references to sustainability necessarily lead to different approaches to the firm's operations and service delivery. The general requests thus provided insufficient pressure for business model change for sustainability. In contrast, our case study showed that the firm responded differently to specific client requests, as it was recognised that more specific responses were needed to meet customers' needs. As the firm was not already operating under a sustainability logic, specific requests were likely to require commitment to changes in current operating approaches. In terms of logic interaction, we find that specific customer requests create compatibility of the sustainability and commercial logic prescriptions for actions. We summarise these findings in the following proposition:

Proposition 2: If an organisation does not operate under the sustainability logic, explicit and specific sustainability expectations from customers are needed to trigger commitments to business model change.

Change in the business model: Consideration of individual customer requests for sustainability to be included in services led to case-by-case commitment to sustainability in the delivery of services. As PSFs routinely tailor services to individual clients' needs (Faulconbridge and Muzio 2008), the variations to meet individual client expectations are viewed as isolated, one-

off changes in approach, tied to specific projects. Furthermore, where needs are considered to be client-specific, knowledge developed to deliver services in different ways is not likely to be shared to those not involved in service delivery for that client (Swart et al. 2014), and thus will not influence how services are typically delivered. In other words, variations in delivery of services between individual clients to respond to individual customers' sustainability expectations can occur without business model changes in the product and service offering component.

Proposition 3: Responding to customers' sustainability expectations on a case-by-case basis does not lead to firm-wide changes towards sustainability in the products and services component due to the flexibility of services delivery in a PSF.

In addition to expectations of sustainability being included in products and services, some customer expectations extend to firms' operations and relationships with other stakeholders. In our case study, where substantial effort was being made to secure a contract with a client, all client requests were carefully considered for opportunities to increase likelihood of the client awarding the contract to Orion. In some instances, this led to the development of operational policies such as diversity and inclusion and human rights. This reflects the commercial logic's focus on meeting customer needs and maximising shareholder returns, leading to actions that protect the financial viability of the firm. In contrast, even when customers who were not providing significant work for the firm made specific requests, they were provided with descriptions of current and potential activities that were generally seen to meet the customers' expectations but did not reflect a commitment by the firm. Our findings therefore show that where the client is a significant part of a firm's forward workload, the risk of loss of financial value capture may be perceived to outweigh the operational costs of business model change. We therefore make the following propositions:

Proposition 4a: If a customer is significant for the firm's financial viability, that customer's sustainability expectations will lead to a commitment to non-project related changes in the operations, employee, and supplier components of the business model.

Proposition 4b: If a customer is not significant for the firm's financial viability, that customer's sustainability expectations will not lead to commitments to non-project related changes in the business model.

5.5.1.2 Collective customer pressure

In our case study, identification of a collective trend of customers focusing on sustainability created a shift from windows of pressure for sustainability to sustained pressure, which Orion needed to respond to more systematically. In essence, moving from perceiving clients' sustainability expectations on an individual to collective basis led to a similar shift from an individual to firm-wide response. In Orion, considering sustainability as a trend among clients, rather than distinct client requests, prompted actions such as the development of a Sustainability Policy, integration of sustainability into the organisational strategy, and recognition of a need to build and support capability across the firm.

Proposition 5a: Firm perception of individual customer expectations of sustainability as part of a market trend triggers a firm level response.

The shift to a firm-level response results in an expanded understanding of sustainability. This is because when considering customer expectations on an individual basis, it is only the specific expectations of financially-significant customers that shape the firm's response to sustainability. In contrast, when considering customer expectations in aggregate, all customers and all topics can contribute to the firm's understanding of, and response to, sustainability.

Proposition 5b: Responding to customers' different sustainability expectations in aggregate increases the breadth of sustainability changes in the business model.

The collective view of customers' sustainability expectations includes how services are delivered and commitments to sustainability in operations. That is, a wider view of sustainability, and customers' requests as guidance for change activities, leads to changes in components in the business model of interest to customers.

Proposition 5c: Responding to customers' sustainability expectations as a market trend leads to substantive change across the business model; specifically, in the products and services, operations, employee, and supplier components.

5.5.2 Professional and sustainability logic interactions and implications

Professional ownership and management model: Our study identifies an important interaction of the professional and sustainability logics arising out of the professional logic's core content of

networked organisational forms, leading to the partnership model (Thornton 2004; Goodrick and Reay 2011). Our case study is a ‘classic’ PSF with no outside ownership which reflects “professionals’ inclination to resist autocratic actions” (Greenwood et al. 1990, p. 736). The form leads to consensus-building management style (Greenwood et al. 1990), as “a system of control in which authority is shared by all members of the working group” (Marcson 1962, p. 38). As a result, ‘leadership’ in a PSF means facilitating employee-owners to develop a collective objective and implementation of the shared strategy (Empson and Langley 2015). Therefore, support for sustainability among senior management and the Board is not sufficient to drive change; consensus that sustainability is relevant and important for the firm to address must be gained before changes can be pursued. The professional logic’s core content of personal capitalism is one element of this need for consensus. Undertaking any business model change is likely to result in costs to the firm, as it identifies, develops, and rolls out changes, even if there are expected increased profits over the longer term. As such, any additional organisational costs directly reduce individuals’ profit share. Therefore, to achieve a mandate to consider and implement business model changes, employee-owners must agree that the benefits of change activities are sufficient to warrant the anticipated costs.

Proposition 6a: In a PSF with consensus-building management approach, senior management must have a clear mandate from employee-owners to make business model changes for sustainability.

Professionals’ autonomy in the choice of the clients they work with, the services provided, and how those services are delivered also interacts with potential for business model change (von Nordenflycht 2010). Consensus-building activities must therefore include potential implications for these components of the business model, to avoid employee-owners’ rejection of changes as impinging on their professional autonomy.

Proposition 6b: Consensus-building must include the need to integrate sustainability into how customers’ needs are met before senior management can progress changes to the customer, product and service offering, and supply chain business model components.

Alignment of logics: In our case study, we identified that professionals perceive potential for incompatibility between the professional and sustainability logics in the delivery of services due

to the strength of established professional standards, and uncertainty towards different solutions. However, team members suggested sustainability could repeat a previous integration of health and safety considerations into service delivery. While integration of sustainability into product and service delivery was not strongly progressed during the study period for our case study, we draw on our observations and the literature to explore potential for alignment. We suggest that the professional logic's core content of a focus on knowledge (Ocasio et al. 2017) provides a pathway for alignment between the sustainability and professional logics. This is because the professional logic "induces a drive to seek knowledge" (Ollila et al. 2015, p. 141), which we posit can be leveraged to include sustainability knowledge. In addition, the professional logic "carries a reciprocal obligation to deliver on the social contract by protecting the interests of the general public" (Barac et al. 2019), which arguably aligns with the sustainability logic's core content of care and wide view of stakeholders. We make the proposition:

Proposition 7: Alignment of the sustainability and professional logics occurs through the social contract and developing knowledge core content of the professional logic.

5.5.3 Professional, commercial, and sustainability logic interactions and implications

We have identified specific aspects of each of the commercial and professional logics that interact with the sustainability logic, however, our propositions can also be used to describe the interaction of the three logics. First, client pressure for sustainability prompts the organisation to consider sustainability as part of the commercial logic's focus on customer needs. The pressure driven by the commercial logic, which then prompts professional logic consensus-building activities for sustainability to be considered at an organisational level. While consensus-building activities are being undertaken, customer expectations are responded to on a case-by-case basis. Following the professional logic's networked organisational form, it is not until the collective of professionals recognises the customer trend and supports action that business model changes can be implemented. This pattern contrasts with previous, unsuccessful, attempts to integrate the sustainability logic into services in our case study. Attempts to drive sustainability from the knowledge and societal contribution core content of the professional logic did not build sufficient support to prompt business model change. We suggest that common patterns of business model change initiation, and their relationship to logics, is an area for further research.

5.6 Conclusions and contributions

We contribute to the SBM literature with insights into how existing firms navigate institutional logics when considering business model changes for sustainability and demonstrate the importance of understanding logics as part of SBM research (Laasch 2018). We provide a rare study of the interaction of three logics, which, while recognised and theorised in the literature (Besharov and Smith 2014), has not been well explored empirically. Our ethnographic research approach, called for by SBM scholars (e.g. Laasch and Pinkse 2020; Bocken et al. 2018), allowed us to illuminate the complexity and interplay of three logics as the sustainability logic is introduced into an organisation that is already operating under multiple logics. We show how different logics may be dominant within different components of a business model and influence sustainability change processes differently, which is important to assist firms navigating the different barriers and enablers that arise.

Our paper contributes insights into the role of the commercial logic, as the logic currently dominating business models, in change for sustainability. We add nuance to the ‘business case for sustainability’ discourse in the literature by identifying how the commercial and sustainability logics interact, with customer views of sustainability being influential in shaping organisational responses to sustainability. Our study highlights the power of this driver in galvanising activity within an organisation. More precisely, we find that customers that are financially significant to an organisation can instigate operational changes. However, a shift from viewing customer expectations on an individual basis to a collective trend is necessary to both broaden the organisation’s understanding of sustainability and enable substantive change across the business model. While the strength of customer pressure is an enabler, our case study suggests that there is reliance on this form of pressure for sustainability. That is, we suggest that the absence of customer pressure would lead to a similar absence in active and effective consideration of sustainability. We suggest further research is needed to consider other effective drivers for sustainability, and identify the different drivers for different sectors that may be less exposed to customer pressure for sustainability.

Our study also contributes to the breadth of the SBM literature, which has predominantly focused on physical product-based sectors, through investigating PSFs. PSFs are understudied, and as shown in our study, face unique complexities for transformations towards SBM. For

example, our study expands the scope of SBM research to include ownership and governance structures as an important consideration in the way that changes for sustainability move through PSFs. We find that the different core content of the professional logic interact with business model changes for sustainability. These include the network form and associated consensus-building management approach, personal capitalism of employee-owners, focus on knowledge protection and development, a strong social contract, autonomy over individual work processes. We suggest that there is an opportunity for alignment between the professional and sustainability logics through highlighting the opportunity for knowledge development, and alignment of social contract objectives.

5.6.1 Limitations and future research

While our ethnographic methodology has enabled us to illuminate the interaction of logics within a single organisational context, findings from ethnography are not empirically generalisable. However, the theoretical insights from this study can provide the basis for future research. This could include confirming the propositions among PSFs, as well as investigating if the logics interact in similar ways within other organisational types. This study focused on logics interaction; future work could explore the institutional work required to effectively navigate the barriers we have identified. In addition, the change from individual to collective customer view appears to correspond with the business case for sustainability and paradoxical continuum described by Hahn et al. (2014), which could be further explored.

The interactions described in our study demonstrate the importance of understanding how change occurs in a PSF environment. Long et al. (2018) identify both non-active leadership and lack of aspiration as barriers to change for sustainability. As described in the literature, and observed in our study, leadership manifests differently in PSFs, and thus the pathway to change for sustainability is necessarily different. Similarly, levels of aspiration that can be achieved through consensus-building approaches will vary and may be dependent on the strength of both the commercial logic and customer demand for sustainability. Our study provides some insights into how PSFs may navigate these challenges. Further research is needed to further understand the interactions of logics in this context and explore the actions that actors can take to facilitate effective change for sustainability.

Our study appeared to support the stakeholder core content of the logics as described in the literature; being customers and shareholders under the commercial logic, professional networks under the professional logic, and humanity, society, and the environment under the sustainability logic. In our case study, the focus on customer needs was predominant. Shareholders in our case study are employees, and influenced the introduction of the sustainability logic through the professional logic's core content of personal capitalism. This means the pressure from the commercial logic was focused on customers and internal, rather than external, investors. Future research could consider the role of external shareholders in firms with external ownership arrangements. Future research could also consider how other external pressures manifest, such as through education and training under the professional logic.

Chapter 6. Navigating logics with institutional work for commitment to sustainable business model change (Study 3)

6.1 Introduction

‘Business models’ describe the ways businesses achieve their objectives through their activities and interactions with others (Zott and Amit 2010). In the mainstream business model literature, implicit and explicit business objectives are to maximise value for customers and capture more value than competitors (Richardson 2008). However, businesses have a significant level of interaction with the environment and every facet of how society functions (Demil et al. 2015). Despite this, environmental and social considerations have been “implicitly de-emphasised” in mainstream business models (Joyce and Paquin 2016, p. 1476). This has contributed to businesses not responding readily to urgent and growing global environmental and social challenges (United Nations 2015; Schaltegger and Wagner 2011). Substantial change in business models is required to bring these considerations into mainstream businesses (Bocken et al. 2014).

The sustainable business model (SBM) literature explores the ways business models can be used to reduce organisations’ negative impacts on, and positive contributions to, the environment and society (Schaltegger et al. 2016). It builds on the mainstream business model literature, focusing on sustainable value, pro-active multi-stakeholder management, and a long-term perspective (Geissdoerfer et al. 2018). SBM scholars have begun to peer into the ‘black box’ of the messy change process of transformation from predominantly commercial business models to integrating sustainability. They call for research into dynamic change processes (Geissdoerfer et al. 2018; Pieroni et al. 2019). By elucidating effective and ineffective transformation activities, more organisations can be encouraged to embark on the necessary transformation.

The literature exploring the ways business models can change towards sustainability highlights the influence of underlying norms and practices on efforts to move towards SBMs (Laukkanen and Patala 2014; Long et al. 2018). Institutional logics, which reflect and guide shared norms and practices, provide a good theoretical basis to understand these underlying influences on organisations (Thornton and Ocasio 1999). A complementary theory is institutional work, which describes the purposeful activity of actors to disrupt or change the institutional logics around them (Zilber 2013). This paper explores the ways actors within a firm use institutional work to navigate

institutional logics and instigate a commitment to business model change towards sustainability. This phase in the life of an organisation – before and as a commitment is made to this change – is not well covered in the extant literature (see Pieroni et al. 2019). Therefore, there remains a lack of understanding of how an existing organisation comes to make a substantial commitment to considering sustainability in the business model (Roome and Louche 2016). Further, in the limited studies that consider how commitment to change occurs, the change process is typically identified as being prompted by external events or a realisation by a founder or CEO (Kiesnere and Baumgartner 2019). Thus, an underexplored area is how change processes are instigated in the absence of an external event or a CEO directing change efforts.

Our paper presents an ethnographic study of a professional services firm (PSF) in the initial phase of an internally driven change process. PSFs are a useful organisational type for this study, being less subject to exogenous shocks than other organisational types (Castro and Ansari 2017). Using institutional logics and institutional work as method theories (Lukka and Vinnari, 2014), we observe the interaction of logics (commercial, professional, and sustainability) within the firm and how individuals and groups respond with different types of institutional work. We find that the commercial logic is anchored through framing sustainability with respect to customers and shareholders, who are prioritised under the commercial logic. The interpretation of sustainability for the firm also leads to an expansion of key stakeholders to include the environment and community. Aligning with key stakeholders acts to smooth the way for other institutional work, and familiarising employees with sustainability amplifies sustainability in the firm, creating openness and readiness for future change decisions. Finally, we identify that formalisation serves to solidify all other types of institutional work, raising and maintaining the profile of sustainability activities.

Our paper responds to the call for insights into the antecedents of change processes towards sustainability (Roome and Louche 2016) and the theoretical development of the SBM literature (Dentchev et al. 2018) with institutional theory. Our findings are important to scholars and managers alike. We contribute to opening the ‘black box’ of transformation processes: namely, how firms can more effectively navigate sustainability considerations without shock events or a specific drive from a CEO. The paper also contributes to the institutional work literature by connecting institutional work and its outcomes to core content of institutional logics, and by

describing the way different types of institutional work reinforce or reject other types of institutional work.

Our paper is laid out as follows. First, we present the theoretical background for the work, exploring the SBM literature through the lens of institutional work. Second, we outline our ethnographic method. Third, we present a narrative of the organisation we followed over the study period. Fourth, we discuss the interaction of logics and the types of institutional work observed (and in some instances, not observed) and the outcomes of this work. Finally, we conclude with a summary of the contributions made by this study and areas for further research.

6.2 Theoretical background

Institutional theory can provide insights into the underlying barriers and enablers regarding making changes towards SBMs. Institutional logics hold the shared approaches and values that have developed over time and guide acceptable actions and decision making (Friedland and Alford 1991). Organisations operate within, and are influenced by, multiple logics over long periods (Seo and Creed 2002). Logics provide meanings and structures that actors can replicate, modify, or disrupt (Zilber 2017). The logics of interest for our study are commercial, professional, and sustainability, which we outline in **Table 21**.

Table 21 Core content of commercial, professional, and sustainability logics (adapted from Laasch 2018; Thornton 2004; Barac et al. 2019)

Core content	Commercial logic	Professional logic	Sustainability logic
Objectives/ drivers	Financial	Personal expertise, autonomy	Environmental and social benefit
Key stakeholders	Customers, shareholders	Professional network	Humanity, society, environment
Governance	Efficient, effective, profitable	Networked, consensus	Inclusive, equitable, restorative
Interactions	Opportunistic, self-interested, contractual, market exchange, competition	Peer review, cooperation to build future knowledge, social contract	Relational and caring, moral responsibilities, multi-stakeholder exchange, collaboration
Time frame	Short to medium	As prescribed by technical need	Long

Activation of agency within the context of institutional logics is termed ‘institutional work’ (Lawrence and Suddaby 2006). Institutional work scholars explore how, why, and when individuals and organisations undertake actions to navigate and shape the institutional logics

around them. Although not explicitly identified, different types of institutional work are apparent in the SBM literature. Building on Pieroni et al. (2019), there are four phases of change: pre-commitment, sensing, seizing, and transforming.

