

AN APPRECIATIVE INQUIRY INTO SUSTAINABLE BUSINESS MODEL INNOVATION

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Extended abstract

Summary

Considering the immense impact of the private sector on globally prevailing social and environmental issues, it is clear that businesses need to undergo fundamental change. As incremental change approaches are insufficient to address significant sustainability issues, there are increasing calls for transformative change such as through Sustainable Business Model Innovation (SBMI). While Sustainable Business Models (SBM) are recognised as among the best strategies to improve business sustainability there is a lack of insights on how exactly businesses can adopt SBMs. The understanding is even more limited in the case of small and medium-sized enterprises (SMEs) which are crucial for a more sustainable future. A unique change methodology is needed to explore and support this type of transformative organisational change while allowing for diversity of organisational member's lived experiences. This paper uses a conceptual research method paired with empirical data to propose Appreciative Inquiry (AI) as a new theoretical lens for the field of SBMI, drawing on a research study that applied AI as a framework to guide empirical research on SBMI. Semi-structured interviews based on AI's methodology were conducted with 30 SMEs in Australia. This facilitated generative interviews and insights into the often hidden capabilities and change-capacity of SMEs. This paper contributes a new lens to the growing body of research on SBMs by synthesising AI's theory of change with the concept of SBMI. Preliminary findings suggest AI's potential to provide a fresh perspective to explore and facilitate SBMI.

Keywords: Appreciative Inquiry (AI), Sustainable Business Model Innovation (SBMI), Small and Medium-Sized Enterprises (SMEs), Organisational Transformation

1. Introduction

As current approaches to business sustainability are insufficient to address pressing global issues (Burch, 2018; Guilliani & Nieri, 2020; Veldhuizen et al., 2022), transformative change such as through Sustainable Business Model Innovation (SBMI) is needed (Kassier, 2024). While Sustainable Business Models (SBM) are recognised as among the best strategies to improve business sustainability (Hernandez-Chea et al., 2021; Inigo et al., 2017), there is a lack of insights on how exactly businesses can adopt SBMs (Inigo et al., 2017; Maglio et al., 2021; Schaltegger et al., 2016). The understanding is even more limited in the case of small and medium-sized enterprises (SMEs; Macchion et al., 2022). Considering that SMEs represent around 99% of all firms (OECD, 2019), their involvement is crucial for a more sustainable future (Dalton, 2020; Pizzi et al., 2021). Halme and Korpela (2014) furthermore argue that SBMI may provide a more worthwhile pathway to sustainability for SMEs compared to formal Corporate Social Responsibility (CSR) approaches. Despite the growing interest in SBMs, knowledge on how businesses, and SMEs in particular, can navigate the complex and transformative organisational change process that is SBMI, remains an urgent research priority and a critical barrier to sustainable development.

A fitting change methodology to explore and support this type of change, however, seems to be missing. The literature concerned with organisational change tends to neglect the systemic nature of sustainability-related change and focusses on large businesses, not accounting for the unique characteristics of SMEs (Klingenberg et al., 2013; Wiesner, 2004). Indisputably, a unique change methodology is needed to allow organisations to transform themselves from a conventional, profit-centric business model to an SBM. Appreciative Inquiry may be 'uniquely adapted to such a task' (Laszlo & Barros-Pose, 2014, p.52). Appreciative Inquiry (AI) was first introduced by Srivastva and Cooperrider in 1987 as a form of action research that seeks to create a sense of possibility and to develop new ideas that engage, inspire, and energise to take action. Srivastva and Cooperrider (1987) argued that organisations were best viewed as socially constructed realities, constrained only by human imagination and the shared beliefs of organisational members. New business models require creative thinking and new ideas - which is a key strength of AI (Coghlan & Brydon-Miller, 2014). In fact, Srivastva and Cooperrider (1987) argue new ideas as the most important drivers for change. AI research has also shown to facilitate greater transformative changes in teams compared to problem-solving approaches (Fry, 2014). In contrast to other change management theories which are strongly tied to large businesses (Klingenberg et al., 2013; Wiesner, 2004), AI is not a prescriptive model of how change unfolds, and its constructivist and discursive underpinnings de-emphasise organisational size.

