

Modeling Factors Affecting the Sustainability of Business model

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Extended Abstract

Abstract

The present study identifies and designs the components that affect the sustainability of the growth and sustainability business models in the ICT industry. In this research, the exploratory (qualitative-quantitative) research framework has been selected. Statistical sample of the qualitative stage of 9 managers of ICT companies whose companies have reached the stage of growth and stability in the life cycle of the business, and the quantitative sample is 277 managers and experts in this field. The data collection tool was semi-structured in the qualitative stage of the interview and in the quantitative stage of the questionnaire. To analyze the qualitative data, content analysis method and for quantitative data, the exploratory and confirmatory factor analysis method has been used through structural equation software. The results of this study showed that all dimensions and components of the sustainability model were confirmed and the factors affecting the sustainability of the business model were innovation, creating shared value, participatory leadership, economic factors and corporate governance.

Introduction

Nowadays, sustainability is converted to a part of business model all around the world (Antolin-Lopez et al, 2016:7). Corporates make connections with their physical, biological and social environment, affect it and are affected by it (Phillis & Davis, 2009:6). Business sustainability model by creating a shared understanding of business logic, making the possibility of analyzing, improving business management, and creating a vivid perspective, leads corporates to get prepared for entering the market and thus, makes maintaining and enhancing the corporate's position in domestic and global markets possible (Jonson, et al.

2019). In recent studies the discovery of sustainable business models has been very important to scholars (Yang, et al. 2017:168). But currently there is no general definition neither for sustainable business models nor for the factors affecting the sustainability.

The other issue which is tried to be focused on as a specific condition of Iran is sanctions. As stated previously, given the current environmental status of Iran, in which the sanctions can be considered as the most important issue, a long-term presence in the environment and maintaining the current situation essentially need the sustainability of business models. So, this study tries to discuss the intra-organizational and inter-organizational dimensions of business models based on the specific situation of Iran. Antolin Lopez et al. (2016) argue that the diversity of the tools evaluating corporate's sustainability and the loss of knowledge over this issue create complexity and cause confusion of the researchers. Also, in measuring three dimensions of the corporates sustainability (economic, social, and environmental) no exact criterion is considered. So, the purpose of this study is identifying and designing the components of sustainable business model which is consistent with domestic businesses and the firms which are studied have already passed the Innovation and the Startup phase of the business model lifecycle and now are in the growth and stability phase. The approach of this study is also the evaluation of inter-organizational and intra-organizational factors which must be assessed to reach to sustainability.

Materials and Methods

A mixed approach composed of qualitative and quantitative part has been applied for this study. In the qualitative part content analysis and coding method, and in the quantitative part exploratory and confirmatory factor analysis have been done in order to identify the factors affecting business sustainability. The qualitative sample in composed of 9 managers of developed and knowledge-based enterprises in ICT industry. As the population is not random, the purposeful sampling method (snowball sampling) has been applied. In the quantitative part the sample size, calculated by Cochran formula, includes 277 managers, employees and the experts of the field.

In the qualitative part library research and semi-structured interviews are done for collecting data. First the main questions were designed based on the theoretical literature, then gradually new questions were formed during the interviews and were added to the main ones. So, the interview protocol consists of the questions which are exploratory in nature and are along with reaching to business sustainability. In this step the main dimensions and indices of the study were extracted and then were coded using content analysis and were used for preparing the questionnaire which was to be used in quantitative part. In the

quantitative part data collected using researcher-made questionnaire and analyzed using Amos23 and Spss20.

To examine the validity of the questionnaire the content validity and the constructs validity methods were applied, as the questionnaire were confirmed by three experts and faculty members in this field. The reliability was examined by Cronbach's alpha and the resulted mean was 71 which indicates that the evaluation tool has a proper reliability. To analyze the qualitative content, qualitative content analysis method was implemented. In content analysis two ways of content analysis including latent and manifest content analysis were conducted. In other words, in some cases the latent content of the data was extracted too and each interviewee's quotes were arranged in a table. In the next step data coding, which is the base of pattern analysis, was done. Each interviewee was given a code from Q1 to Q9. Open coding was done according to the key concepts of the managers' verbal statements and in the concept-driven coding a title has been given to each category of the stated common concepts.