A commonly identified trigger for business model change is leaders' motivations (e.g. Hahn et al. 2014; Stubbs 2019; Rauter et al. 2017). The leader experiences a personal realisation about the need to integrate sustainability into the organisation, and works to bring the organisation on board (Abdelkafi and Täuscher 2015; Kiesnere and Baumgartner 2019). Another driver can be external events such as regulation and general consumer pressure (Long et al. 2018). While events themselves cannot create a commitment within an organisation, external pressures can trigger change efforts. Saebi et al. (2017) find that external threats are more likely to lead to business model change than are external opportunities. Pinkse and Gasbarro (2016) suggest that to prompt change efforts, firms must not only recognise a threat but also perceive they are highly vulnerable to it. Further, Wadin and Ode (2019) suggest that external pressures manifest differently across the business model. These variations indicate an opportunity for institutional work to influence the way external events are viewed (e.g. Fox-Wolfgramm et al. 1998). For instance, actors may use problem framing and counterfactual thinking (Tracey et al. 2011) to influence the perception of being vulnerable to threats, to either prompt change or maintain the status quo. In both cases (leader or external event), actors can use both temporal work to create urgency and prompt action (Granqvist and Gustafsson 2016) and relational work to bring supporters together to commit to change (Empson et al. 2013).

The SBM change literature has been largely focused on the change phases of 'sensing' and 'seizing' (Pieroni et al. 2019). 'Sensing' involves identifying opportunities and business model approaches. During 'seizing', actors design and test business model concepts. These phases reflect the institutional work of building organisational templates and theorising why a chosen template is appropriate (Tracey et al. 2011). The work is also symbolic; actors use language, narrative, and scripts to explore and describe SBMs (Hampel et al. 2017). The SBM literature directly provides practitioners with tools for this institutional work. The tools educate and provide language for interpreting and articulating sustainability in the context of managers' business models (Lawrence and Suddaby 2006). Some scholars use mimicry (Lawrence and Suddaby 2006; Pache and Santos 2013), drawing on established business model concepts of the practitioner Business Model Canvas

tool from Osterwalder and Pigneur (2010) while introducing the sustainability logic (e.g. Joyce and Paquin 2016; Upward 2013). Geissdoerfer et al. (2016) provide a workshop plan and guidance for considering and designing SBMs, which creates a space for managers to consider different stakeholder interests and overcome established beliefs (Rodner et al. 2020; Cartel et al. 2018; Lawrence and Suddaby 2006).

There are few studies of the final phase, ‘transforming’, where the implementation of change occurs. In a rare study of the micro-processes of change, Laasch (2019) shows how “responsible business” concepts can flow across a business model and instigate incremental (but pervasive) change through material work with the introduction of an artefact interacting with cognitive and practice changes. Actors also use symbolic work, selectively drawing on institutional logics that resonate with the stakeholders they engage with to support implementation (Pache and Santos 2013). Long et al. (2018) identify regular and consistent communication of a straightforward narrative and vision for sustainability as being critical success factors. Narrative and vision indicate the importance of symbolic and relational work to achieve wider organisational understanding and commitment to change (Hampel et al. 2017). Clear narratives and visions are also crucial in hiring and socialising employees with the desired logics (Battilana and Dorado 2010). Embedding transformed routines (Lawrence and Suddaby 2006) that lead towards sustainability is also a critical element of this phase. The literature identifies that institutional work can be ineffective. Stål and Corvellec’s (2018) study on the transformation phase highlights the importance of the commitment to change in influencing the degree of integration of sustainability into the business model. Similarly, Scarpellini et al. (2017) identify variations in pathways to change, where organisations start with changing internal processes but only a subset move on to integrate sustainability into other parts of the business model.

Some types of institutional work are common across all phases of change. For example, symbolic work appears to grow through all the phases. Framing the problem in the first phase may evolve into an engaging narrative to support implementation. Similarly, relational work, connecting with stakeholders on the importance of transformation towards sustainability, is a consistent activity throughout the phases.

While the literature provides some insights and indications of the types of institutional work needed to move organisations from commercial models to SBMs, it lacks a comprehensive explanation of this process (Scarpellini et al. 2017; Laasch 2019; Pieroni et al. 2019). More research is needed into the antecedents and processes of SBM change (Dentchev et al. 2018). Additionally, the focus of the extant literature concerns the period *after* commitments and changes towards sustainability have been made. A thorough understanding of the way a commitment to sustainability is developed (or not) within an organisation is missing. How a commitment to sustainability is gained may have flow-on effects throughout the change process, and may help to explain the variation in implementation success in later change phases. SBM scholars (Geissdoerfer et al. 2018; Pieroni et al. 2019) have called for further research into these aspects and specifically, the dynamic processes within organisations during efforts to embrace sustainability within existing business models.

6.3 Methodology

This research comprises an ethnographic study of a PSF as it begins to recognise increasing external pressure, predominantly through its customers, towards activities that are sustainable. PSFs are of interest as they a distinct organisational type and an increasingly important part of the global economy (Empson et al. 2015). Additionally, there is value in understanding (and supporting the acceleration of) the process leading to PSF commitment to business model change towards sustainability, as PSFs have a role in guiding and shaping the behaviour of the businesses and governments with whom they work (W. R. Scott 2008).

In an ethnographic approach, the researcher is embedded in the context they are studying. Given the chaotic nature of organisational change, the ethnographic method arguably provides a more accurate understanding of what is happening (Micelotta et al. 2017) than is possible through arms-length interviews and document analysis (Newth 2018). Following Riemer (1977), in this research the first author of this paper (Erica) could draw on more than 10 years of experience as a sustainability professional and established relationships with the PSF and its members.

The firm we studied (which we are calling Orion) is a mid-sized company providing built environment professional services predominantly in Australia and New Zealand. As an employee-owned PSF with leadership and Board roles held by employee-owners, Orion has a consensus-

building management style where ‘leadership’ is seen as facilitating actions towards collectively shared objectives (Greenwood et al. 1990). Orion is therefore less likely to achieve change through a personal realisation and action of an individual leader. Therefore, any change process may need to be internally driven (Smets et al. 2012), which is not explored in the literature. Our study provided an opportunity to follow an organisation that had not yet committed to sustainability in its business model but was exploring what sustainability meant for the organisation. Further, Erica led the resulting sustainability project (‘the project’) for Orion. Thus, we were able to follow the ‘messy’ and ‘improvised’ nature of this process as it developed (Micelotta et al. 2017).

6.3.1 Data collection

Erica led the project approximately one day per week over the study period from July 2019 (the commencement of the project) to May 2021 (announcement of sustainability being included in the organisational strategy). An additional one or two days per week were spent engaging with team members while supporting unrelated projects. As the project lead, Erica engaged freely with members of the Leadership Team, the Board, and other influential team members across the firm. Field notes comprised organisational documents, emails, documentation of interactions, Erica’s activities in the work, Erica’s reflections, and 11 formal interviews (see **Table 22** for an overview). The semi-structured interviews supplemented the observational data collection. They lasted around one hour and were conducted with employees across Orion at different levels and roles, enabling a broad view of the activities being undertaken. Including emails, over 1,000 documents were reviewed, and 87 (with emails compiled into 20-to-40-page documents together with meeting notes and personal reflections) taken forward into data analysis.

Table 22 Summary of data sources and indicative source size

Data sources	Examples of source types	No. files	Size (MB)
External documents	UN SDG national progress reports, Australia and New Zealand National 'state' reports (environment, society), Peer webpages and annual reports	40	231
Internal documents (existing prior to the study period)	Strategy and strategy development process, environmental policy, client journey map, procurement process, client conversations, shareholder feedback	65	192
Internal documents (developed during the study period)	Risk reports, staff briefing presentations, code of conduct working material, focus areas during Covid disruption	24	96

Data sources	Examples of source types	No. files	Size (MB)
Internal documents (developed as part of the project)	Working and final materials for board papers and sustainability policy, descriptions of potential sustainability services, training material, progress reporting, integrated annual reports, tool development, employee sustainability survey questions and results	283	1,500
Informal interviews as part of the project	Notes from internal interviews held 40 stakeholders across Orion as the first activity of the project,	40	2,000
Emails related to the project	Emails between the researcher and Orion team members about the project that were transferred to NVivo for coding	500+ *	2,000+
Researcher's personal meeting notes and reflections	Meeting notes taken in Word and One Note (files approximately 20 pages each), and presentations delivered with notes included, reflections of interactions and activities	41	97
Formal research interviews	Documentation from 11 interviews of approximately 1 hour, video recorded and transcribed	45	6,000
Total		1038+ *	12,116+

*Emails were collated into 20-40 page documents together with meeting notes and personal reflections for transfer to NVivo for coding

6.3.2 Data coding and analysis

The data coding and analysis comprised four stages: description, analytical resolution, abduction, and retribution (Danermark et al. 2002). Erica, being most familiar with the data, led the coding. All the authors discussed the coding during the research period. First, in description, data was coded by date and critical project activity to enable the development of an ‘event history database’ (Garud and Rappa 1994). Second, analytical resolution comprised breaking the complex phenomenon into parts for analysis. Data was deductively coded to the core content of commercial, sustainability, and professional institutional logics, using pattern matching (Reay and Jones 2016). We further deductively coded the data to types of institutional work described by Lawrence and Suddaby (2006) and Tracey et al. (2011). Inductive coding was used to capture institutional work not described in these papers. This resulted in a list of 27 types of institutional work.

The third stage was reinterpreting the phenomena through the lens of institutional work (Danermark et al. 2002). We sorted the types of institutional work by the number of times data had been coded to each type to identify the most prevalent types of institutional work. Noticing the descriptions of the types of institutional work in the wider literature (beyond Lawrence and Suddaby 2006; Tracey et al. 2011) may not accurately reflect what had been observed, we returned to the literature. We moved between the literature and data to identify how the expressions of the

institutional work were similar to, or different from, the literature. For example, while we had added familiarisation as a type of institutional work, we had also coded activities as ‘education’. However, in the literature education is described as formal programmes (e.g. Battilana and Dorado 2010; Zilber 2009). We thus subsumed the ‘education’ code into the ‘familiarisation’ code. Similarly, we noted that ‘changing narratives’ and ‘undermining beliefs’ were not, on their own, substantial areas of institutional work, but could be seen as being part of ‘framing with logics’. In this way, we layered and ordered the most prevalent types of institutional work observed in the study. This reduced the types of institutional work to those that most accurately reflected the study. For each observed type of institutional work, we identified the main associated activities. For example, formalisation comprises documentation, allocating responsibilities, and clarifying reporting lines and decision-making processes.

Finally, we used retrodiction to answer ‘what has to be true’ (Danermark et al. 2002) for the commitment to business model change for sustainability. This stage had five parts of analysis, which collectively describe how actors use institutional work and the effectiveness of the work. First, we used the event history database to follow the main activities associated with each type of institutional work and identify what occurred because of the work. For example, a Sustainability Issues Paper was presented to the Leadership Team and Board, which led to a subsequent phase of the project being approved. Second, we considered how each type of institutional work interacted with other types and contributed to the commitment to business model change. We undertook a pair-wise analysis of the types of institutional work to identify how they supported (or did not support) the respective activities of each type. For example, ‘aligning with key stakeholders’ drew on formalisation of sustainability being on the agenda of Board meetings and facilitated further engagement activities for familiarisation. Third, we explored how the institutional work interacted with the institutional logics, identifying if the types of institutional work drew on core content of the logics. This part also revealed, for example, that the professional logic was not used in ‘framing with logics’ work. Fourth, we considered the skills the actors need to undertake the types of institutional work. We applied Perkman’s (2016) classification of skills in institutional work to the typical activities in each type of institutional work. Additionally, we looked for activities and types of institutional work that drew on knowledge of the sustainability logic. Finally, bringing all the parts together, we identified what changed in the firm as a result of the institutional work, and how each of the previous parts contributed to the change. To support

this assessment, we reviewed the event history database for activities and types of institutional work that had not contributed to the outcomes or had not progressed. We also reflected on types of institutional work that were absent.

6.4 Findings

This section presents the narrative of our study, outlining the introduction and progression of efforts to consider and respond to the topic of ‘sustainability’ within Orion. Four broad phases of activities across the study period are identified and summarised with critical activities, as shown in **Figure 6**.

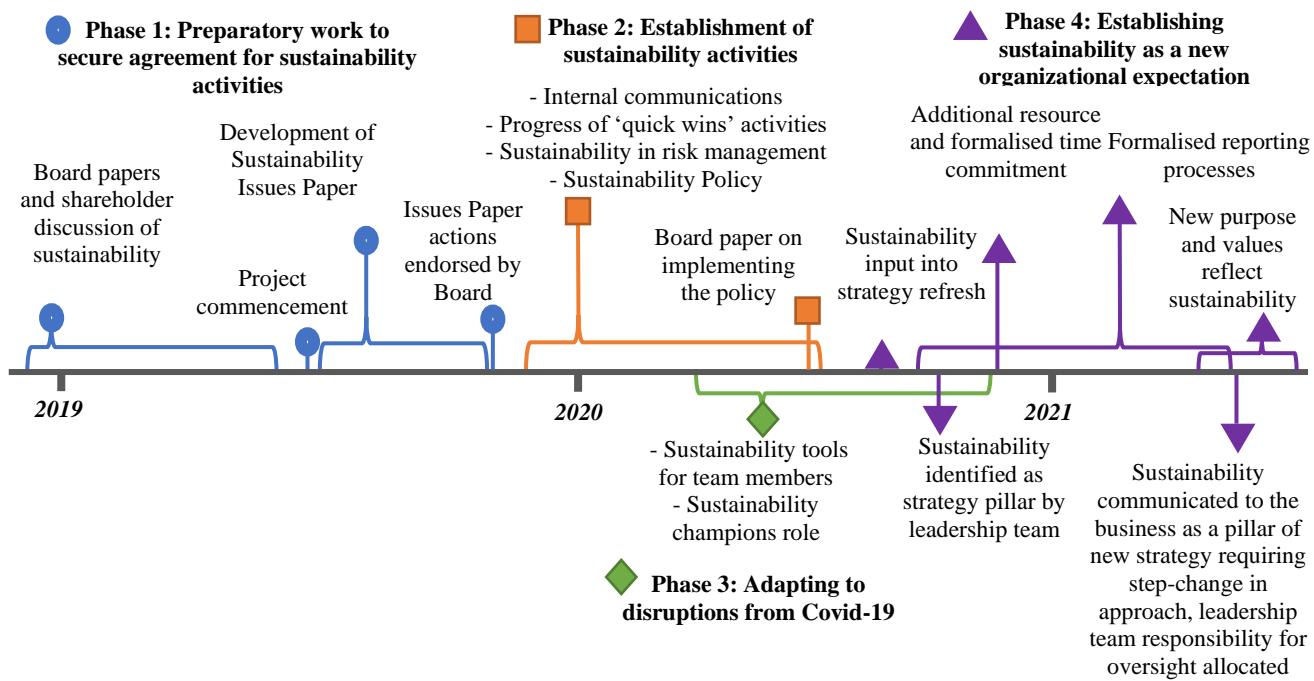


Figure 6 Summary of identified phases and associated key activities in Orion’s efforts regarding sustainability

6.4.1 Project context

At the commencement of the study period, there was a broad spectrum of views on sustainability within Orion. Some team members were actively pushing for Orion’s activities to achieve a high level of sustainability. One survey respondent argued:

“Orion must be a leader [and] set the bar high in all areas of sustainability so other large corporate businesses will follow suit and we can do our best to reverse some of the damage globally with previous lack of sustainability from others” (Anonymous, Employee Survey).

A small, but potentially influential, group of team members felt sustainability was a distraction and not core business for Orion. To support their own views in the Employee Survey, one senior team member and employee-owner suggested, “Many people feel that this stuff is a waste of Orion resources!!” (Robin, Employee Survey).

In Orion, the employee-ownership structure allows individuals to instigate new initiatives as ‘passion projects’, of which the internal Green Team is an example. Green Team members participate in their own time, although some funding is available to support activities. Operational changes pursued by the Green Team depend on influencing team members in relevant functional roles. At the commencement of the study period, there was a perception that Orion was undertaking sustainability activity, because of the presence of the Green Team. Yet this activity was not systematic, strategic, or resourced by the firm. However, Casey, an employee-owner Board member and environmental professional with involvement in broader sustainability concepts, and several other Board members, held personal aspirations for Orion to integrate sustainability into the firm.

6.4.2 Phase 1: Preparatory work to secure agreement for sustainability activities

Within this context, the first phase was characterised by efforts to build an evidence base and argument for Orion to consider sustainability challenges strategically. The project was deliberately proposed as a formal Orion project, for two reasons. First, it highlighted the need for professional expertise so the approach developed would be able to influence organisational strategy and ensure alignment with good practice. Second, and perhaps more importantly, a formal project with allocated resources would be less impacted by other organisational pressures, particularly client-facing work.

In late 2018, prompted by an employee-owner who was stepping down from the Board, an employee with sustainability expertise provided a Board paper suggesting a strategic approach to sustainability. While the paper noted good examples of sustainability across the firm, it noted, “Sustainability is not integrated into most of our projects as standard” and concluded this was due to a “lack of maturity with regards to sustainability” (Board Paper #1). Six months later, Erica authored a second Board paper, proposing a Sustainability Issues Paper (Issues Paper) to document the current state of the organisation and develop an action plan. The second Board paper coincided

with a shareholders' forum with supportive discussion around aspects of sustainability, although there were no commitments to action. Casey later reflected that this positive discussion contrasted with previous shareholder feedback about sustainability. Around this time, Riley, an experienced risk manager, joined the Orion team.

While there was no official response from the Board to either paper, the CEO agreed that Erica would develop the Issues Paper one day per week, supported by Riley. Two members of the Leadership Team, Shane and Morgan, were allocated as project sponsors. Shane and Morgan were scheduled to meet with Erica monthly for updates and to provide direction and support. To maintain the overall coherence of the firm, the CEO spoke about managing the tension between different views on sustainability by pushing forward with sustainability – though not as far as some team members would like – and slowly increasing the baseline sustainability performance. The Issues Paper enabled this by slowly introducing sustainability into discussions in the firm.