With its focus on generating possibilities and profound change, AI may provide a fresh theoretical lens to explore how businesses can successfully innovate their business models for sustainability. AI's 4D-process (discover, dream, design, destiny), widely adopted by practitioners, aligns with the 4I framework (initiation, ideation, integration, implementation) of business model innovation (Frankenberger, et al., 2013). Fry (2014) furthermore highlights AI's emphasis on whole systems, an important characteristic that it shares with the concept of SBMs, and concludes that "AI is a proven, researched and widely applied process for managing complex change at the individual, group, organisational, community and societal levels" (p.47).

As examples of transformative sustainability in the private sector remain rare (Burch, 2018) and a knowledge gap concerning the adoption of SBMs persists (Inigo et al., 2017), AI's potential to enable organisational and social transformations (Zandee, 2014) may provide a fresh perspective. However, its theory of change has not yet been synthesised and integrated with the concept of SBMI. This paper therefore explores AI as a new theoretical lens to study and facilitate SBMI.

2. Methods

The paper uses a conceptual research method paired with empirical data to propose AI as a new theoretical lens for studying and supporting SBMI. The work departed from the extant literature, bringing together concepts from the SBMI and organisational change literature with a focus on SMEs. These insights informed the research design of a study on SBMI. Semi-structured interviews were conducted with 30 SMEs in Australia. AI guided the data collection by informing the types of questions asked and by giving a structure to the interview questionnaire based on AI's 4D-cycle. Currently, the coding is being conducted using AI as a lens and way of grouping the themes emerging from the data. In a next step, the findings will be analysed and compared to AI's change methodology to discuss pathways and untapped potential for SBMI.

3. Preliminary Findings & Conclusion

Following a strength-based approach to explore SBMI of SMEs has resulted in fascinating insights into the often hidden capabilities and change-capacity of SMEs. It also highlighted the

'soft power' that SMEs have in influencing wider systems change. While insights into barriers to SBMI are important, knowing how businesses navigate these barriers and what strategies they employ to overcome them, may be even more valuable. In this regards, AI's methodology to focus on solutions and strengths rather than problems contributes important insights to the study of SBMI.

The common criticism that AI's focus on the positive may lead to avoidance and silencing of negative issues, not allowing all voices and concerns be heard, and even glossing over problems (Bushe, 2011), was not confirmed. Challenges, such as financial constraints, power dynamics, and even mental health issues surfaced without being probed for and were given the space to be expressed.

Overall, the interview participants expressed a positive interview experience, and it seemed the AI-guided interview facilitated rapport-building and open conversations. These findings mirror Michael's (2005) experience who found AI to be a promising interview tool for field researchers.

„I've loved your questions.” (Participant 8)

“I loved the questions, I loved how conversational - and I have a background in behavioural psychology, they reminded me of that.” (Participant 1)

However, the questions also challenged the participants. For instance, after being asked to reflect on an example that made them proud with regards to sustainable innovation and the changes they had implemented, a participant found it difficult to reflect in the moment:

“It's a tough one. Pass. Too hard.” (Participant 5)

Another participant described a similar sentiment:

“Gosh, I wish I had time to think about these ones. I guess that's part of the purpose.” (Participant 8)

Nonetheless, the questions stimulated a positive sentiment and reflexivity:

“It's a really good question. [...] We clearly don't do that enough. That's something – that is really good feedback, it turns out.” (Participant 2)

“I don't suppose I've really tried at that level. But yeah, I guess that's..., you've planted the seed.” (Participant 8)

The strength-based approach allowed the participants to reflect, engage their creativity, and visualise their ideal scenario in a playful way. At the same time, often when asked to dream

big and put aside what is realistic, the responses stayed very close to what the organisations were already doing. SBMs, however, are new business models, requiring novel, bold ideas of how things can be done differently. This is interesting as it corresponds to Srivastva and Cooperrider's (1987) argument that organisations were constrained only by human imagination and the shared beliefs of organisational members.

The interviews also highlighted that SBMI is a very specific type of innovation and change. For SMEs it is often a personal journey, one of personal growth, perseverance, requiring an enormous amount of resilience, continuous learning and being able to navigate uncertainty. As such, looking at SBMI through the lens of business models as different elements or as activity systems may be too reductionist and may not be able to capture the nuance and depth of the lived experiences that SBMI involves.

While these are only a few, preliminary findings based on an early-stage analysis, together with the conceptual research around AI, there is an interesting and promising opportunity to propose AI as a new theoretical lens for the field of SBMI. Based on these insights, integrating AI's methodology with SBMI, provides a fresh perspective and has the potential to contribute to the field's evolution by offering a new framework to guide empirical research and practical applications of SBMI.

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