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**Business model for continuous enterprise
sustainability**

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Author's Photos



Author's short biographies

- Azra Ahmić graduated from the School of Economics and Business of the University of Sarajevo. She also received her Ph.D. degree in „The influence of top manager's values on the sustainable business success of SMEs in Bosnia and Herzegovina“ in 2016. Azra holds the position of Assistant Professor at the Faculty of Economics - International University Travnik, Department of Management and Organization and Banking and Insurance. The author can be contacted at azraahmic30@gmail.com

Introduction (1)

- Business models – a frequent and challenging topic of practice and research due to:

Growing competition,
internationalization

Higher sustainability
requirements

Challenging socio-
political climate

- **DEFINITION: Business model** - serves as a clear, simplified and more efficient presentation of firm's value formation system to all interested parties
- Firms build business models – to clarify its' believes about what their customers need, how the firm can provide it and organize itself to meet those needs while simultaneously generating a profit (Teece, 2010)

Introduction (2)

- The literature analysis showed - a more efficient combination of stakeholder and resource-based view is needed for a thriving business model (as a superior solution to already available alternatives)
- **The purpose of this paper:**

- To present the new conceptual Model of Continuous Enterprise Sustainability, designed to facilitate and enhance enterprise management in today's demanding and complex business environment, by providing concise steps for effectively incorporating sustainability into day-to-day business activities

The Literature Review (1)

- Sustainability business model (Marioka et al., 2017):
 - “A representation of business elements, their interrelations and the systemic context that enable sustainable value exchange with stakeholders towards enterprise sustainability performance, translating and providing feedback between firm strategy and operations“
- Business sustainability model implies the achievement of sustainability of the three types of resources – financial, social and natural resources

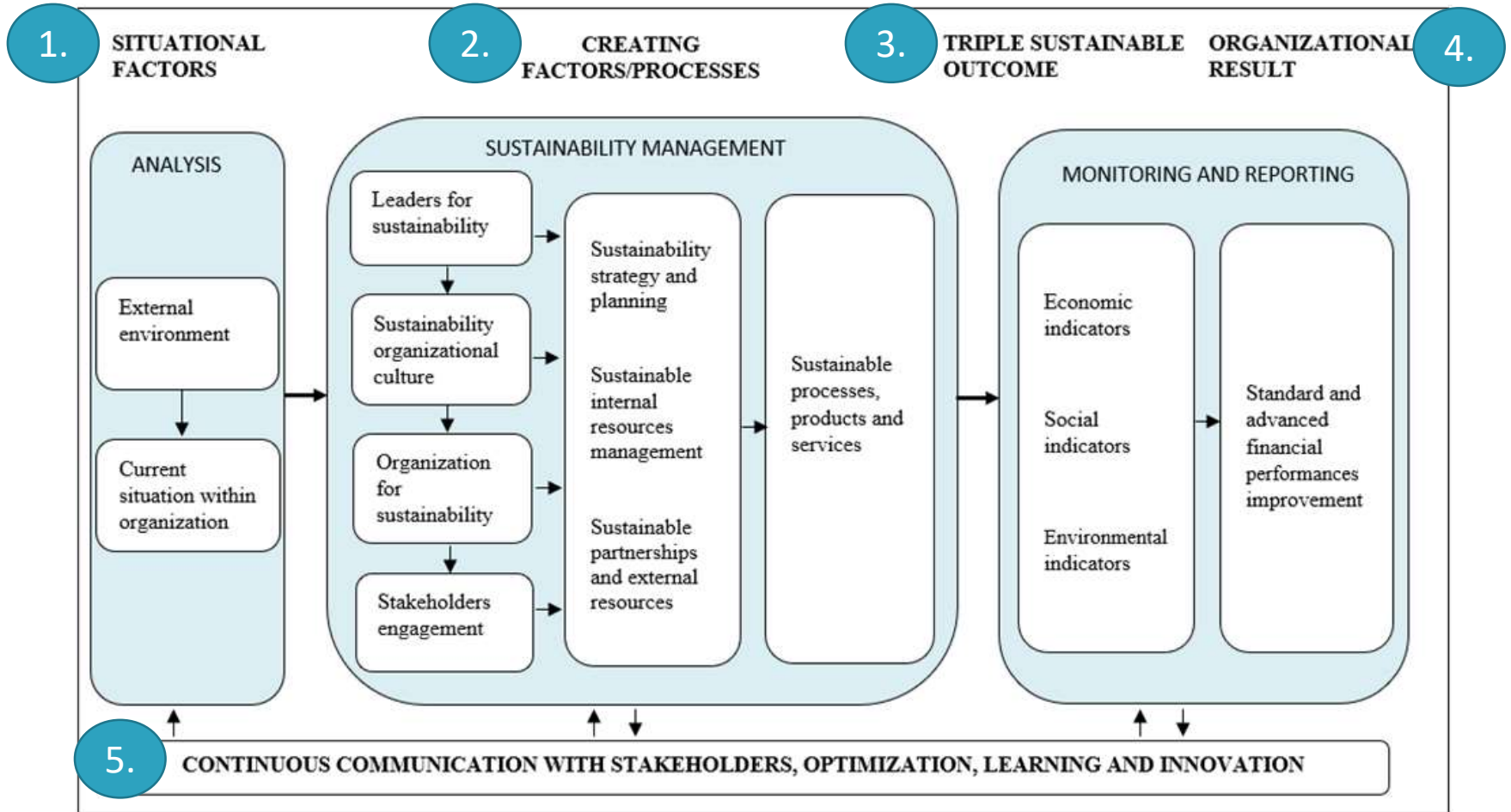
The Literature Review (2)