Erica's investigation and write-up of the Issues Paper took place over four months. Erica identified different drivers for sustainability (or lack thereof) through desktop research, engagement with senior team members responsible for Orion's client focus areas, approximately 40 informal internal interviews, and an Employee Survey. One purpose of the Issues Paper was to evidence the pressures for sustainability; as noted in an internal meeting, "Alison [a member of the Leadership Team] is very focused on getting the evidence base – collating what clients are asking for – wanting to separate out myths and emotions" (Field Notes). Erica identified that a small set of existing clients were making sustainability requests. However, the trend was expected to increase substantially due to new procurement rules affecting a substantial proportion of Orion's clients. The Employee Survey, which was used to "help create consensus on the approach going forward and the areas that we focus most on" (firm-wide email), revealed the most important aspects of sustainability for employees. The survey had a 51% response rate and showed that respondents overwhelmingly (over 80%) wanted Orion to take a leadership or 'fast follower' position on sustainability. The Issues Paper included a positive frame – that Orion's reputation and activity in the client market and employee engagement would improve through responding to these pressures. In particular, it identified that Orion's existing services were already aligned to some sustainability challenges. The positive frame was coupled with a parallel negative frame – failure

to respond to these pressures was presented as a risk of losing those clients and not meeting the needs of the future market.

The Issues Paper articulated Orion's sustainability impacts as having 'three prongs': internal operations, sustainability in all services, and providing sustainability services. This framing was frequently referred to in sustainability decision making. Erica developed a two-part set of proposed actions. First, a set of low-cost and uncontentious activities ('quick wins') would address the simple expectations of the employees. Second, sustainability would be integrated into a planned refresh of Orion's wider organisational strategy. The Issues Paper outlined the steps to build consensus around a future sustainability vision for Orion as part of the strategy. Erica and Riley presented the Issues Paper to the Leadership Team, Board Risk Committee, and the Board. The Leadership Team discussed resourcing to implement the proposed actions. Erica suggested rolling over the current resourcing because the 'quick wins' could be undertaken with support from team members. The resourcing for strategic actions would come out of the strategy refresh budget. Erica intended the steps outlined in the paper to be completed in approximately six months, with the strategy development leading to a new set of actions and resourcing needs. Endorsement of the Issues Paper actions represented a stage-gate to continue exploring how sustainability might play out in the business model.

6.4.3 Phase 2: Establishment of sustainability activities

The second phase was establishing and accepting a focus on sustainability. An essential activity in this phase was sharing the findings of the Issues Paper and actions across Orion. The sharing included introducing team members to the sustainability 'buckets' – environmental, social, cultural, and wider economic outcomes – and the UN Sustainable Development Goals (SDGs), which served to build an understanding of the breadth of sustainability.

Even though the Leadership Team and Board supported the project, Orion's employee-ownership approach means that senior leaders rarely act as the 'face' of initiatives until there is a perceived mandate by the shareholders. Erica undertook to share the Issues Paper via approximately 20 presentations across Orion, as well as to provide information for shareholders and establish an intranet page. The teams received the presentations positively, with many team

members requesting regular updates. The high level of engagement was positive, as the Green Team lead reflected:

“I think to really get it through and make it mainstream, we’re going to have to have lots of different forums for people to get information, lots of different tools. And we’re just going to have to keep saying things over and over and over, and just get it out to people again and again” (Tessa, employee-owner and Green Team lead, Interview).

As resources were focused on the ‘quick wins’ and preparing for the strategy, Erica targeted relationship-building with specific teams and individuals during this phase, including the Green Team and ‘diversity and inclusion’ and ‘indigenous’ business groups. The relationships were based on sharing information only; although opportunities were identified, there were no combined activities undertaken due to both lack of overarching strategy and time constraints on those involved. The bid-writing team were advocates of the project as it helped to improve responses to clients. A Sustainability Steering Committee was established to support the project’s progress, meeting monthly during the establishment phase and into the period disrupted by Covid-19. However, these meetings then dropped off due to the lack of availability of committee members to undertake project tasks and a formal strategy to guide their activity. Riley and Erica met weekly to discuss progress and potential roadblocks or opportunities. Riley’s firm-wide risk management role facilitated the identification of potential challenges or opportunities for the project at the operational, leadership, and Board levels.

Other activities established the project through the visible progress of the ‘quick wins’, such as ensuring sustainability considerations were part of a procurement process update. Erica took over authoring the shareholders’ Integrated Annual Report, which brings together Orion’s financial and sustainability context and performance. The Report had been initiated by Casey several years prior. This commitment meant that Erica did not progress other activities over this time. Erica and Riley’s involvement in the Report increased the visibility of sustainability within business-as-usual tasks. The Report received positive feedback from the Leadership Team, Board, and several external partners. However, intentions to share the Report more widely, such as to non-owner employees, did not eventuate because of a lack of focus on this activity.

Notably, this phase included some formalisation of sustainability into Orion's management approach. First, in the risk management process, Riley added a risk of not meeting stakeholder expectations regarding sustainability. As the Leadership Team and the Board regularly review these risks, this action increased the visibility of sustainability. Second, a new Sustainability Policy was prepared and endorsed. The Policy included reference to the UN SDGs and indicated that outcomes under the Policy would be good for both the environment and communities. The Board endorsed the policy during the early period of the Covid disruptions. While the Policy formally communicated commitment to sustainability, it was considered an interim policy. The details of how Orion would respond to sustainability remained to be developed through the strategy. In other words, the Policy represented another stage-gate in developing the way sustainability would be incorporated into the business model.

During this period, there were increasing numbers of informal conversations about projects and clients that may be leading to unsustainable outcomes, which would now be at odds with the new Policy. At the request of Casey and another employee-owner Board member, Erica authored a paper to respond to this concern. The paper had two parts. The first part proposed setting sustainability as a strategic priority to direct where Orion would target future work areas, projects, and clients. The second part proposed a process for assessing projects and clients to ensure they aligned with the Policy's objectives; that is, a process for Orion deciding *not* to work on some projects/with some clients because of likely adverse sustainability outcomes. This process would augment the existing, mandatory risk assessment process to ensure projects and clients are appropriate for Orion. The Leadership Team asked for the second part of the paper to be for discussion only until the strategy was finalised. This would allow senior team members across Orion to be socialised to 'positive' sustainability actions for Orion (i.e. the first part of the paper). The Leadership Team anticipated that the second part of the paper would be viewed negatively, both commercially (turning down fee-paying work) and professionally (affecting individuals' autonomy to choose whom they would work with and projects they would work on). Erica noted, "A key part of keeping the paper going to the Board Risk Committee was so there would be oversight to make sure [sustainability in the strategy] happened – actively seeking to set up a monitoring situation" (Field Notes). The Board Risk Committee endorsed the first part of the paper. The second part of the paper was periodically raised with members of the Leadership Team

and discussed by vocal team members and Erica, as well as noted in Riley's risk reports. However, it was not acted upon within the study period.

6.4.4 Phase 3: Adapting to disruptions from Covid-19

The study period included the Covid-19 pandemic. The Covid-19 disruption resulted in some of Orion's activities stopping, team members working remotely, and the immediate and planned workload being uncertain. The first months of office places being locked down and staff working remotely had been scheduled for continuing with 'quick wins' and undertaking company-wide engagement on visioning Orion in 2050 to feed into the strategy refresh. This engagement would have been via a series of highly interactive workshops and online surveys.

Because of the Covid-19 disruption, Orion needed 'all hands on deck' supporting the immediate need of securing and delivering client work to enable Orion to meet its operational costs. Additionally, it was recognised that many team members would struggle to imagine 2050 when the forthcoming year was so uncertain. Therefore, the project time was diverted to developing and sharing sustainability tools that would support team members. Erica did not integrate the tools into the project management system; while this allowed faster sharing across the organisation, it also reduced engagement with the tools. Erica worked with the bid-writing team to develop standard text for all team members to better respond to clients' expectations regarding sustainability. Erica also mapped existing services that could be marketed internally and externally as Orion's sustainability services and sought feedback from key people. This work was not substantially progressed during the study period, as it required broad engagement with, and time from, senior team members.

During this period, the role of 'sustainability champion' (one to three per team) was developed to better support sustainability across the organisation and provide additional points of contact regarding sustainability. Over the study period, champions self-nominated in approximately half of Orion's teams. The meetings and expectations were informal during this phase.

The delay in strategy development resulted in a lack of direction regarding sustainability activities, as identified in this report:

“Key challenges: Under the original timeline, we would have developed the strategy and then identified what resources are needed to deliver on the strategy. However, largely due to Covid-19 disruption, there has not been a discussion of how resourcing needs have changed. As that hasn’t happened, we have been progressing actions that seem most important, but without ideal resources for those tasks” (Report to Leadership Team).

The Covid-19 disruption in Australia and New Zealand was limited compared with other regions. In addition, Orion was fortunate that services in the built environment sector were targeted in government spending, which provided more certainty of workload for Orion. Orion navigated the disruption well and after around eight months, it was able to return to essentially normal operations.

6.4.5 Phase 4: Establishing sustainability as a new organisational expectation

The primary outcomes of Phase 4 were securing support from other team members and establishing sustainability as a priority in Orion’s organisational strategy. One year after the presentation of the Issues Paper, Riley and Erica presented an update to the Leadership Team and requested additional resourcing. The accompanying report stated, “It is recommended the Leadership Team reconsider the resourcing of this initiative, through the refresh of the strategy, to speed up progress and start to see the benefits of the work completed to date” (Risk Update to the Leadership Team and Board Risk Committee). As a result of this, Erica was supported by two team members approximately one day per week each. With the increased resourcing, regular meetings were established and became more structured. The Leadership Team also asked for more frequent updates of progress, provided through Riley’s risk updates to the Leadership Team and Board Risk Committee. These updates provided opportunities to highlight upcoming barriers or enablers regarding progress.

The Leadership Team also approved formal hours for the sustainability champions of an average of one day per month. Several champions agreed to undertake specific tasks, including sharing content in the internal newsletter, developing targeted resources, and progressing Orion’s sustainability services. However, despite allocating time to the sustainability champion roles, only some of these activities advanced. This was due to client-facing work taking precedence. Champion activities were thus limited to meetings and updating their teams during team meetings.

After six months of Covid-19 disruption, Orion began preparations for its strategy refresh (Compass 2025). Given the uncertainty of the future, the planned approach of setting a long-time horizon for the strategy was changed to a time-horizon of a maximum of five years. An initial information-gathering phase for the Leadership Team involved team members who had different perspectives, with Casey and Erica providing the sustainability perspective. The Covid-19 disruption provided an opportunity for the Leadership Team to secure buy-in across the firm for a complete strategy reset, including redefining the firm's purpose and values. The explanation for this change was that Covid-19 had created a new context, along with other context changes since the previous strategy work, such as sustainability and the increased size of the firm.

Compass 2025 was developed in two parts. The operational strategy – short-term vision and focus areas – was developed by the Leadership Team, facilitated by a new team member. The strategy development process did not incorporate the planned firm-wide engagement on Orion's sustainability impacts and opportunities. The Board endorsed the operational strategy, and it was shared with senior team members as part of early socialisation. Notably, a 'step-change' in Orion's sustainability was one pillar of the strategy. The second part of the strategy – purpose and values – were progressed through a firm-wide survey and targeted client discussions. The final purpose and values were developed through two rounds of input from the Leadership Team and feedback from five employee focus groups. Importantly, while the strategy remained focused on a short-term time horizon, the refresh of the purpose provided an opportunity for some longer-term thinking.

In parallel to Compass 2025, the project continued to establish sustainability activities within Orion. Erica formed a Community of Practice to bring together team members providing sustainability services to the market. Previously established processes for measuring carbon footprint were further refined, as was the Integrated Annual Report process. During this phase, several Leadership Team members expressed an intent to resource sustainability activity 'properly', and Erica provided the CEO with a range of suggested approaches to consider as part of the strategy development.

At the conclusion of this phase, the Leadership Team was reorganised to reflect the strategy. Leadership team members were allocated accountability for each of the strategy pillars.

Morgan was allocated overall strategy accountability, with Shane taking responsibility for sustainability. The ownership of the sustainability pillar represented a fundamental organisational change in Orion. Due to Shane's other time pressures, such as client work and previous operational commitments, action to detail the sustainability part of the strategy remained slow. The initial approach to resourcing to deliver the activities remained as gathering support through "influence and goodwill" (Shane, Field Notes). By the end of the study period, this was still a challenge to be resolved. However, there was some progress, including identifying current and future areas to enable a step-change in sustainability performance. The proposed areas represented business model change, including projects and clients targeted, the delivery of services, internal operations including employee-related activities, and supplier and community relationships.

6.5 Discussion

This section discusses the various types of institutional work and the results of this work we observed in our study. **Figure 7** provides an overview of effective institutional work observed during this study (see Appendix D for a summary of the institutional work activities). As shown in the figure, all effective institutional work reinforces the other types of effective work. We also recognise that other types of institutional work may be planned but not commenced, commenced but not continued, continued but ineffective, or work opportunities missed.

Additionally, the figure shows the skills associated with the different types of institutional work: analytical, cultural, and political skills, as in Perkmann and Spicer (2016). Analytical skills include identifying and reflecting on the logics and imagining alternative arrangements of activities and logics (Beckert 1999). Cultural skills comprise connecting the new visions to existing logics (Perkmann and Spicer 2016). Political skills include engaging with and bridging different stakeholder groups to support changes (Styhre and Remneland-Wikhamn 2016). We differentiate between work that requires these skills to be related to the introduced logic (skilled logics work) and skills that are independent of the introduced logic (unskilled logics work). In the remainder of this section, each aspect within **Figure 7** is detailed further.

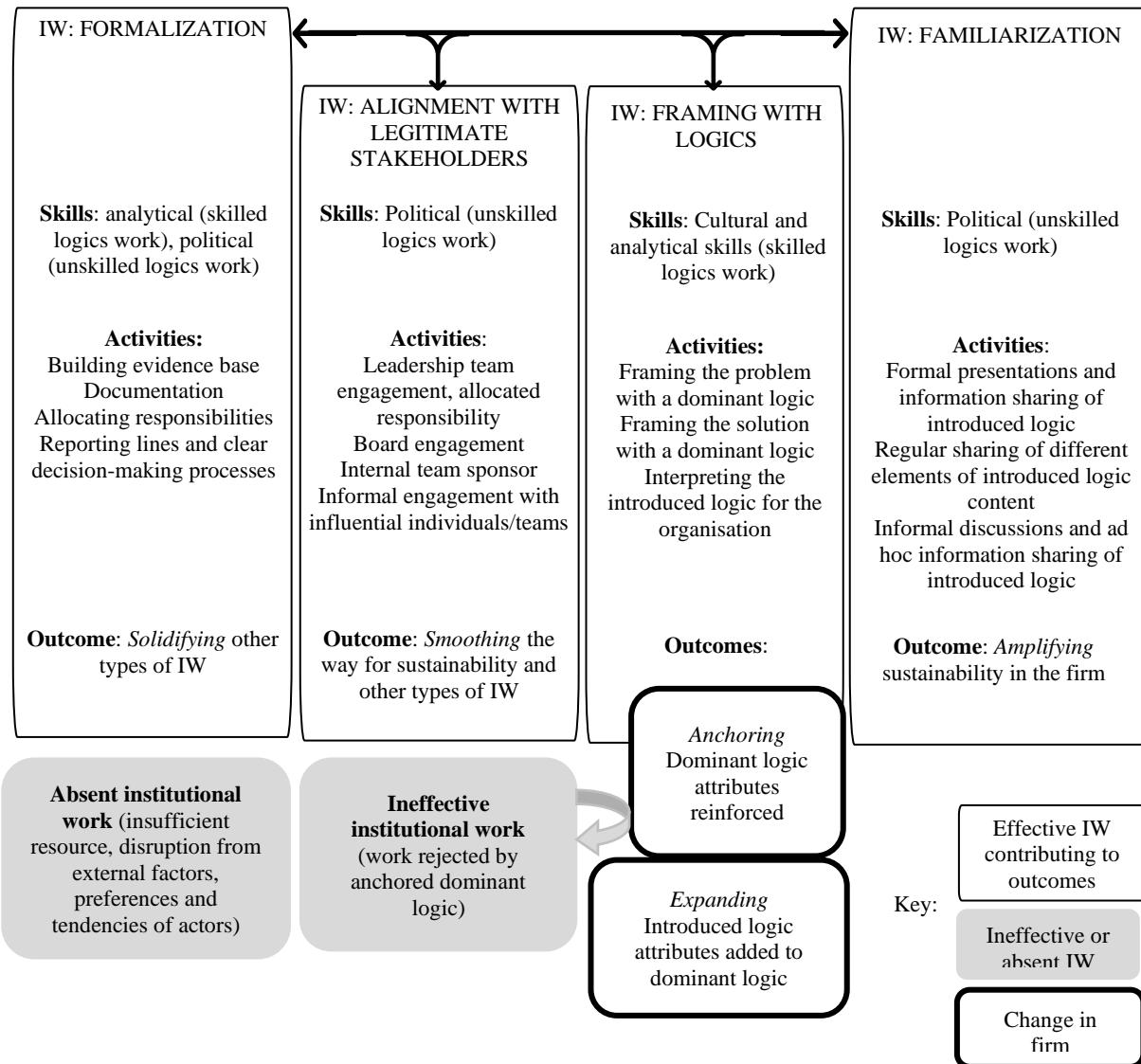


Figure 7 Institutional work (IW) observed through the process of moving towards organizational commitment to business model change towards sustainability, including skills required, types of activities, interactions, and outcomes

6.5.1 Effective institutional work

6.5.1.1 *Formalisation*

We find that formalisation is a core part of institutional work. We extend the idea of ‘formalisation’ beyond the “written rules, procedures, and instruction” described in the literature (Adler and Borys 1996, p. 62), to include activities before the development of procedures and rules. Formalisation activities available before commitment to sustainability could include establishing roles and tasks, documenting concepts, gathering supporting evidence, reporting and meeting frequencies and agendas, channels for communication, and approval of key stages. We suggest that this is an extension of Hampel et al.’s (2017) material work tied to physical objects and environments to include documentation (including digital) of language and processes. Our findings support the literature that formalisation creates clarity for employees in a complex institutional environment (Battilana et al. 2015). This work requires both skilled and unskilled logic work. Some formalisation requires analytical skill associated with the introduced logic, such as documenting concepts; some draws on political skill within the dominant logic (unskilled logics work), requiring actors to use their agency to navigate and develop organisational processes.