Findings

The findings resulted from analyzing the qualitative content of semi-structured interviews include indices and dimensions extracted from verbal statements of managers about the factors affecting sustainability of businesses. These findings show that the factors affecting business sustainability include five elements: shared leadership, innovation, economic factors, corporate governance and creating shared value.

In this study 30 indices were organized in the form of 5 components. Assessment of the findings show that the innovation with the standard factor loading (SFL) equals to 0.97, creating shared value with the SFL = 0.67, shared leadership with the SFL = 0.626, economic factors with the SFL = 0.553 and corporate governance with the SFL = 0.427 are respectively the most important factors affecting the sustainability of business models.

In assessing the factors obtained in each of the 5 dimensions of our model we come to the conclusion that in order to have a sustainable business model, not to fail in innovation and startup phase, and to reach to the growth and development phase these dimensions and components must be specially taken into consideration. In other words, this model can be utilized as the base of sustainable business in all types of organizations.

Discussion and conclusion

Innovation causes changes to all the dimensions of a corporate and while unfortunately many of the corporates in the beginning of their establishing have cognitive biases, they do not care enough about the needs and the realities of the market. Considering the innovation dimension creates flexibility in all sections

and causes the early-stage businesses to pass the upcoming challenges successfully. The findings of this study show that the innovation is the most important factor which must be focused on and the components affecting this dimension respectively are: presenting alternative solutions, creating new financial solutions, new products and services, simplifying the process of using products, and designing flexible structure. Producing new financial solutions and the ability to research, develop and create online fund management systems in order to automatically update the resources and proper planning, would have essential impact on business sustainability. Producing new products and services and presenting alternative solutions in solving unpredicted problems also can contribute the corporates in their sustainability.

Creating shared value is creating value from making connections between the profitability and competitive advantage of the corporate and its social responsibilities. Networking, offering free services and paving the way for creating added value and supporting the cultural-religious values would result in business sustainability. Offering the best services with lowest prices and special services in supply chain and communication channels along with offering specific services to consumers and other stakeholders can effectively impact on creating competitive advantages and increasing the profitability. So, the corporates are trying to use their own and the society's weaknesses and strengths as opportunities to be exploited along with the competitive advantage. The effective components in this dimension respectively are: employee partaking in profits, supporting cultural-religious values, facilitating the communications between stakeholders, offering best services with the lowest prices, offering free services and creating added value.

Shared leadership is one of the main infrastructures and bases in the formation of venture capital corporations and is the basis of innovation formation which is our most important dimension. The causes of success in shared leadership are in having team spirit, being good at negotiations, having the ability to persuade stakeholders, and being flexible. Corporates should try to improve the team spirit by creating idealism, pursuing goals, and supporting the work groups in the corporate. Inducing altruism, contribution, goal-orientation, and having a positive image of the business can enhance the growth and sustainability of the corporate. The effective components of this dimension are respectively: commitment to completing the work, awareness of current issues, positive forward thinking, inducing altruism and positive image, high ambiguity tolerance, solving inter-organizational conflicts, high flexibility and team consistency, idealism and pursuing the goals, partaking and high team spirit, and being sure of success and growth of the business.

In the economy dimension the most influential factors in sustainability are respectively: costs reduction, developing economies of scale, and efforts to gain profits for stakeholders. These factors would increase the productivity and create opportunity and competitive advantage for corporates.

A proper corporate governance is the prerequisite of the corporate sustainability. In this dimension these components respectively are the most helpful factors for businesses in reaching to sustainability: developing the culture of caring about social responsibility, transparency and availability of the information, constructive interactions with lawmakers, supporting the managers and employees, and creating motives and positive spirit.

Keywords: Business Model Sustainability, Sustainable Business Model, Business Life Cycle