- Elements of sustainable business models according to different authors:

Dimensions	Sources
Strategic elements: <ul style="list-style-type: none">- United vision- On-board leadership- Strategy implementation- Efficient communication	Gabler et al. (2017)
Sustainability analysis and management	Schaltegger et al. (2016)
Cultural capabilities and Internal structure	Stubbs and Cocklin (2008)
Multiple partners cooperation; Stakeholders involvement	Hellstrom (2015) Marioka et al. (2017)
Sustainable manufacturing	Despeisse et al. (2012)
Value creation (financial performances; social and environmental responsibility performances)	Kozlowski et al. (2018)

Model proposition

- Model of continuous Enterprise Sustainability (MCES):



Situational factors

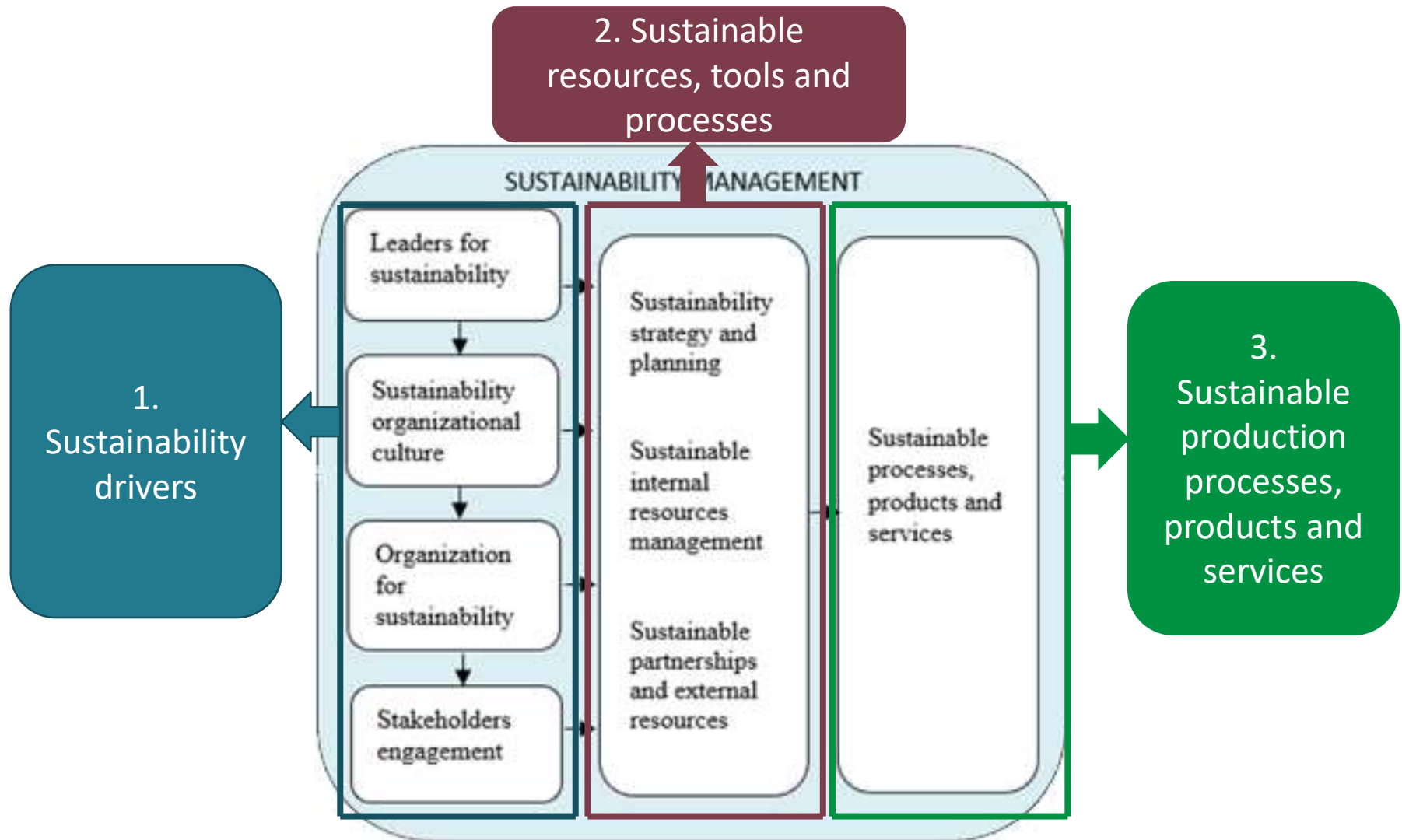
External environment
analysis

- Political, economic, technological, social and ecological environment analysis
- Company's industry analysis (industry trends, current/potential supply chain aspects)
- Competition analysis

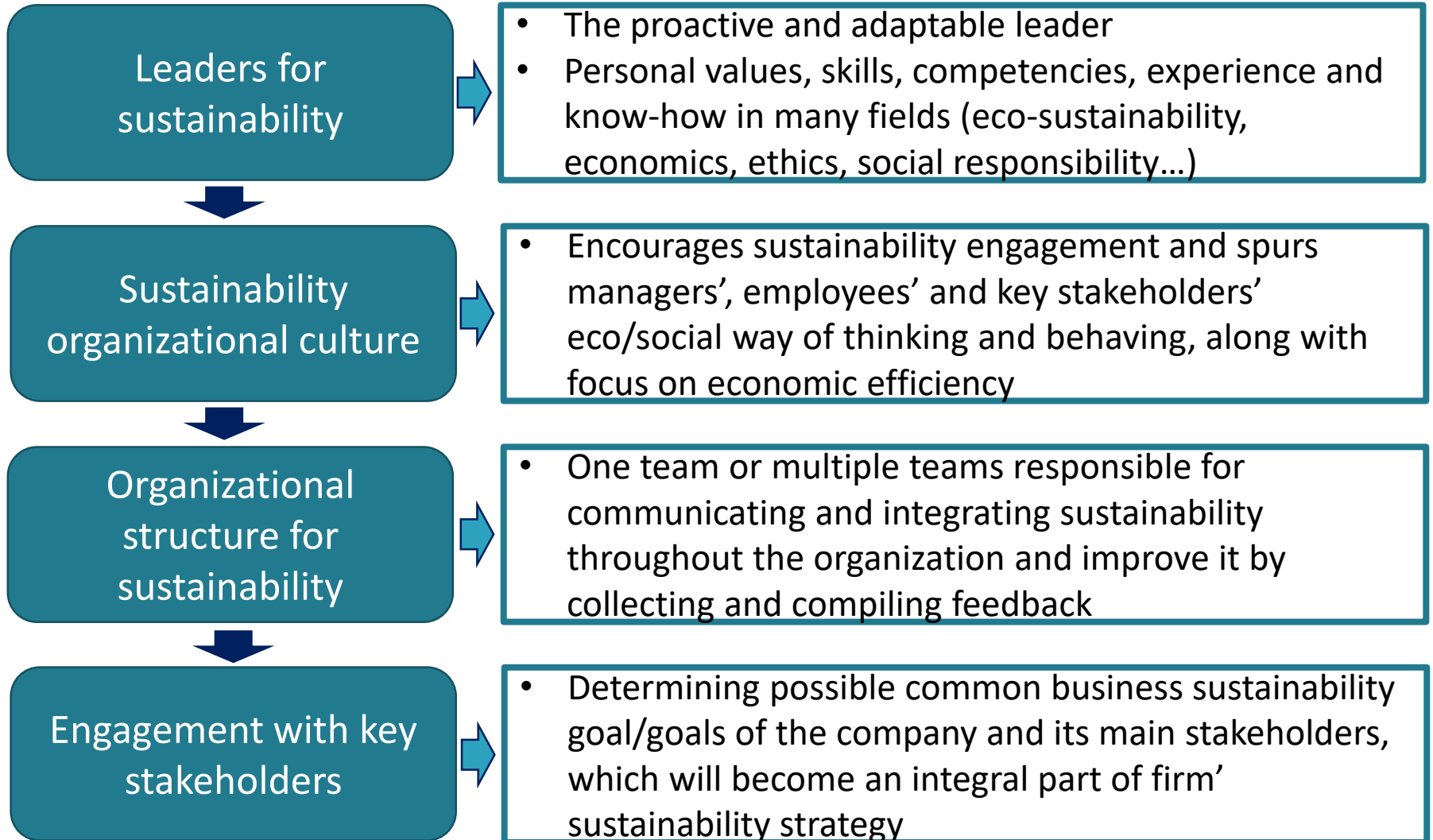
Current situation
within organization -
analysis