Rather than formalisation being a stand-alone type of institutional work, we find it serves to solidify the efforts of other kinds of work. The relationship of formalisation to different types of institutional work echoes previous findings in the literature (Ramus et al. 2017; Laasch 2019). In our study, formalisation enabled consistent communication about sustainability and helped to keep sustainability on the agenda, and less easily side-lined when other issues arose.

6.5.1.2 *Aligning with key stakeholders*

Our findings reflect the importance of relational work through aligning the project with highly legitimate internal actors (Tracey et al. 2011; van Dijk et al. 2011). We find that this type of institutional work activates the agency of other actors. This work requires political skills, but the actors do not have to be skilled in the introduced logic; rather, they act as connectors and promoters for the work. We suggest that aligning with key stakeholders helps to smooth the way for the other types of institutional work. This is because aligning with key stakeholders, together with formalising the relationships and decision making, conveys and establishes the importance of sustainability, secures ongoing visibility of sustainability activities, and connects the work beyond the original actors.

In our study, Erica and Riley directly and indirectly created strong links to the Leadership Team, Board Risk Committee, and Board. Together with formalisation, alignment with the Leadership Team resulted in securing agreement from the CEO to commence the project and direct oversight of the work from two Leadership Team sponsors. Throughout the study period, the Board Risk Committee was vocal in its support for Orion better understanding the challenges and opportunities arising from sustainability. As a result of these relationships and formalisation keeping sustainability on the agenda, the Leadership Team and the Board regularly discussed sustainability, and supported sustainability activities. The effects of this work was evident when the Board endorsed the Sustainability Policy during the Covid-19 disruption. In addition, while resourcing was a barrier to progress throughout the study, the combination of aligning with key stakeholders and formalising the project served to ‘protect’ the resource that had been allocated, thus reducing (though not eliminating) the amount of time being diverted to other work.

6.5.1.3 Framing with logics

We identify two ways that framing can be used as institutional work: sequential framing with a dominant and then introduced logic, and the interpretation of the term ‘sustainability’ for the firm. Framing is skilled logics work; the actors undertaking the work must understand the introduced and dominant logics to navigate and blend them. Our findings suggest that framing leads to two types of logics changes; first, the content of the dominant logic used in framing is anchored, next, the content is expanded with the interpretation of the sustainability logic. In our study, the sustainability logic was framed within the commercial logic, as discussed in the next section. We also discuss the reason actors chose not to use the professional logic in framing.

Sequential framing

According to Benford and Snow (2000), frames comprise three components: articulating a problem, proposing solutions, and motivating change. The purpose of integrating different logics into the frame is to create resonance with the target audience (Creed et al. 2002). Framing thus depicts the proposed solution as being important to the target audience (Benford and Snow 2000). In other words, by drawing on different logics as part of the components of framing, actors can motivate their audience towards their proposed solution. This work requires cultural skill with the introduced logic.

In our study we first observed the problem being articulated by describing the ways the sustainability logic could support the objectives of the commercial logic. The framing comprised identifying the interaction in terms of positive and negative impacts for the firm, reflecting the findings of Hahn et al. (2014) and Daudigeos (2013). Specifically, sustainability was first framed as a solution to respond to client needs and access future market growth. Conversely, the framing also highlighted the risks of inaction; that is, not meeting client needs and missing out on future income, creating further motivation for change. The framing sequence was formalised in documentation and presentations. Extracts from the Issues Paper exemplify this:

Framing the problem with a commercial logic (positive): “Orion has particular skillsets that could meaningfully contribute to [the] global objectives [captured within the SDGs, Paris Agreement on Climate Change, and disaster resilience (Sendai Framework)].”

Framing the problem with a commercial logic (negative): “There is strong pressure for non-financial action at the global and national levels, which is coming onto Orion through our clients and our people (non-shareholders and shareholders alike). Orion is not currently responding sufficiently to meet these needs. This is a potential threat to our reputation, ability to attract and retain clients, and represents a loss of potential business opportunity in these areas.”

Framing the solution: “The following recommended actions seek to respond to impacts in each of these [‘three prong’] areas both in the immediate term (quick wins) and commencing in the short to medium term (strategic response).”

The ‘positive’ framing work of sustainability with the commercial logic reinforced the importance of responding to clients’ needs and providing financial returns to shareholders. This tied subsequent activities to these objectives of the commercial logic. The framing work thus led to anchoring the primacy of customers in the business model and financial returns for shareholders under the commercial logic.

Once the commercial frame had been communicated, the subsequent frames were dominated by the sustainability logic. For example, descriptions of Orion’s sustainability services argued that, “at Orion, we want to maximise the use of our skills to move our clients, environment,

and communities towards achieving a sustainable future” (Sustainability services summary). Together, this provided motivations under both logics to persuade ‘hearts and minds’:

“Most people are either driven from a heart’s perspective – so a why – or a mind’s [perspective], which is what’s in it for me. And if we can’t answer those things for people, then we won’t achieve the change in alignment that we’re looking for” (Independent Board member, Interview).

Framing with the commercial logic enabled a positive message of protecting and growing commercial outcomes. In contrast, framing with the professional logic would have meant undermining the way individual professionals undertook their work, suggesting there were ‘better’ ways to do the work, creating direct conflict with employee-owners across the business. These differences highlight the importance of understanding the logics at play within any given organisation and the ways they can lead to barriers or enablers regarding an introduced logic.

Interpretation of sustainability logic

Institutional scholars note that as concepts move, they are stripped of their original context to be shared more easily in different contexts (Sahlin and Wedlin 2008). Therefore, as part of the interpretation of logics, it is necessary to add in relevant contexts (Lawrence and Suddaby 2006). While the literature extensively describes ‘translation’, whereby logics themselves are changed as they move between contexts (e.g. Zilber 2006; Lok 2010), we find that the focus in the pre-commitment phase is on building an understanding of the logic overall, with minimal translation of the logic (Zilber 2009). Interpretation of the logic involves describing the way the firm’s business model relates to sustainability. This work requires analytical skills in the introduced logic.

In our study, the complexity of the sustainability logic was reduced to four key messages. The first was an overall message that the services provided by Orion could directly contribute to desired global outcomes such as those outlined in the SDGs. The framing identified that Orion could achieve outcomes at a local level, for the environment and Orion’s local communities. The remaining three messages divided sustainability into impacts across Orion’s business model: the ‘three prongs’. Each ‘prong’ was detailed with specific sustainability impacts and examples. This linked the complex and ‘big picture’ logic to smaller and recognisable actions and considerations

within the firm. The interpretation of sustainability was formalised through the Issues Paper and associated presentations, and formed the basis of ongoing reporting on progress to the Leadership Team and Board Risk Committee.

Despite the initial framing with the commercial logic developing an argument of meeting customer needs, the interpretation of the sustainability logic and associated actions did not directly relate to customer needs. The overall message of contributing to desired global and local outcomes led to an expansion of key stakeholders to include the environment and communities.

6.5.1.4 Familiarisation

Familiarisation work exposes team members to critical concepts of the introduced logic. Formal education work described in the literature relates to firms already committed to multiple logics (e.g. Battilana and Dorado 2010; Zilber 2009). In contrast, we suggest that in the pre-commitment phase, familiarisation is needed, which comprises shorter and more general information sharing, such as through presentations, stories in newsletters, and invitations to social events. As this work primarily involves sharing information sourced from others, it can be unskilled logics work. Over time, these activities help team members understand what makes up sustainability, the types of activities to expect, and how it could relate to their work. As such, familiarisation serves to amplify the introduced logic in the firm, and in so doing, supports all other types of work. We find that the external environment can contribute to familiarisation, supplementing purposeful familiarisation work.

Familiarisation work was not as prominent in this study as might be expected for an employee-owned firm because of the limited resources. However, we posit that the external environment also provided familiarisation through client requests and media commentary on issues such as climate change. Some team members commented on a lack of exposure to sustainability in the firm (“I just haven’t seen a lot; it hasn’t been very visible in the last six months or a year or so” [John, employee-owner and previous Leadership Team member, Interview]). However, they were sufficiently aware of the issues to support change (“Yeah, it’s time to start thinking about this and how it reflects and how it impacts on what we’re doing” [John, Interview]). In other words, familiarisation was occurring, but it came from other sources.

6.5.2 Outcomes of institutional work

While the institutional work at Orion will continue as the firm progresses its commitment to sustainability, we can still draw insights into the outcomes of the institutional work at the end of this phase.

By the conclusion of our study, Orion was committed to sustainability as one of four focus areas for the coming three to five years. All the effective types of institutional work described in the previous section came to the fore as the Leadership Team developed the strategy. Most of the time aligning with key stakeholders was spent with members of the Leadership Team. The framing with logics work provided the Leadership Team with an understanding and clear articulation of sustainability for Orion. Familiarisation work with the broader firm before the strategy was developed meant the Leadership Team could confidently include sustainability, as it was perceived as being inevitable. Formalisation provided clarity and visibility throughout the study period. Morgan described its inclusion in the strategy:

“In the same way that some [other] work [that] has been happening in advance of Orion’s strategy feels a bit painful at the time, … [it] enables us to be well informed so the strategy just writes itself, becomes self-evident [because it’s] so well-seeded in the business. [Right now,] it’s all still in the messy phase, but we’re getting alignment” (Morgan, Field Notes (partial transcription of meeting discussion)).

Our findings showed that the institutional work led to changes in key stakeholders of the firm, with an expansion to include the environment and communities. However, the expansion was not complete. That is, there was an understanding of the stakeholders being wider than customers and shareholders, but due to anchoring, the additional stakeholders were not yet prioritised with, or above, customers and shareholders. Further, there remains a lack of clarity about what ‘the environment and communities’ means in terms of Orion’s business model.

6.5.3 Ineffective and absent institutional work

Our study illustrates how the pathway to a sustainability commitment is littered with actions, intentions, and inaction. Our narrative showed a steady progression towards sustainability throughout our study period. The collective of intentions, actions undertaken, and time spent discussing sustainability served to cement sustainability as a key component of the firm’s strategy.

However, the ‘quick wins’ were only partially completed and more complex actions also remained to be undertaken. This section discusses institutional work that was unsuccessful or absent, with examples reflecting both dominant organisational logics (commercial and professional).

The first area of unsuccessful institutional work was the low level of resourcing, as identified in Phase 3. We suggest two potential explanations. First, we note that despite Erica and Riley believing there had been regular discussions of resourcing challenges, Morgan perceived that sustainability activities were under control and progressing at a reasonable pace. The differences in perception suggested ineffective temporal and formalisation work; effective temporal work would have conveyed urgency for a greater rate of change, and effective formalisation work would have involved an earlier formal recommendation to the Leadership Team for additional resourcing. Second, with clients being the key stakeholders in a commercial logic context, client-facing work was prioritised above most activities within Orion. This could be seen when team members responsible for allocating time to sustainability and sustainability champions displayed reluctance to take time away from client-facing activities. As sustainability was not a core activity in the firm, a strategic imperative would be needed to overcome the primacy of clients over sustainability activities. Thus, substantially increasing resourcing for sustainability may not be possible before having a commitment to sustainability.

Another example of ineffective work was the effort made by Erica and ardent team members to gain approval to assess the potential sustainability impacts of projects and clients. The Leadership Team rejected the proposed action in the immediate term due to the process being in direct conflict with both the commercial and professional logics. The (now anchored) primacy of customers and shareholders under the commercial logic was challenged by prioritising sustainability above customers and the potential for turning down work directly affecting the financial returns for shareholders. Their efforts also conflicted with the core content of professional autonomy of team members under the professional logic. The Leadership Team saw a need for greater familiarisation of senior team members with the commercial logic framing of sustainability before increasing the influence of the sustainability logic. The Leadership Team’s approach followed our discussion of sequential framing of logics and indicated that different groups could respond on different timescales. The tension (between pushing for faster change and slowing down change) also reflected the CEO’s early thoughts on the range of views on sustainability across

Orion and objective to navigate a pathway that would move the whole of the firm together. Thus, while Orion had commenced efforts towards sustainability, the wider firm was not yet ready for changes that would directly conflict with the commercial and professional logics. However, as indicated by the Leadership Team, further institutional work was expected to enable the successful introduction of the process to the firm. As with the ineffective institutional work above, this interaction suggests that it may be possible to implement some changes only over later phases of change. We posit that changes in direct conflict with the dominant logics are not likely to be introduced in the pre-commitment phase.

Absent institutional work includes planned work that did not eventuate, as well as work that was not considered. Due to the Covid-19 disruption, engagement and collective theorising work – a series of workshops and surveys to develop a future vision for the firm – across Orion was not undertaken. This work would have provided a high degree of visibility for sustainability, supporting familiarisation work and aligning with a wider group of influential team members. It would also have affected the commercial logic's short time horizon, extending it to the longer time horizon of the sustainability logic. Absent work can also be due to the background, preferences, and tendencies of the individual actors. For example, Erica could have built Orion's external sustainability network, which could have increased the visibility of sustainability, as well as the perception of opportunity and pressure on Orion. Erica could have focused on the education of key stakeholders to enable additional actors to undertake skilled logic work. Instead, following personal preferences and tendencies, Erica focused inwardly on the interpretation and formalisation of sustainability.

These examples highlight some potential limitations in the degree of change possible before a firm commits to business model change towards sustainability. They also illuminate the ‘messy’ process of moving towards a commitment. A wide range of activities may be undertaken or attempted but they may not all be successfully implemented.

6.6 Contributions and future research

6.6.1 Sustainable business model literature

Our study’s primary area of contribution is to the SBM literature as the domain theory (Lukka and Vinnari 2014). Here, we make contributions in two areas. First, as shown by Pieroni

et al.'s (2019) phases of change, the SBM literature has considered change from the phase of exploring new business model arrangements and activities. In this paper, we have examined an earlier phase in the process to how an organisation decides to commence this journey in the first place. We have articulated the first phase of change as the efforts leading to and securing organisational commitment to business model change towards sustainability. Our literature review revealed that this phase has not been well recognised (see Rauter et al. 2017 for an exception), and the extant literature related to this phase has included only drivers and motivation for change. Thus, our paper directly responded to calls for insights into the antecedents of change processes towards sustainability (Roome and Louche 2016). We have shown the way commitment can occur in the absence of an external shock or realisation of a founder. We have then followed the progress of an organisation through the full phase. Specifically, we identified that the institutional work of framing with logics, aligning with key stakeholders, familiarisation, and formalisation can collectively build understanding and create momentum in a firm, such that a commitment to business model change towards sustainability can be made. We built on the literature by identifying the way framing with logics can be used to draw attention to the motivators and drivers identified in the extant literature. SBM scholars have called for further research into the dynamic processes within organisations that may (or may not) lead to change (Geissdoerfer et al. 2018; Pieroni et al. 2019). Our study has shown that achieving a commitment to change towards sustainability is not straightforward, and more insights are needed to support commercial organisations to be effective in this phase of change. Our study offers one example of a potential pathway and the enablers and barriers regarding achieving a commitment to change.

Our other contribution to the SBM literature has been exploring SBM change through the lens of institutional logics and institutional work (Dentchev et al. 2018). Laasch (2018) identified the concepts of institutional logics and institutional work as being worthwhile contributions to the SBM literature. Our study has further highlighted the importance of understanding the institutional logics present within an organisation seeking to change. Within this theoretical lens, we have provided a rare study into the chaotic nature of the change process towards sustainability. We have shown how the institutional logics that are present in the organisation influence the types and efficacy of institutional work undertaken, and described the types of institutional work that collectively provide a pathway to organisational commitment to change towards sustainability. The study illuminated the messiness of the process of change by including ineffective and absent

institutional work; it is important to understand these, to give managers and practitioners confidence in undertaking work that is more likely to lead to successful transformations. Thus, this research has supported future SBM literature by showing how institutional logics interact with SBM concepts and how actors have agency to move organisations towards SBM transformations with institutional work.

6.6.2 Institutional logics and institutional work literature

While we used institutional logics and institutional work as method theories (Lukka and Vinnari 2014), the research does make two contributions to these literatures. First, we responded to Ocasio, Thornton and Lounsbury's (2017) provocation for greater integration of institutional logics and institutional work perspectives to show how actors are influenced by logics while undertaking institutional work. In particular, we demonstrated the importance of analysis and action at the level of the core content of logics, responding to Zilber's (2017) call for greater consideration of content within logics. The institutional work in our study centred on the core content of stakeholders and organisational form, showing how framing with the dominant logic with reference to this content can create space for the introduced logic. We have also shown how institutional work that accentuates conflict between this content of the logics can lead to ineffective institutional work. While framing work requires actors to be skilled in the logics, alignment with stakeholders and familiarisation does not require supporting actors to be skilled in the logics. These insights contribute to the literature by providing greater clarity regarding the interaction between institutional logics and institutional work.