- Examining linkage of sustainability matters with the company nature, existing organizational culture, structures, processes, strategies and products/services

Creating factors/processes:



Sustainability drivers



Sustainable resources, tools and processes

1.

- Sustainability strategy and planning

2.


- Sustainable internal resources management

3.

- Sustainable partnerships and external resources

Sustainability strategy and planning

Sustainability
strategy and
planning



- **Sustainability strategy** - addresses issues related to financial performance improvement, environmental and social concerns
- Importance of broaden sustainability orientation for sustainability implementation (formulation of a coherent values – to be transmitted to various interested parties)
- **Strategic planning** – serves as aligning mechanism of firm's strategies and fortified goals (converting vision into daily operations)
- Developing strategic plans by continuous views exchanging about ideas, new chances, feedback and demands enhances collective thinking and contributes to spreading sustainable culture (Ciasullo et al., 2019)

Sustainable internal resources management

Sustainable internal resources management

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graph TD; A[Sustainable internal resources management] --> B[Sustainable human resources management]; A --> C[Sustainable financial resources management]; A --> D[Sustainable natural resources management];
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Sustainable human resources management

Sustainable financial resources management

Sustainable natural resources management

- All internal resources must be adequately planned, organized, monitored and supported by information technologies management process for sustainability

Sustainable human resources management (1)

- **Three components of sustainable human resources management:**
(1) sustainable recruitment; (2) sustainable employee development; and (3) sustainable employee retention

1. Sustainable recruitment:

- long-term orientation by identifying human resources accessibility in the upcoming period, along with their needs;
- sustainable recruitment policy in accordance with applicable regulations;
- essential codes for the human rights protection and internal company principles;
- description of needed competencies and skills;
- providing equal hiring opportunities and enhancing employees' health, safety and diversity; i
- attraction motivational factors application („good salary, company goodwill, good firm's offer, company brand, occupational safety“)

Sustainable human resources management (2)

2. Sustainable employee development:



- Tailor-made employees training/development plan and approaches (such as training courses/workshops, experience transfer, job rotations, development of future-oriented skills)

3. Sustainable employee retention:



- Improved employee engagement („employee satisfaction, identification, commitment, loyalty and performance evaluation“)
- Effective and constructive managers-employees communication and social dialog
- Employee collaboration („good manager-workers relations and teamwork“)
- Adequate work motivational factors („comfortable work environment; enough autonomy and creativity in working and deciding; work-life balance; flexibility in work; promotion opportunities“)