Second, our study built on Empson et al.'s (2013) concept of 'simultaneous occurrence' of institutional work through describing how the institutional work is mutually reinforcing. We also support and build on Ramus et al.'s (2017) description of formalisation as a supporting type of institutional work. We have shown that formalisation solidifies the efforts of the other institutional work and that formalisation can occur prior to establishing procedures. This highlights the importance of documentation to create an evidence base, as well as consistency of framing and interpretation of the introduced logic, allocation of responsibility, and regular discussion of actions. These activities support all other types of institutional work and allow future activity to be built on previous efforts. We have also shown how alignment with key stakeholders benefits from formalisation and has a mutually beneficial relationship with familiarisation work. Key

stakeholders smooth the way for the other types of work, including creating opportunities to familiarise the organisation's wider stakeholders with sustainability. In a networked organisational form, familiarisation in turn creates a mandate for senior leaders to progress sustainability activity. Framing with logics provides the content for stakeholder engagement and formalisation by connecting sustainability to the existing logics and interpreting sustainability for the organisation. We have also shown that the outcome of effective work can act as a barrier to other types of institutional work. In our study, anchoring customers and shareholders as key stakeholders meant that institutional work challenging the primacy of these stakeholders was not progressed in the study period. Thus, we have contributed to moving the literature beyond listing types of work to understanding how each type of work can act to support or reject other types of work. Further, with the integration of logics, we have provided a theoretical explanation for the way the organisation's context informs and interacts with the institutional work being undertaken.

6.6.3 Practical implications

Our study supports practitioners who are working with organisations considering transformations towards SBMs: not only leaders but also other organisational members who can influence organisations to commit to business model change towards sustainability. We suggest that practitioners should be aware of the institutional logics interacting within the existing model and how the sustainability logic may support (or conflict with) the objectives of those logics. This understanding should inform framing work, so that actors are motivated to pursue sustainability activities and team members understand how sustainability relates to the organisation's particular activities. Practitioners should use formalisation to keep sustainability visible and, where possible, on leaders' agendas. While this work requires practitioners to have knowledge of the commercial and sustainability logics, alignment with key stakeholders and familiarisation can be undertaken by supportive team members who do not have this detailed knowledge. These types of institutional work are important in creating acceptance of future commitments to sustainability. Practitioners should also be reflective about the institutional work that is ineffective or absent. If possible, bringing together actors with different backgrounds, preferences, and tendencies may reduce the number of ineffective or absent types of action. The research also provides insights for policy-makers. In particular, the research shows that the transformation towards an SBM is a long one. Policy-makers could identify how regulatory drivers can add to customer pressure and provide targeted pressure to support change efforts.

6.6.4 Limitations and future research

While the ethnographic method enables insight into change processes that arise out of many interactions of logics and activities, findings from ethnographic studies are not empirically generalisable. Our study enabled us to describe one pathway towards commitment to business model change towards sustainability. We posit there are different ways for firms to come to this commitment. Given that this phase of change is understudied, future research should explore other pathways organisations take that lead to a commitment to sustainability (or, perhaps more importantly, do not lead to a commitment to sustainability). Scholars should explore different organisational types, governance arrangements, and different external or internal pressures regarding sustainability. This may lead to a typology of pathways, as well as identification of effective pathways for different organisational types and contexts. Future research should also build on these theoretical findings with other methods, such as cross-case comparisons.

A further limitation of this study is its focus on the pre-commitment phase. We cannot confirm whether this commitment will lead to actual change (Scarpellini et al. 2017). It may be that the pathway to commitment is an essential contributor to this outcome. Future research could explore the effects of different pre-commitment pathways on the subsequent change pathways and the degree of change achieved. In addition, we identified a ‘coupling’ of anchoring of the dominant institutional logic and expansion with the new logic. In our study, the anchoring and expanding related to key stakeholders of the respective logics. Future research could explore if anchoring and expanding occurs in each stage, and if different logic content is related to each phase.

The study identified the types of institutional work that contributed to the commitment to change. While we have included some discussion of absent institutional work, further research could explore this aspect in greater detail to identify why some forms of institutional work are not chosen, or are commenced and not continued. This could help managers understand the types of institutional work that may not lead to a commitment to change. Future research should also explore our suggestion that different change activities may only be possible in specific phases of change.

Chapter 7. Conclusions

In this Chapter, I integrate and reiterate the threads of the research, which I developed in each of the three studies. I first present a summary of the findings, and how each Study builds on insights from the previous Study. Next, I summarise the key contributions of the research for the SBM literature, institutional logics and institutional work theory, and practical implications. I then discuss the limitations of the research and conclude with a comment on areas for future research.

7.1 Summary of findings

This research is situated in the SBM literature that identifies the potential for businesses to design their business models for sustainability. The overall research objective was to investigate how existing commercial organizations can effectively transform towards an SBM. Through three studies, I explored what comprises an SBM and how an existing organisation considered how it should respond to sustainability, leading to a commitment to sustainability in the organisational strategy. **Figure 8** presents the research questions for each of the studies, together with the findings that respond to the research questions. The figure also highlights how the studies fit together and contribute to the overall research objective, which I further describe in the remainder of the section.

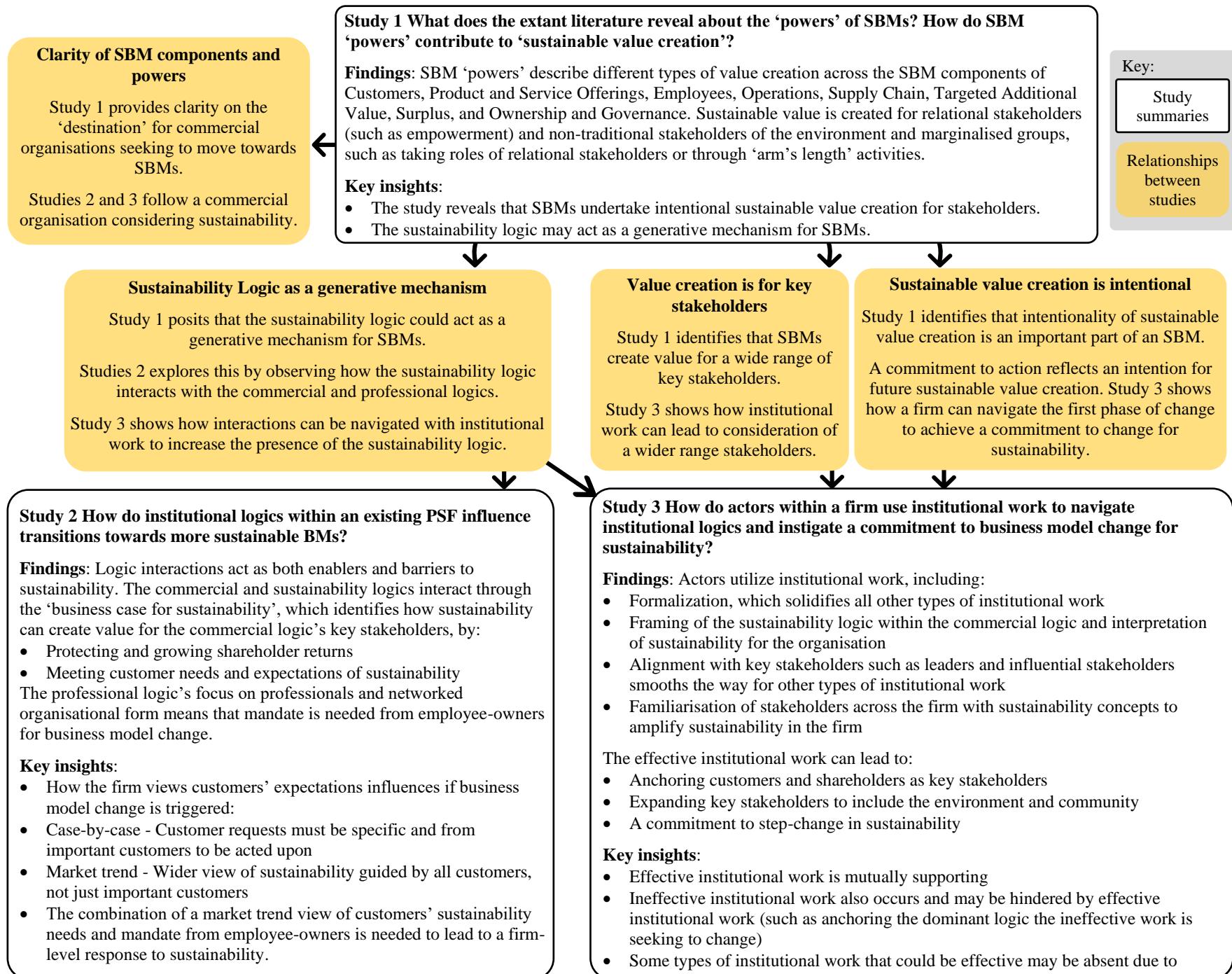


Figure 8 Summary of research findings showing relationship of each study to the phases of change and each other

7.1.1 Clarity of sustainable business model components and powers

First, to contribute increasing clarity of what an SBM is, in Study 1 I identified components that set out the fundamental groups of activities in an SBM, and powers that describe the effects, or outcomes, of those activities. My conceptual framework showed that sustainable value creation – which I defined as designing-out negative impacts and designing-in positive impacts from activities within and across SBM components to maximise net sustainable value for society and the environment – is at the heart of SBM component powers. The SBM components I identified are: *customers, product and service offerings, employees, operations, supply chain, targeted additional value, surplus, and ownership and governance*. These components have some variation to the typical components identified in the commercial business model literature (Richardson 2008; Osterwalder and Pigneur 2010), reinforcing the need to consider how SBMs differ from commercial business models. By describing the effects of the components, I made visible how SBMs lead to sustainable value creation. Outlined in **Table 15**, this included, for example, empowerment of customers, employees, and suppliers; minimising negative impacts and maximising positive impacts in product manufacture and use and organisational operations; and targeting social needs that can be addressed through the business model. Study 1 therefore contributes to a better understanding of the ‘destination’ for commercial organisations such as the PSF observed in Studies 2 and 3 that are considering transforming towards an SBM.

7.1.2 Sustainability logic as a generative mechanism

In Study 1, I posited that the sustainability logic acts as a generative mechanism for SBMs. That is, that the SBM expresses the sustainability logic, and therefore, increasing the presence of the sustainability logic across an organisation may support its transformation towards an SBM. I further posited that the degree of integration of the sustainability logic across business model components may have implications for how much sustainable value creation an organisation can achieve. The ethnographic method in Studies 2 and 3 provided an opportunity to observe the introduction of the sustainability logic into an existing commercial business model. First, in Study 2, I described how the sustainability logic interacted with the commercial and professional logics that were dominant in the PSF. Then, in Study 3, I showed how actors can undertake institutional work to strengthen the presence of the sustainability logic in the firm. Together, Studies 2 and 3

show that the sustainability logic supports movement towards sustainability. In other words, in the PSF observed through this research, it appears that the sustainability logic acted as a generative mechanism as the firm worked towards, and achieved, a commitment to sustainability in the organisational strategy.

The literature has typically considered institutional logics to be across the whole business model (e.g. Singh and Jayanti 2013; Tracey et al. 2011; Battilana et al. 2015). In contrast, in Study 2, I showed how the commercial, professional, and sustainability logics interact in different ways depending on the component of the business model and which existing logic was dominant. The sustainability logic interacted with the commercial logic through the ‘business case for sustainability’ concept, which was particularly strong in the customer component of the business model. With a series of propositions in Study 2, I argued that the ‘business case for sustainability’ in a PSF draws on pressure from customers that initially occurs through windows of time. The pressure is responded to if the customer is financially significant for the organisation and the sustainability requests are specific. Institutional work observed in Study 3 strengthened the presence of the sustainability logic from the customer component of the business model through skilled framing of sustainability with the commercial logic. For example, by highlighting opportunities of responding to clients’ sustainability expectations (and risks of not doing so), actors can move consideration of customers’ sustainability pressure from a case-by-case response to a collective view, triggering a firm-level response. As per the propositions, this may lead to change in the products and services, operations, employee, and supplier components of the business model. Thus, Studies 2 and 3 demonstrate how the introduction of, and focus on, the sustainability logic can support business model changes towards an SBM.

The sustainability logic also interacted with the professional logic in the PSF in this research, most evidently in the ownership and governance component. I identified the importance of understanding logics that influence governance as part of navigating towards SBMs. Specifically, in a PSF with employee-ownership, it is important for senior leadership to have a mandate from employee-owners before making changes in the business model. This is even more critical for any changes in choices of customers and how services are delivered. Institutional work observed in Study 3 enabled the mandate to be created. The institutional work of aligning with key stakeholders and familiarising team members with sustainability meant that inclusion of

sustainability in the organisational strategy was expected. Formalisation, such as documentation of the interpretation of sustainability and organisational processes for reporting progress to the senior leadership team and Board, is also important to keep sustainability visible and with consistent messaging, supporting all the other types of institutional work.

7.1.3 Value creation for key stakeholders

The research highlighted the difference in key stakeholders of SBMs and commercial business models. In Study 1, through the identification of SBM powers, I showed that SBMs create value for a wide range of stakeholders, with different stakeholders receiving value in different components of the SBM. I found that ‘stakeholders’ for an SBM includes traditional and non-traditional groups, with value created through relational roles in the business model as well as value created from an ‘arm’s length’. In this way, SBMs act to balance power relationships through greater inclusion of stakeholders with traditionally less bargaining power. Non-traditional stakeholder groups include the environment and particular groups of marginalised stakeholders for whom each SBM chooses to create value. These insights into key stakeholders for SBMs reflect the sustainability logic key stakeholders of ‘humanity, society, and the environment’ and contrast with the commercial logic key stakeholders of customers and shareholders (Laasch 2018).

In Study 2, I described how the PSF under study already exhibited the SBM power of bringing employees into ownership and governance roles. However, the firm also exhibited the commercial logic’s focus on customers and shareholders. This led to an interaction of the sustainability and commercial logics through the concept of the ‘business case for sustainability’. Study 3 explored how actors navigate the logic interactions, including through deliberately framing sustainability in terms of benefits for customers and shareholders. For example, framing of sustainability emphasised the role of the sustainability logic in protecting and enhancing shareholder returns and responding to customer needs. Study 3 provided an opportunity to observe the impact of institutional work to strengthen the sustainability logic. I showed that institutional work served to anchor the primacy of the commercial logic’s key stakeholders and maintain the priority of value capture within the firm. At the same time, institutional work, such as interpretation of sustainability for the firm, led to an extension of the key stakeholders to include the environment and communities.

The expansion of stakeholders to include a wider set indicates an initial step towards an SBM. However, in the example provided by this research, the expansion remains general, and the actors in the firm will need to undertake more institutional work to specify the stakeholder groups the firm will focus on for sustainable value creation. Additionally, due to the anchoring of customers and shareholders, more institutional work would be needed to balance these stakeholders with the additional stakeholders. In other words, the research presents an initial of change towards an SBM, but more transformation is needed. This initial change reflects that the scope of this study is the pre-commitment phase of change towards an SBM, with sensing, seizing, and transformation still required for the PSF under study to progress further towards an SBM.

7.1.4 Intentional sustainable value creation

Finally, the research highlights the importance of a commitment to sustainability as part of progressing through the phases of change. The description of SBM components and their effects highlighted that in an SBM, sustainable value creation occurs in every component of a business model. Crucially, sustainable value creation is intentional in an SBM. The research thus illuminates the expanse between commercial and sustainable business models. In simple terms, commercial business models have a focus on value capture for its key stakeholders of customers and shareholders, while SBMs intentionally create value for a wide group of stakeholders (Santos 2012). This intentionality means a commitment to change is an important part of commercial organisations' transformations towards SBMs.

Through the study subject choice of an organisation in the phase prior to a commitment to sustainability, I found that sustainability activities initially occurred on a case-by-case basis and were in response to customer pressure or ‘passion projects’ by employees and were not undertaken intentionally by the organisation. The institutional work carried out during the study period led to a commitment to sustainability through its inclusion in the organisational strategy. This suggests an increased likelihood of intentional sustainable value creation being integrated into the business model if the firm implements its strategy, which would start to move the firm through the subsequent phases of change (Pieroni et al. 2019).

However, the findings also show that a commitment to sustainability is insufficient to achieve SBM transformation, even if the strategy is implemented effectively. As noted above,

some changes in key stakeholders have occurred, but further change is required. The commitment made during the study period does not provide a shared understanding of how the firm will undertake sustainable value creation for stakeholders, and who the specific stakeholders will be. I posit this is because at the conclusion of this phase, the sustainability logic is only partially integrated into the firm. For example, change being driven by the ‘business case for sustainability’ through pressure from customers means that even if the strategy targets new types of clients for sustainable value creation, there is unlikely to be a change in the existing customer set. Similarly, the anchoring of commercial logic stakeholders in Study 3 shows a continued dominance of value capture in the business model. I evidenced the impact of the anchoring by describing ineffective institutional work undertaken during the study period.

These findings illuminate the slow paced and messy nature of change, with a combination of effective and ineffective institutional work, as well as work that may have been effective but was not undertaken. In the following section, I outline the contributions of these findings to the literature, as well as implications for practice.

7.2 Contributions

This research makes theoretical contributions to the following literatures: SBM literature, social enterprise literature, and institutional logics and institutional work literature. The research also has practical implications for managers in existing commercial organisations seeking to integrate sustainability into their business models, and policy-makers. In this section, I address each of these sets of contributions in turn.

7.2.1 Sustainable business model literature

As this research is situated in the SBM literature, this is where I make six main contributions. The first three contributions relate to the process of change towards sustainability, with SBMs at one end and commercial business models the other. This research contributes to both ends. Contributions four, five, and six support the development of the SBM literature theoretically, through increasing the breadth of the literature, grounding with institutional logics and institutional work, and demonstration of how critical realism can be used to support SBM research. I now step through each of these contributions.

First, I contribute to describing the ‘end point’ of the transformation, whereby an organisation could be comprised of SBM components that each express SBM powers. This supports clarity of an SBM, which leads to insights on ‘sustainable value creation’, and supports transparency, consistency, and debate in the SBM literature. With the systematic literature review, I build on the extant literature while taking it further to clarify what the potential outcomes of SBM activities might include. Specifically, in **Table 15**, I identify SBM component and powers, that together describe the effects of an SBM. The research continues the normative tradition of the SBM literature (Upward 2013; e.g. Hahn et al. 2017) by suggesting what an SBM could or should be, while being grounded in the existing literature which is predominantly case studies of existing organisations. The SBM components and powers contribute to elucidating the concept of ‘sustainable value creation’, as called for by Lüdeke-Freund et al. (2020). The authors say that “starting to open up the black box of [sustainable value creation] is crucial for stimulating progress in SBM research” (p. 63). Specifically, the authors call for research into the following four areas: what value is and its sources; how value is created; for whom value is created; and who captures value. Stepping through each of these areas: first, through identifying activities and their effects by business model component, I shed light on different types of value and the sources of sustainable value creation in an SBM. For example, I describe the empowerment of employees and suppliers in the employee and supply chain components, and environmental outcomes in the product and service and operational components. Second and third, analysis of the components and powers contribute to the related questions of for whom value is created and who captures value, as I identify different types of stakeholders and how they interact with the SBM. I divide stakeholders into ‘relational’, and ‘non-traditional’ stakeholders, and identify that SBMs target sustainable value creation to particular marginalised groups and the environment. I further identify that marginalised groups can receive value through becoming ‘relational’ stakeholders, or through ‘arm’s length’ activities. As Upward and Jones (2016) note, it is stakeholders who decide if value is ultimately created. As such, this research does not substantially contribute to the final area.

Lüdeke-Freund et al. (2020) also call for greater transparency of how SBMs create value. This research supports the call and provides a means for future research to be more transparent. **Table 15** provides a clear structure and descriptions of the effects of powers in each component. This can be used by SBM scholars to provide consistency in reporting of SBM activities. For example, SBM scholars could describe their case studies with reference to the table, identifying

which powers are expressed and which are not expressed. Studies focused on a particular component could identify that component and how it connects with other components. Additional powers may also be identified to expand the table. This consistency will allow comparison between studies and therefore help SBM scholars to better identify commonalities and differences in the activities, approaches, and outcomes of cases. Importantly, this will contribute to debate about what comprises an SBM. Enabling this debate responds to a related call of Lüdeke-Freund et al. (2020) for critical debate about what SBMs could and should be. In other words, **Table 15** may be added to and refined through the process of scholarly debate. The identification of the components and powers provides clarity and consistency to support this.

The second contribution to the SBM literature is a response to the call for insights into the antecedents of change processes for sustainability (Roome and Louche 2016; Geissdoerfer et al. 2018). Specifically, I identify the period prior to a formal commitment to sustainability as the first phase of change, which is not captured in the phases identified by Pieroni et al. (2019). My review of the literature suggests the extant literature does recognise this period as a phase of change. The (limited) extant literature related to the pre-commitment and commitment phase includes external shocks and leaders' interest in sustainability, and barriers and enablers (Bocken and Geraarts 2020; Long et al. 2018; Laukkanen and Patala 2014; Rauter et al. 2017). In this research, by following an employee-owned PSF, I was able to show how this phase can be traversed in the absence of an external shock or realisation and drive by an organisational leader, which has not been a focus in the extant literature. I found that organisational members frame sustainability within the existing organisational context and interpret sustainability for their organisation. Actors also align with legitimate stakeholders, building understanding across the organisation, and formalising activities to solidify sustainability within the organisation. The study thus provides one example of how an organisation navigates the first phase of change towards an SBM. By identifying this first phase of change, I draw attention to the complexity of activities leading towards a commitment to change, and the need for greater attention on this phase to support existing commercial organisations in considering change towards sustainability.

Third, within this phase, I add nuance to the 'business case for sustainability' discourse through illuminating the interaction of the commercial and sustainability logic in the first phase of change. The literature includes references to the 'business case for sustainability', both as enablers

and barriers for sustainability change (e.g. Bocken and Gerdts 2020; Rotondo et al. 2019). My research adds nuance to this discourse. By elucidating the interaction of the commercial and sustainability logics I show how the commercial logic leads to the ‘business case for sustainability’. Specifically, I identify that the ‘business case for sustainability’ is driven by responding to customers’ needs and protecting shareholder returns. How customers convey their needs (such as the degree of specificity) influences if changes are triggered. The firm’s perspective of customer needs as idiosyncratic or part of a market trend also influences subsequent changes (or lack thereof). I identify that when change is triggered by the firm seeking to meet customers’ needs, the changes occur in particular components of the business model that are of interest to the customer. These are the product and service, operations, employees, and suppliers components. In other words, customers are interested in the sustainability performance of the products and services they receive, how the firm is managing its own sustainability performance, and how the firm interacts with its employees and suppliers. This means that change driven by customer needs do not reach other components of the business model. Furthermore, my findings suggest the absence of customer pressure will lead to a corresponding absence in the firm engaging with sustainability. The research thus indicates there are both strengths and limitations of the ‘business case for sustainability’ driver for business model change.

The fourth contribution of this research is an expansion of the scope of the extant SBM literature. I do this in two ways; I purposefully bring in the social aspect of sustainability and consider a different organisational type, the PSF.

The SBM literature has focused on environmental impacts (Bocken et al. 2014). As a result, the social aspect of sustainability has been overlooked (Lüdeke-Freund et al. 2018). The social enterprise literature (including social entrepreneurship) explores similar concepts of how businesses can achieve sustainable outcomes (e.g. Bull 2008; Macke et al. 2018). As evidenced by the name, this literature includes a focus on social outcomes. However, despite the alignment of these literatures, the SBM and social enterprise literatures have not been explicitly integrated (see Davies and Doherty 2019 for an exception). The contribution of the SE literature is particularly evident in identifying how non-traditional stakeholders are integrated into SBMs. SBM scholars (Bocken et al. 2014; Stubbs and Cocklin 2008) note that the environment and communities are key stakeholders. However, there is little explanation of how these stakeholders act within the SBM

and receive value (Lüdeke-Freund et al. 2020). In this research, I draw on the SE literature's focus on marginalised stakeholders to shed light on non-traditional stakeholder roles in SBMs, including as relational stakeholders (such as employees or suppliers) and at an arm's length (as recipients of additional targeted value creation). Through drawing on the social enterprise literature, this research rebalances the SBM literature with the strengths of the environmental and social aspects.

I also contribute to expanding the SBM literature through the study of a PSF. This responds to Dentchev et al.'s (2018) call for research into different organisational types. Additionally, the SBM literature has focused on sectors and activities with direct environmental impact (Bocken et al. 2014). This has meant a paucity of research into sectors and organisational types that may not have major direct environmental impact but may contribute to sustainable value creation. I believe this is the first in-depth PSF study in the SBM literature. PSFs are important because they guide and shape the (potentially more sustainable) behaviour of the businesses and governments they work with (W. R. Scott 2008). By expanding the SBM literature with research drawn from a PSF context, I show how this organisational type can build on and contribute to the SBM literature. For example, through the study I show how the professional logic interacts with sustainability and may variously support or hinder progress towards SBMs. I also shed light on the role of the ownership and governance components of a business model in SBM transformations.

Fifth, an important contribution this research makes is adding to the theoretical grounding of the SBM literature, as called for by Dentchev et al. (2018). I did this through drawing on institutional theory – specifically, institutional logics and institutional work. I built on Laasch's (2018) characterisation of institutional logics, which, from the literature I have reviewed, has not been further explored in the extant SBM literature. Through the use of institutional logics, the research contributes to a better understanding of the underlying drivers of barriers and enablers identified in the literature (Bocken and Gerdts 2020; Laukkanen and Patala 2014). For example, by investigating the interaction of commercial and sustainability logics, I provide nuanced insight into how the commercial logic's 'business case for sustainability' acts as both an enabler and barrier for business model change for sustainability. I also identify that the professional logic can act as a barrier to the sustainability logic. I have thus shown how complex interactions of institutional logics can help explain progress, or lack thereof, towards SBMs. The addition of institutional work provides structure and insight into how actors navigate the logics. I identify

institutional work of sequential framing of logics, aligning the existing dominant logic with the sustainability logic and interpreting the sustainability logic for the organisation. Formalisation, familiarisation, and alignment with key stakeholders help keep sustainability visible, ‘protect’ resources, and create acceptance for the commitment to change. By drawing on the institutional work literature to also identify ineffective and absent institutional work, the research illuminates the ‘messy’ process of change. This research thus supports future SBM literature grounded in theory, by showing how institutional logics interact with SBM concepts, and how actors have agency with institutional work to move organisations towards SBM transformations.

Finally for the SBM literature, my research shows the utility of the critical realist perspective. Critical realist research is aligned with the SBM literature objectives of critiquing existing structures and supporting change efforts (Crotty 1998; Alvesson and Deetz 2000). However, SBM scholars do not appear to have taken a critical realist perspective. In this thesis, I consider the entity under study to be the business model, and show how the critical realist breakdown of reality into parts such as entities, powers, and mechanisms can add useful precision and reveal new insights for SBM research. As the entity under study, I break the business model into its component parts. This is particularly evident in the development of **Table 15**. In this conceptual part of the research, I apply critical realism explicitly, which sheds light on the effects of activities within SBMs, including how and for whom SBMs create value. More than descriptions of entities, critical realist research is focused on underlying mechanisms that explain what is observed empirically. Critical realist scholars use theory to understand mechanisms and describe reality (Lennox and Jurd-Hage 2017; Danermark et al. 2002). Critical realism can thus assist SBM scholars with increasing the theoretical grounding of SBM research (Dentchev et al. 2018). I demonstrate the focus on underlying mechanisms and use of theory throughout this research with institutional logics (Thornton and Ocasio 1999). I identify the sustainability logic as a generative mechanism for SBMs, and the interaction of the commercial and professional logics acting to variously support or counteract the sustainability logic. This research therefore contributes a demonstration of how critical realism can be applied to SBM research, providing critical realist building blocks of SBM components, powers, and a generative mechanism upon which SBM scholars can build.

7.2.2 Social enterprise literature

In addition to the social enterprise literature (I use this term to also include the wider social entrepreneurship literature) contributing to the balance of the SBM literature, this research contributes to the social enterprise literature. Tracey et al. (2011), in the social enterprise literature, call for research into organisational forms that will help address society's intractable problems. Social enterprise scholars have responded to this call with different examples of organisational forms for sustainability outcomes (e.g. Stubbs 2017b; Gümüsay and Smets 2020; Kenny et al. 2019). In this thesis, I respond to the call by demonstrating how the business model concept, and SBM concept in particular, can support research into organisational forms. I do this in three ways. First, I show how the social enterprise literature fits into the business model concept with a synthesis of findings from the social enterprise literature (**Table 15**). This can assist social enterprise scholars to utilise the business model concept to its fuller extent. Second, I demonstrate how the business model concept can be used to support the social enterprise literature's focus on institutional logics. Social enterprise scholars explore organisations intentionally combining logics into 'hybrid' organisations (Battilana and Lee 2014). I contribute to this stream of the social enterprise literature by demonstrating how institutional logics interact within the components of the business model. Third, and building on both previous points, the research contributes to the social enterprise literature discussions on hybridity. The normative approach of the SBM literature (Lüdeke-Freund and Dembek 2017), reflected in **Table 15**, may stimulate debate about what a social enterprise might look like with less influence from the commercial logic. To support this debate, I provide a discussion of the pathway for commitment to change and identify how core content of the logics interact and lead to changes within the firm. My research therefore indicates a spectrum of hybridity and change beyond the current hybrid organisational forms explored in the social enterprise literature.

7.2.3 Institutional logics and institutional work literature

This research also contributes to the institutional logics and institutional work literature. I make three main contributions to this literature: connecting institutional logics to the business model concept; further elaborating the relationship between institutional logics and institutional work; and illuminating the relationships between different types of institutional work.

First, this research contributes to the institutional logics literature through illuminating how logics manifest within an organisation. In the literature, institutional logics are typically considered at the overall firm level or in relation to particular characteristics of an organisation, such as identity (e.g. Singh and Jayanti 2013; Tracey et al. 2011; Battilana and Lee 2014). Building on Laasch (2018) in bringing together institutional logics and the business model concept, I show how the business model concept provides structure to explore the variation in how logics inform different activities across an organisation. Specifically, I show how logics interact and influence the components of the business model, including with the introduction of a new logic. This is important, because it shows how logics vary not just between organisations, but within organisations. For example, with the combination of business model components and institutional logics, I elucidate how the professional logic can influence governance structures and how services are delivered. In the same organisation, I outline how the commercial logic influences customer primacy and responses to customer requests.

Second, I respond to Ocasio, Thornton and Lounsbury's (2017) provocation for greater integration of institutional logics and institutional work and Zilber's (2017) call for greater consideration of content within logics. Where institutional work and institutional logics are combined in the extant literature, institutional logics are considered in their entirety, and not as made up of different content. For example, Tracey et al.'s (2011) study describes institutional work at the micro, meso, and macro levels, to bring together for-profit retail and non-profit homelessness support logics, and Dahlmann and Grosvold (2017) describe the institutional work of environmental managers to integrate the environmental logic into firms dominated by the market logic. In these and similar studies, the authors describe the logics generally. In contrast, this research reveals the importance of the core content that makes up the logics. I show how the institutional work undertaken and the efficacy of the work can be connected directly to specific content of the logics. For example, the institutional work in this study centered around the core content of stakeholders and organisational form. In the study, the stakeholders of the commercial logic drove framing of sustainability in terms of meeting the needs of customers and shareholders. The organisational form content in the professional logic meant that familiarisation work was important to pave the way for senior leaders to include sustainability in the organisational strategy. I also describe how the time horizons content of the commercial and sustainability were not triggered due to absent institutional work. This detail is important, because it can help reveal

institutional work that has greater likelihood of being effective or ineffective. The focus on content of logics also suggests different organisations may be driven by different content within logics. For example, the SBM literature notes that cost reduction can be a driver for sustainability (Laukkanen and Patala 2014), however, this was not observed in my study.

Third, the research built on Empson et al.'s (2013) concept of 'simultaneous occurrence' of institutional work through describing how the institutional work is mutually reinforcing. I also support and build on Ramus et al.'s (2017) description of formalisation as a supporting type of institutional work. Ramus et al. (2017) identify that formalisation serves to clarify interpretation of the logics, which supports collaboration work. In this research, I show that formalisation can solidify all other types of institutional work, including through clarification, creating visibility, and protecting resources. I also take this further by identifying the effects of the other types of institutional work. I demonstrate how alignment with legitimate stakeholders benefits from the formalisation of actors responsible for sustainability activities and agenda items in senior leadership meetings. In turn, alignment with legitimate stakeholders smooths the way for other types of institutional work as legitimate stakeholders provide, for example, guidance to refine framing of the work to best fit the organisation. Legitimate stakeholders also create opportunities to connect with a wider set of stakeholders. This benefits familiarisation work, which, through sharing and communicating the introduced logic, amplifies sustainability within the organisation. In the study, I also illuminate the relationship of these effective types of institutional work with ineffective work. By anchoring the stakeholders of the dominant logic, other institutional work was ineffective, as it directly conflicted with the primacy of customers and shareholders. Through connecting the types of work to the logics being navigated, I provide a theoretical explanation for how the context interacts with the types of work undertaken and leads to the work being effective or ineffective. This responds to the dichotomy in the extant literature of focusing either on types of work as they are undertaken (e.g. Hampel et al. 2017) or on what the outcome of the work may be (e.g. Lawrence and Suddaby 2006). These insights help move the literature beyond listing types of institutional work to describing how the work relates to its institutional context and interacts and mutually supports, or rejects, other types of work.

7.2.4 Practical implications

The practical implications from this research echo the first set of contributions to the SBM literature. That is, the practical contributions relate to both ends of the process of change towards sustainability. First, by describing the potential effects of an SBM (the ‘end point’ of the pathway of change), the research provides clarity for managers and policy makers about the target of business model change for sustainability. Second, the research supports managers in existing commercial organisations to navigate the first steps of change towards an SBM. It provides guidance about activities that are likely to be effective (or ineffective) in achieving a commitment to change for sustainability. Third, the research supports managers without direct control over desired changes and how they can prompt change in their organisations for sustainability. Finally, the research can also help policy makers direct efforts to support commercial organisations move towards the integration for sustainability. I now detail each of these contributions.

7.2.4.1 Managers

First, for managers considering the pressure of sustainability on commercial organisations, there is a lack of clarity of what it means to be a sustainable business. Put simply, it is not yet clear what organisations should be targeting. This is because, while the extant literature includes useful descriptions of the array of activities that could be undertaken in an SBM (e.g. Lüdeke-Freund et al. 2018; Bocken et al. 2014), and frameworks that guide principles and considerations in designing SBMs (e.g. Joyce and Paquin 2016; Biloslavo et al. 2018), it does not yet provide simple descriptions of the potential effects of SBMs at the level of SBM components. In this research, I contribute to greater clarity in this regard. **Table 15** outlines eight components of an SBM, describes the effects of activities in each component, and provides examples of how the powers could be achieved. As such, **Table 15** provides a clear and accessible reference for managers to understand the potential of an SBM. Additionally, this research provides key insights for managers about SBMs to supplement **Table 15**. The research clarifies that sustainable value creation can occur in all components of an SBM. This can help managers understand the scope of SBM activities. The powers described also show managers how sustainable value creation can involve different stakeholder groups in each component of the SBM. Collectively, these insights and simple table can act as a ‘guiding star’ for managers’ transformation efforts. As part of providing a clear ‘end point’ for SBMs, **Table 15** can be used practically in every phase of change. Managers can compare organisational activities and outcomes against the tool and identify how close or far

the organisation is in each business model component. This exercise will also reveal which components or powers are easier to achieve for the particular organisation, and which components of the business model may require more change effort. These insights gained into relative change effort can then be used to assist in programming change activities.

Second, the research provides managers with practical guidance in transforming towards SBMs. In line with the focus of the research, the guidance predominantly supports managers in the first phase of change towards an SBM. In this way, the research supplements tools provided in the SBM literature, which are focused on designing and testing new business models (e.g. Geissdoerfer et al. 2016; Baldassarre et al. 2017). The research provides managers with guidance for introducing sustainability into their organisations by demonstrating the importance of understanding the underlying values and expectations present in the organisation. Through the description of the professional and sustainability logics in the PSF, this research highlights how the expression of dominant the logics may interact within the business model. I show that it is important for managers to consider how logics are expressed within each component of their business model. Having established their own unique logic interactions, managers can determine how sustainability concepts are likely to interact and allocate resources towards effective activities.