Sustainable financial resources management (1)

- Sustainable financial resources management components:

1. Budgeting and obtaining funds (financing) for business sustainability

2. Funds usage (investing) for business sustainability

3. Maintaining profitability, liquidity and striving for solvency (financial stability)

Sustainable financial resources management (2)

1. Budgeting and obtaining funds (financing) for business sustainability

- Funds availability analysis
- Timing – when we need to obtain funds
- Demanded funds volume and its qualitative features (interest rates, repayment period, payment security instruments)

2. Funds usage (investing) for business sustainability

- Keeping records on: funds form usage and time of funds usage
- Determining the sustainable investment approach and expected ROI period
- Utilizing the feasibility studies and investment projects evaluations for future sustainability investments
- Managing sustainable investments portfolio

3. Maintaining profitability, liquidity and striving for solvency (financial stability)

- Having a suitable funding policy/ongoing liability policy for every type of asset management
- Present/potential profit sources – that the firm can allocate for sustainable business
- Implying management measures of boosting working capital along with core fixed assets

Sustainable natural resources management

- Sustainable natural resources management components:

1. Implementation of recognized eco standard (for example - ISO 14001)

2. Sustainable natural resources access and supply

3. Sustainable utilization of natural resources (reduction/reusing)

Sustainable partnerships and external resources

- The focus in partnership management should be on:

- Sustainable supply chain management (logistics and suppliers)

- Sustainable relationships with business partners (from various alliances, joint ventures and other contractors)

- Sustainable external resources management (in the case of a sustainable supply chain):
 - **Natural resources** – favoring green suppliers, joint minimization of CO2 and harmful raw materials
 - **Economic resources** – lower procurement costs through just-in-time procurement and delivery, reducing the use of packaging
 - **Social resources** – requirements for supplier certification, public transparent reporting on social responsibility

Sustainable production process, sustainable products and services

- **Production process efficiency** can be achieved through quality management systems (like ISO 9001), Six Sigma or Kaizen principle
- **Lean Manufacturing** - a significant impact on sustainable manufacturing
- Core attribute of lean manufacturing – “Overall reduction” practice (any particular product is designed and manufactured by using less space, workers, materials, time and equipment/machines investment)
- **Concept of sustainable product life cycle (PLC)** – multiple life-cycles (6R construct application – “Reduce, Reuse, Recycle, Recover, Redesign and Remanufacture”) (Jawahir & Bradley, 2016)

Triple sustainable outcome and organizational result

- Monitoring and reporting of organizational performances involves three groups of indicators:
 1. Economic indicators
 2. Social Indicators
 3. Environmental indicators
- Balanced scorecard concept (BSC) application for turning the strategy into measurable goals and key indicators

- Organizational final sustainability result involves presentation of:
 1. **Standard financial performances** (such as efficiency, profitability, liquidity, credit indebtedness...)
 2. **Advanced financial performances** (economic added value, market added value, economic added value momentum)

Continuous communication with stakeholders, optimization, learning and innovation

- **Continuous communication** with key stakeholders – covers all previous steps in proposed business sustainability model:



- Increases knowledge, experience and encourages constant learning about specific and relevant sustainability issues
- **Continuous optimization** – continuous search tool for the best optimal and feasible solution to a particular problem (based on problems' special circumstances)
- **Continuous learning for sustainability** – to encompass new class of IT skills; life-long learning; inclusion of new training forms...
- **Innovation** – should be included through all model stages (by creating value for all key stakeholders)

Conclusion and implications

- Proposed Model for Continuous Enterprise Sustainability (MCES) embraces five components:
- (1) situational factors; (2) creating factors/processes; (3) triple-sustainable results; (4) organizational results; and (5) continuous stakeholder communication, optimization, learning and innovation
- **Main contribution:** MCES represents a splendid solution for enterprises to stay more competitive on the market; develop strategic, reliable and constructive relationships with prime stakeholders; efficiently/effectively manage with its resources; and create value for everyone involved by operating profitably in the long-run
- **Further benefits:** MCES involves detail explanation (clear steps) of how to apply and achieve sustainable human, financial and natural resources management – which lacks in previous model proposals

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