The research outlines four types of mutually reinforcing institutional work, and the skills required, that managers can consider implementing as part of efforts towards a commitment to business model change for sustainability. First, framing work, informed by the underlying values and expectations, motivates and persuades internal stakeholders, and interprets sustainability for the firm. Second and third, aligning with key stakeholders and familiarisation can be used to increase visibility and support for sustainability across the firm. And finally, formalisation supports all these activities through documentation, clarification, and protecting resources. Sustainability activity should aim to align with key values to create acceptance for further sustainability activity to progress. Where sustainability activities may conflict with existing values and expectations, these activities may be unlikely to gain traction prior to a commitment to sustainability being made. By highlighting ineffective and absent institutional work, the research supports managers in identifying potential challenges and considering alternative types of institutional work. This guidance is also likely to support the later phases of change. For example, familiarisation and alignment with legitimate stakeholders will be necessary to achieve each phase

of change. Additionally, and as already noted, **Table 15** can be used as a ‘guiding star’ and to identify gaps and plan transformation activities. Through the insights of this research, managers can more confidently act to commence and advance the integration of sustainability into their business models.

Third, this research supports team members and managers without direct ability to implement organisational changes, who want to support integrating sustainability into their organisations (for simplicity, I will refer to these actors as ‘non-leader managers’). The extant literature identifies external shocks (e.g. Laukkanen and Patala 2014) and realisation and drive of founders and leaders (e.g. Rauter et al. 2017) as key triggers for business model change for sustainability. However, not all organisational types, sectors, and individual organisations will be subject to these triggers. For organisations without these triggers, this research provides insights and guidance to non-leader managers in how they can proactively trigger business model change for sustainability. Specifically, the research shows how non-leader managers can consider the underlying norms and expectations in their organisations and navigate these as they introduce sustainability. I describe four types of mutually reinforcing institutional work that non-leader managers can implement, with reference to their own organisational context. I identify institutional work that requires sustainability expertise, as well as work that can be undertaken by team members without sustainability expertise to smooth and amplify sustainability within the organisation. Knowledge of the skills required means that non-leader managers can undertake work effectively within existing skillsets and seek sustainability expertise as needed. This can assist with the limited resources that are likely to characterise the first phase of change. Collectively the research can empower non-leader managers to instigate the introduction of sustainability into their organisations.

7.2.4.2 *Policy makers*

This research also has several implications for policy makers, and supports existing research identifying regulations as a driver for sustainability (e.g. Kiesnere and Baumgartner 2019; Bansal and Roth 2000). First, through providing a description of an SBM, the research gives policy makers clarity to support regulating for sustainability. Policy makers could review the SBM components and powers against regulatory frameworks and identify where existing or proposed regulation may act as a barrier or enabler to organisations seeking to transform towards SBMs.

Second, the research shows that the transformation towards an SBM is a long one. In particular, the research highlights the slow process of change when driven by customer demand. Studies 2 and 3 covered an almost two-year period for the firm to achieve a commitment to sustainability. The next steps for the firm – moving from the commitment through designing and implementing business model changes – will also take time. The customer driver for sustainability relies on customers to make specific requests and be sufficiently important to the firm to trigger change. The likelihood of change being triggered is also influenced by how the firm perceives customer sustainability requests – as individual, or part of a market trend. Additional drivers – such as from regulatory pressures – are likely to be beneficial in increasing the rate of transformation towards sustainability. For example, customer requests in this research included carbon reduction action plans. Policy makers could supplement the customer pressure by extending the scope of emissions trading schemes that require firms to measure and report and incur costs for carbon emissions to cover more organisations. Second, policy makers could consider how regulation could address areas not reached by the customer driver for sustainability. This could include sectors that may not be as exposed to customer demand for sustainability, or business model components that are less likely to be changed because of customer pressure (governance and ownership and costs and revenues). Regulatory pressures already exist in some jurisdictions in these components, such as requiring reporting of, or setting targets for, gender diversity on Boards (Terjesen et al. 2015).

7.3 Summary of limitations

Any research is necessarily limited by its context, methodology, and design. Indeed, it is a view of critical realists that knowledge of reality is fallible (Danermark et al. 2002), and “we only ever have partial or limited access to the world through our perceptual and linguistic capabilities” (Syed and Mingers 2018, p. 673). It is important to acknowledge these limitations and potential for future research to build on this research in different ways.

First, the identification of SBM components and powers drew on the SBM and social enterprise literature. It is likely there are other adjacent literatures that would enhance and modify the components and powers. Additionally, the components and powers predominantly came from case studies in the literature. These are limiting because they mean the components and powers may not yet capture the full potential of what an SBM could be, following the normative tradition of the SBM literature (Lüdeke-Freund and Dembek 2017). Second, the methodological choice of

an ethnographic study means the research is not generalisable. Rather, ethnographic studies are used to develop descriptions of phenomena where there is a lack in extant literature (Hammersley and Atkinson 2019). Further research with different methodologies is needed to develop the findings from this research to be generalisable. Third, the ethnographic research was limited by the time in the field. While data collection occurred over an almost 2-year period, it concluded with the firm's commitment to sustainability. As the first phase in the process of change, the conclusions in the research may be premature, and outcomes may change after the passage of further time. As such, this research provides insight into institutional work that leads to a commitment being made. It is not yet known if this institutional work is effective in leading the firm towards business model change. Further research is needed to explore the relationship between the commitment to change and subsequent changes in the business model.

Last, the strength of being highly embedded within the study subject also leads to a potential limitation of researcher bias. The research can be biased through emotional connection of the researcher to the team members and context in which they are embedded (Riemer 1977), particularly if the study is motivated by enabling change that aligns with the researcher's own values (Newth 2018). I used several tactics to support reflexivity through the research to mitigate this limitation. The tactics included the use of institutional logics to highlight my own underlying drivers as well as reveal those of firm members, formal interviews with team members, a survey to gather feedback on the firm's business model, and review of developed narratives by key firm members. However, I have a long-standing relationship with the firm and its team members, which was enhanced through this research. As such, there may be behaviours and activities which I did not notice or realise the theoretical importance of due to my high degree of embeddedness and focus on the objectives of the project within the firm. Therefore, in addition to the limitations noted above, further research is needed into different organisations by an array of researchers who may collectively notice and reflect on behaviours and actions differently, and increase the generalisability of the findings.

7.4 Further research

I conclude this thesis with a comment on avenues for future work to build on the research findings. Potential further research areas include refining the SBM components and powers, exploring the potential spectrum from commercial to sustainable business models, considering

organisations' changing perceptions of key stakeholders, and focusing on different pathways to change and their implications.

As noted in the limitations section, future research is needed to add to and refine the SBM components and powers. In particular, while being normative in bringing together the SBM components and powers, these were developed predominantly through case studies from the literature of existing organisations. Further research should extend this to include potential components and powers for what an SBM could or should be, beyond what is currently expressed, or even possible, within the existing economic system. This may include exploring how configurational fit may act as a way for greater sustainable value creation to be achieved through an SBM.

Future research should also increase the connection of research from what an SBM could be and how commercial organisations can transform towards SBMs. This could include exploring which parts of the SBM components and powers are typically expressed at different phases of change. I posit that greater exposure and understanding of the sustainability logic is needed before some of the powers can be considered. For example, I found that the interaction of commercial and sustainability logics created opportunities to trigger change in some, but not all, business model components. Greater integration of the sustainability logic may be needed to expand the influence of change to the remaining business model components, and add the SBM component of targeted additional value, which is important for an SBM but a component that is not included in the commercial business model literature.

In my research, I found that the institutional work led to a wider consideration of stakeholders to include the environment and communities. However, through the SBM components and powers, I found that SBMs target specific stakeholder groups for intentional value creation. Future research could explore how the consideration of stakeholders changes over time, moving from the customers and shareholders of the commercial logic, expanding out to the sustainability logic's key stakeholders of 'humanity, society, and the environment', to the specific stakeholders targeted for intentional value creation in an individual organisation, such as people with disabilities or water quality in rivers.

A key contribution of this research is describing the pathway to commitment in a commercial organisation. There is currently limited research in this phase of change. More research is needed to explore different pathways to commitment. This could include: pathways in different organisational types; the importance of the institutional logic on the governance and ownership component on pathways to commitment such as through case comparisons of PSFs that are not employee-owned, and non-PSFs that are employee-owned; and the influence of different actors and actors' skills on the types of institutional work undertaken. Scholars should also report on ineffective work and work that is absent, and pathways that do not lead to a commitment to change, as this will be potentially more insightful to guide organisations in their journeys. Finally, the literature notes variation in the integration of sustainability into organisations. Future research should explore the impact of different pathways or types of commitment to business model change for sustainability on the efficacy of subsequent phases of change.

Appendix A: Additional influential articles (Study 1)

Battilana, J., & Dorado, S. (2010). Building sustainable hybrid organisations the case of commercial microfinance organizations. *Academy of Management Journal*, 53(6), 1419-1440.

Bull, M. (2008). Challenging tensions: critical, theoretical and empirical perspectives on social enterprise. *International Journal of Entrepreneurial Behavior & Research*, 14(5), 268-275, doi:10.1108/13552550810897641.

Dees, J. G. (2001). Meaning of Social Entrepreneurship. <http://www.caseatduke.org>.

Defourny, J., & Nyssens, M. (2010). Conceptions of Social Enterprise and Social Entrepreneurship in Europe and the United States: Convergences and Divergences. *Journal of Social Entrepreneurship*, 1(1), 32-53, doi:10.1080/19420670903442053.

Jay, J. (2013). Navigating Paradox as a Mechanism of Change and Innovation in Hybrid Organizations. *Academy of Management Journal*, 56(1), 137-159, doi:10.5465/amj.2010.0772.

Katre, A., & Salipante, P. (2012). Start-Up Social Ventures: Blending Fine-Grained Behaviors From Two Institutions for Entrepreneurial Success. *Entrepreneurship Theory and Practice*, 36(5), 967-994, doi:10.1111/j.1540-6520.2012.00536.x.

Shepherd, D. A., Williams, T. A., & Zhao, E. Y. (2019). A Framework for Exploring the Degree of Hybridity in Entrepreneurship. *Academy of Management Perspectives*, 33(4), 491-512, doi:10.5465/amp.2018.0013.

Wry, T., & York, J. G. (2017). An Identity-Based Approach to Social Enterprise. *Academy of Management Review*, 42(3), 437-460, doi:10.5465/amr.2013.0506.

Appendix B: Description of sustainable business model component powers (Study 1)

Customers: How the organisation identifies and engages with customers

C.1 Empowerment of customers

SBMs' relationship with customers is one of empowerment rather than control (Santos 2012). For example, BroadReach is a healthcare organisation, which, in addition to the direct healthcare services it provides, shares data and insights with customers to help them overcome barriers in their work (Gupta et al. 2015). Santos et al. (2015) suggest that in some cases, creating sustainable value may require a change in behaviour of the target stakeholders. This may mean more engagement is required to empower customers to understand and carry out new ways of using goods and services. This can be seen in Whole Foods' approach of providing customers with information directly at the point of purchasing decision to help them make informed choices (Hai and Daft 2016). Fairphone puts control of the longevity of the product in the hands of the customer, who can upgrade the phone in on a part-by-part basis as and if needed (Lüdeke-Freund et al. 2018).

C.2 Integration of customers into multiple parts of the business model

SBMs connect with customers in multiple ways within the business model. It is the product and service offerings that mediate the additional interaction between the organisation and its customers. The additional interactions can include engaging customers in the design of goods and services, and creating interaction through take-back and other circular economy activities (Lüdeke-Freund et al. 2018). For example, Echale a tu casa engages with local housing committees (Wulleman and Hudon 2016), and Social Adventures empowers its customers to co-design the services that will best meet their own needs (Vickers et al. 2017). Lüdeke-Freund et al. (2018) patterns of repair and takeback patterns reflect additional engagement points with customers. Peepoople is one such example, where customers bring back used bags for a partial refund, making them a key part of a circular economy where the waste is turned into compost (Kokko 2018).

Product and service offerings: Design, development, and delivery of products and services

P&S.1 Creation of sustainable value through customers and their stakeholders' engagement with the product or service

An SBM provides sustainable products and services to the market. This means that using the product or service, sustainable value is created directly for the customer and their stakeholders (including the environment). There are (at least) four approaches products or services can lead to sustainable outcomes. The first is products and services that result in customers being better able to meet their basic needs. The second is provision of products or services to support creation of livelihoods. Thirdly, customers being empowered to create their own outcomes, and fourthly, customers' environmental negative impacts being reduced through purchase or use of the product or service.

The literature highlights the choice of customer as a key avenue for the first approaches noted above. Customers for these organisations are typically faced with disadvantage in the social context. Customers include, for example, racial minorities (Santos 2012), people with autism (Santos et al. 2015), low income people (Pullman et al. 2018), young people (Beckmann and Zeyen 2013), and drug addicts (Imperatori and Ruta 2015). In the literature, these customers typically gain sustainable value through services such as healthcare and education (e.g. Battilana and Lee 2014; Beckmann and Zeyen 2013), or enablers to economic value such as access to finance (e.g. Vansandt et al. 2009; Mair et al. 2015; Wilson and Post 2013). Empowering customers may include products and services that increase their knowledge (Florin and Schmidt 2011; Katre and Salipante 2012), social connection (Johannesson 2018; Kodzi 2015), opportunities to engage with culture (Ladstaetter et al. 2018), and tools to enable individualised outcomes (Mair et al. 2015). These services can also provide value to a wider set of customers and their stakeholders.

Reducing customers' environmental impacts in the literature is typically in the form of reused goods, resulting in extending the useful life of existing products and reducing the purchase of products made with virgin materials (Liu and Ko 2012; Teasdale 2012; Battilana et al. 2015). Bocken et al. (2014) describe goods and services that maximise material energy and resource efficiency, providing durable goods to reduce overall consumption, and delivering functionality rather than ownership of goods. Products and services can also provide both social and

environmental value for the customer and stakeholders. For example, health-saving and low carbon energy systems (Ciambotti and Pedrini 2019), sanitary systems used to create fertilizer (Kokko 2018).

Employees: All activities related to employees, such as recruitment, training, wages and salaries, and employee programmes including health, safety, and wellbeing

E.1 Empowerment of employees

The approach of on empowerment, rather than control, in SBMs includes its employees (Santos, 2012). The literature suggests this can be achieved through three key areas. Firstly, work agreements that provide security, sufficient pay, and respond to employee needs. Examples include Dry Cleaning Works resisting the commercial approach of flexible contracts, providing full employment contracts (Teasdale 2012), Khayelitsha Cookie Company paying a ‘fair wage’ (Holt and Littlewood 2015), and fitting tasks to the employees rather than employees to tasks (Battilana et al. 2015). Secondly, contributing to employees’ whole of life prospects and wellbeing, rather than only what is needed to undertake their contracted activities. This means training to suit individual employees (Ciambotti and Pedrini, 2019), taking a whole of career view from prior to employment as a member of the community through to well beyond their employment with the organisation (Biloslavov et al. 2018), and supporting their personal wellbeing (Hai and Daft 2016). Finally, providing employees with a strong purpose and autonomy to deliver on the purpose. For example, the CEO of Banco Solidari tirelessly and personally communicated the mission to all staff members and held annual two-day retreats including all members of the organisation. At DanChurchSocial, a 200 charity store organisation, employees are given high levels of autonomy, and the culture provides an environment of supporting each other in overcoming challenges, regardless of department and role (Maibon and Smith, 2016). Hai and Daft (2016) report on The Container Store, which provides training on the foundational principles of the organisation and transparency about company finances alongside opportunities for competitive stock options.

E.2 Targeted social needs addressed through provision of employment

A common focus in the cases and findings is using some employment positions as opportunities to address social needs in the SBM’s community. This means providing employment for disadvantaged groups, either for permanent employment, or to provide valuable work

experience to increase future opportunities. Over a third of the case studies in the study report on these activities. Examples in the literature include hiring people with disabilities to work in hospitality (Barth et al. 2015), homeless people to provide removal services (Teasdale 2012), long term unemployed local women with few skills to work in bakeries (Wilson and Post 2013; Holt and Littlewood 2015), incarcerated individuals to produce artisan beer (Pullman et al. 2018), and groups struggling to access employment hired to provide outsourcing services (Kannothe et al. 2018).

SBMs can also provide employment opportunities to address social needs in channels from the SBM to the market. For example, organisations like The Big Issue, a magazine on-sold by homeless people (Teasdale 2012), and Unilever Lifebuoy and Hindustan, where small businesses and individuals earn income as distributors of hygiene products in rural and remote areas (Porter and Kramer 2011; Pullman et al. 2018).

Operations: All internal activities necessary to maintain the running of the organisation, including manufacturing, office-based activities, and any additional activities that are undertaken ‘in-house’.

Op.1 Creation of sustainable value through choice of locations of operations

SBMs choose their locations to enable greater contribution to sustainable value. An organisation can locate its operations to contribute to local communities and better connect with the organisation’s stakeholders. Location also allows access to local resources, including outputs from other organisations’ operations, and can be a factor in reducing transport to markets. For example, co-locating a café that employs disadvantaged groups with social support services to encourage employees to use the services (Fitzgerald and Shepherd 2018). British Sugar and Kalundborg have located operations to utilise the by-products of their and others’ operations as resources (Lüdeke-Freund et al. 2018). The literature also highlighted Nestle’s choices of locating smaller plants closer to local markets and increasing the use of local input materials, reducing impacts of transport. Similarly, Wal-Mart has a focus on reducing packaging and optimising delivery routes, reducing associated environmental impacts as well as costs (Porter and Kramer 2011).

Op.2 Minimisation of negative environmental impacts of operations and maximisation of positive impacts

Operations not directly related to goods and services also have environmental impacts to manage, and can do this in line with renewable and circular principles, such as solar power, allowing for telecommuting, purchasing or producing renewable energy, tracking emissions, preventing pollution, purchasing carbon offsets (Graddy-Reed 2018). For example, Adnams built its distribution centre with renewable and low carbon materials, solar heating, and rainwater systems (Lüdeke-Freund et al., 2018). HÅG optimises its freight, bringing resources for manufacturing in one direction, and using the same trucks for moving products out to customers, eliminating empty trips (Høgevold 2011). In a non-product sector, Yip and Bocken (2018) describe banks reducing paper and associated carbon through moving to digital communications.

Op.3 Minimisation of negative environmental impacts of products and services and maximisation of positive impacts

SBMs design operations and goods and services to work towards net positive environmental impacts. Organisations that are providing products made of organic and renewable resources, as described in numerous cases of (Katre and Salipante 2012), necessarily require environmentally-preferable resources and operations to meet environmental claims and certifications. Patagonia is seeking petrochemical alternatives that can be used in its processes, such as plant-based neoprene (Khmara and Kronenberg 2018). Where resources being used to create goods are not renewable, a circular economy approach is needed. The literature includes case studies of organisations providing second-hand or refurbished goods to the market, which means their operations involve sourcing unwanted materials to be reused, repaired, or recycled (Liu and Ko 2012; Battilana et al. 2015). Rohner provides manufactured products to the market, however these are designed based on material and energy flows, and it is targeting a closed loop between production and consumption (Roome and Louche 2016). British Sugar and Kalundborg noted above are examples of utilising wastes as resources between sectors. Bocken et al. (2014) archetypes similarly highlight process innovation to use fewer resources and limiting waste and pollution, and reducing under-utilised capacity.

Supply chain: Activities to work with others up and down the supply chain to achieve organisational objectives, including direct suppliers as well as considering impacts further down the supply chain

SC.1 Empowerment of suppliers

Similarly to empowering customers, SBMs' relationship with its supply chain is based on empowerment (Santos, 2012). Ciambotti and Pedrini (2019) described a fashion-based social enterprise that empowers suppliers to keep traditional fabric working techniques alive and helps them to save money. Fair Trade is again the most well-known example of empowering suppliers, such as through long-term contracts, advance payments, and minimum labour and environmental standards (Nicholls and Huybrechts 2016).

SC.2 Targeted social needs of suppliers' or their communities addressed

A SBM takes the opportunity of its activities in procuring goods and services from other organisations to support disadvantaged communities. Fair Trade enterprises, typically sourcing from local and disadvantaged farmers, are the most well-known of these (e.g. Mason and Doherty 2015; Alberti and Varon Garrido 2017). Other cases include artisans providing goods for on-sale to local or mainstream markets (e.g. Katre and Salipante 2012; Calvo and Morales 2016; Holt and Littlewood 2017). SBMs may also favour suppliers local to their operations (see also locating operations to support sustainable value) (Graddy-Reed 2018; Mitzinneck and Besharov 2018; Rosca et al. 2017).

SC.3 Support for suppliers to improve their sustainable value creation

A SBM increases value in the supply chain in two ways. Firstly, through engaging with suppliers that have aligned values, thereby contributing to the ability of suppliers to deliver sustainable outcomes and avoiding unsustainable outcomes associated with misaligned suppliers. For example, Ben & Jerry's intentionally choose like-minded suppliers to support delivery of their goods in line with their values (Hai and Daft 2016). This includes asking suppliers for transparency about their social and environmental missions. The literature showed that the goods provided for some enterprises were certified organic, which implies working with suppliers who are able to deliver organic raw materials (Hai and Daft 2016).

Secondly, a SBM collaborates with suppliers to find improved solutions across the supply chain. The SBM literature highlights the importance of supplier relationships to enable innovative new processes (Bocken et al. 2014; Lüdeke-Freund et al. 2018). For example, HÅG invites suppliers that align with its values to come into its product development process (Høgevold 2011).

On the production side, Runa works with its suppliers to undertake research into reforestation and agricultural ecology (Haigh et al. 2015).

Targeted additional value: Activities that target sustainable value creation outside of the ‘core’ activities of delivering products and services to customers that are nonetheless fundamental to the organisation to achieve its purpose

Santos et al. (2015) note that while some organisations create automatic value spillover as a result of their activities, others undertake additional activities to create or enhance value spillover.

TAV.1 Improvement of outcomes for stakeholders within the business model

Providing value spillover for a SBM’s stakeholders within the business model typically includes providing additional services to support a particular stakeholder group’s personal wellbeing and ability to be successful in their lives. These activities supplement the empowering relationships already established with the stakeholders. This is a separate component however, because it indicates a focus of the organisation to provide additional value for one or more stakeholder groups, beyond creating an empowering relationship within its normal operations.

Wry and Zhao (2018) note that organisations employing disadvantaged groups typically provide wraparound training and support for employees that is beyond a typical employer training. These wider skills and support are often necessary for the employees to learn and practice setting routines and present appropriately for work environments (Santos et al. 2015). For example, Aspire worked to support the literacy, numeracy, and other basic employment skills of its homeless employees (Tracey et al. 2011), and a refugee business provides ancillary services such as transportation and targeted case management (Woodside 2018).

SBMs may provide support in a similar way to its suppliers or customers. The literature provides examples of growing the capability of producers, such as how to operate in more environmentally friendly ways (Holt and Littlewood 2015; Ciambotti and Pedrini 2019). Activities to support customers includes training beyond the specific good or service provided. Eco-pads offers workshops to customers to better understand menstruation and the female body (Cherrier et al. 2018), and Peepoople trains schools and families in general hygiene practices, better supporting the success of their toilet solution (Kokko 2018). In an alternative approach to training, Cookswell

provides tree seeds free with purchases of its stoves and ovens to encourage customers to plant trees as fuel so they can be self-sufficient (Holt and Littlewood 2015). The Charlotte Housing Authority, which partnered with a university to assess barriers of residents to employment, in order to target services and training, and case managers have been allocated to residents to support establishing goals and connecting to social service providers (Nguyen et al. 2012).

TAV.1 Improvement of outcomes beyond the traditional boundary of the organisation

SBMs also seek to contribute to sustainable value outside of their immediate stakeholders and geographies. In some instances, the value spillover activities are at the macro level, such as active market shaping. Katre and Salipante (2012) found that successful social entrepreneurs participate in advocacy and building broader awareness of the issues they were addressing. Eco-Pads worked with activist and grassroots organisations to advocate to manufacturers for environmentally friendly sanitary pads. TUM, which helps communities build houses with collected TetraPacks, implemented a system of waste collection beyond TetraPak to sell to the State, allowing TUM to better advocate and promote sustainability (Wulleman and Hudon 2016). SolidaritySurplus, which established a model to, then led a government-established working group to develop its model of collecting still useful food waste and distribute it to organisations feeding those in need to one that could be implemented across all parts of the region (Rossignoli et al. 2018). At an individual scale, rural outsourcing enterprises investigated by Kannothra et al. (2018) were identified as operating as intermediaries for connecting target stakeholders with support, assisting the communities to address their broader needs.

Surplus: Activities related to the flow of financial value through the organisation, including costs and revenues, and how any remaining surplus is used –

S.1 Enablement of further sustainable value

Bull (2008) notes a language difference between SBMs and commercial business models – with ‘surplus’ being used, rather than ‘profit’. SBMs’ focus for surplus is creating further sustainable value through reinvestment into the organisation, extraction for aligned activities, and extraction for other sustainable activities. For example, Pache and Santos (2013) identified a case study organisation that had a moral agreement for no profit extraction from the enterprise, so all surplus could be reinvested for further value creation. (The organisation had a for-profit legal form,

highlighting that the legal form does not dictate the surplus). Pura Vida Coffee uses its surplus for social causes in its coffee growing areas (Wilson and Post 2013). Belu Water invests its surplus into an associated non-profit providing advocacy and technology development to advance safe water and hygiene (Mair et al. 2015). Other cases identify a percentage of profits to be donated to charities. For example, the B2R case study reported by Kannothe et al. (2018) reinvests 33% in the community, Pura Vida Coffee returns profits to causes in its coffee growing regions (Wilson and Post 2013), and Kickstater donates five percent of profits to arts and equality (Hai and Daft 2016).

Ownership and governance: Stakeholders and structures that make up who is involved in ownership of the organisation and how governance is managed

O&G.1 Integration of representative stakeholders into ownership and governance to receive and add value

Ownership of SBMs includes key representative groups such as employees, suppliers, and customers. For example, King Arthur Flour Company is employee-owned (Hai and Daft 2016), and the Khayelitsha Cookie Company hires unskilled women who then own 30% of the business (Holt and Littlewood 2015). Cooperative organisations are the most common vehicle for other examples of ownership and governance, such as in housing associations (e.g. Czischke et al. 2012; Gillett et al. 2018), and producer cooperatives (e.g. Mason and Doherty 2015). Santos et al. (2015, p. 49) note that including stakeholder representatives, such as those particularly the focus of sustainable value on the Board allows the governance activity to remain “attuned to [their] needs”. Vickers et al. (2017) also advocate for including customer groups such as those receiving social services on organisation Boards. Suppliers may also be part of governance. Cafedirect allocates three Board seats for producers (Davies and Doherty 2019). Other similar enterprises also include Board seats for producers, such as Divine Chocolate and Liberation Nuts (Mason and Doherty 2015).

Appendix C: Interview questions (Studies 2 and 3)

The questions below formed the basis of the semi-structured interviews for the research. The interviews took place approximately halfway through the research. Interviews were with 11 employees in various roles, geographic locations, levels of experience, and interest in sustainability. The questions in the main bullet point were provided to the interviewees prior to the interviews so they could reflect on their answers. I then prompted the interviewees with additional questions (sub-bullet points) to expand their reflections, ensure I understood correctly, and provide opportunities for me to explore immediate reactions to the questions.

Semi-structured research interview questions:

- What do you see as the main drivers for Orion as an organisation?
- What is your vision for Orion?
 - Further explore: How is this different from what you see Orion as today?
- What is "sustainability" for you?
 - Further explore: What does being a "fully sustainable" business mean to you?
 - What does it look like?
 - How does it operate?
 - What does it do?
 - How would that play out for Orion?
- What do you see as the barriers towards becoming a more sustainable business?
- What impact do you think Covid-19 has had?
 - Further explore: how did Orion's competitors respond?

Appendix D: Effective institutional work (Study 3)

Institutional work	Formalisation	Aligning with highly legitimate actors	Familiarisation
Key supporting literature	Formalisation (Ramus et al. 2017)	Aligning with highly legitimate actors (Tracey et al. 2011), Relational work (Hampel et al. 2017)	Education; Embedding and routinising (Lawrence and Suddaby 2006); Narrative socialisation (Zilber 2009)
Observed activities	As described with each type of institutional work (see *)	<p>Actors engaged with:</p> <p>Leadership team - commencement and resourcing decision-making, discussion of progress reports*</p> <p>Risk Manager – day to day oversight of project*</p> <p>Board Risk Committee – discussion of progress reports, escalation as needed to Board*</p> <p>Leadership Team sponsors – regular oversight and input into activities*</p> <p>Bid-writing team – interaction with project as part of responding to increasing client requests</p> <p>Green Team lead – regular sharing of activities</p> <p>Aligned interest groups – periodic sharing</p>	<p>Interviews with senior and influential team members</p> <p>Company-wide sustainability survey</p> <p>Presentation of broad context and agreed actions to all</p> <p>Presentations to cross-team meetings, shareholders</p> <p>Integrated annual report for shareholders</p> <p>Internal Green Team events</p> <p>Internal newsletter as a means to regularly share stories, internal and external events*</p> <p>Sustainability champions sharing updates, case studies, and prompting discussions within their teams, typically at regular team meetings*</p>
Representative quotes	<p>“Very focused on getting the evidence base – collating what clients are asking for – wanting to separate out myths and emotions” [Meeting notes]</p> <p>“The policy will soon be included in all proposal and report templates. This will ensure our clients are aware of our commitment - sometimes they don't ask for this information, but we know that it can still influence their decision-making.”</p> <p>[Communications (emails, newsletter, intranet) on Sustainability Policy]</p> <p>“A key part of keeping the paper going to the Board Risk Committee [despite some suggestion it be pulled] was so there would be oversight to make sure [sustainability in the strategy] had happened – actively seeking to set up a monitoring situation”</p> <p>[personal notes]</p> <p>“We need to clarify how much time the champions have to do [the tasks identified]. We</p>	<p>“[It] definitely comes down to leadership and making sure that we've got high visibility and good leadership, yeah, in any form of change.” [Alison, interview]</p> <p>“This [project] is feeding into the integrated risk management and business process work being undertaken by Riley and sponsored by Mary.”</p> <p>[email to team meeting organisers, to demonstrate importance of engaging]</p> <p>“It is recommended the Leadership Team reconsider the resourcing of this initiative, through the refresh of the strategy, to speed up progress and start to see the benefits of the work completed to date.” [Risk update to leadership team and Board Risk Committee]*</p> <p>“I would love to talk to you about [sustainability] and get your input – we could help each other. We are seeing increased interest from clients in bids</p>	<p>“I actually think you need visibility to create change. And so I just think the visibility is important. People don't know that there's a problem until you daylight it. ... The more exposure the more familiar it feels, and therefore the more likely people are to adopt it.”</p> <p>[Alison, interview]</p> <p>“I think to really get it through and make it mainstream we're going to have to have lots of different forums for people to get information, lots of different tools. And we're just going to have to keep saying things over and over and over, and just get it out to people again and again until you and I, and the people that are delivering this stuff are sick to death of saying it.”</p> <p>[Tessa, interview]</p>

	have the job code, but I would like to let everyone know how much time they have each month to dedicate, and get this communicated to their team leaders, so that there aren't any barriers to getting stuck in.” [email exchange with project sponsors]	around the four fundamentals of sustainability.” [email exchange with bid-writing team member]	
Activity types	Building evidence base Documentation Allocated responsibilities Reporting lines and clear decision-making process	Leadership team engagement, including responsibility Board engagement Internal team sponsor Informal influential individuals/teams Supportive individuals/teams	Formal presentations and information sharing Regular sharing of different logic elements Informal discussions and ad hoc information sharing
Institutional work Framing with logics			
Key supporting literature	Opportunity recognition (framing the problem, counterfactual thinking) (Tracey et al. 2011); Theorising, naming new concepts (Lawrence and Suddaby 2006); Undermining assumptions and beliefs (Lawrence and Suddaby 2006); Symbolic (Hampel et al. 2017); Rhetoric (C. Jones and Livne-Tarandach 2008); Narrative (Zilber 2009)		
Observed activities	Describing and then collating evidence to support a ‘business case’ for sustainability (risks, client requests, employee pressure) Drawing on recognised sustainability frameworks and approaches (e.g. UN Sustainable Development Goals, Paris Agreement on Climate Change, Integrated Reporting Framework, industry sustainability tools) Sustainability Issues Paper for leadership team, Board Risk Committee, and Board*		
Representative quotes	Importance of framing “[We need to] demonstrate to people how you can do this stuff and make a profit, and have happy clients.” [Tessa, interview, importance of framing with commercial logic] “A concept like sustainability is, it floats around in the air. So being able to connect that to a piece of technical work or a challenge the client’s facing is, it’s communication two ways really isn’t it? About why would I care about global warming? How does that make any sense for my business? How might that be relevant to what I’m doing right here? It might affect what kind of building materials you choose. ... So it’s making those connections for people. And those are usually pretty simple concepts, if they’re not lost in jargon. There’s a lot of jargon.” [Mary, interview, need for interpretation of concept to the business] Framing examples (excerpts from Sustainability issues Paper) Framing the problem with a commercial logic: “There is strong pressure for non-financial action at the global and national levels, which is coming onto Orion through our clients and our people (non-shareholders and shareholders alike). Orion is not currently responding sufficiently to meet these needs. This is a potential threat to our reputation, ability to attract and retain clients, and represents a loss of potential business opportunity in these areas”		
	Interpretation of sustainability logic for Orion (excerpts from Sustainability Issues Paper) “What does this mean for Orion? ... Orion has particular expertise to assist our clients in responding to these objectives, and meeting the requirements that arise through the [global and local sustainability] initiatives. ... In particular, our services directly relate to [specific UN SDGs and other framework aspects listed].” “Orion’s impacts in sustainability occur in three areas: internal sustainability, sustainability services delivered to the market, and incorporating sustainability into all services provided to the market. [The table] summarises the three aspects that make up Orion’s sustainability impacts [with specific examples]. While the largest area of impact is through our services delivered to clients, the interviews and survey confirmed that all three are important.” “As part of the business and wider community, Orion could consider identifying how it can contribute to the achievement of the goals outlined in these frameworks beyond responding to client requests. This could include seeking out projects that draw on our		

	<p>Framing the solution with a commercial logic: “To sufficiently address the identified threats and opportunities, sustainability considerations need to be integrated into our decision-making, day-to-day operations, and how we undertake our work. This means we need to consider how we can respond to client needs, as well as who we need and want to be. To begin this process, this paper recommends that the Board Risk Committee agree to the [actions outlined in this paper].” [indicates need for business model change]</p> <p>“In summary, it is clear a more systematic and strategic approach is needed to meet stakeholder expectations across all three impact areas.” [indicates importance of the work and need for leadership team level response]</p>	<p>expertise and respond to these challenges, assessing our own operations in these areas, and considering how Orion influences or advocates on these issues.” [sustainability logic, potential to stretch beyond client requirements]</p>
Activity types	<p>Framing the problem with a dominant logic</p> <p>Framing the solution with a dominant logic</p>	<p>Interpreting the introduced logic for the organisation</p> <p>Describing potential for introduced logic to become more dominant</p> <p>Sequential framing with dominant and then introduced logic</p>

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