4TH GENERATION SUSTAINABLE BUSINESS MODELS

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Inaugural Speech

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“In the varied topography of professional practice, there is a high, hard ground where practitioners can make effective use of research-based theory and technique, and there is a swampy lowland where situations are confusing ‘messes’ incapable of technical solution. The difficulty is that the problems of the high ground, however great their interest, are often relatively unimportant […] to the larger society, while in the swamp are the problems of greatest human concern.”

Donald Schön, 1983 – The reflective Practitioner
Global climate change or, more precisely, global warming is one of the biggest and scariest problems facing our society. In some parts of our world, we can already witness the consequences. Most of us are probably familiar with the shocking pictures of emaciated polar bears that are finding it increasingly difficult to find enough food, and thus survive, as a direct result of sea ice melting earlier in the spring, and forming later in the autumn. However, the polar bear is far from the only species already suffering from climate change. Extreme weather conditions leading to flooding and droughts, wild fires and changing landscapes are threatening animals, plants and people across our globe. What is more, climate change is just one of the threats. In combination with rising temperatures, on-going acidification of our oceans, pollution and deforestation are seriously undermining the long-term functioning of many of our planet’s ecosystems. This not only leads to biodiversity loss and direct health problems for people, such as the spread of diseases, but also damages the functioning and capacity of our planet as a food production system and can be argued to represent at least one of the causes of various armed conflicts, acts of terrorism and migratory flows.

These are just a few examples of the many complicated and interrelated environmental, socio-cultural and economic problems we face. Many of these problems and their impact on our lives will only become bigger and more noticeable in years to come. Resolving them or, at least, trying to minimize their impact is quite a challenge, however also one we
cannot shy away from, nor postpone for much longer if we truly want to safeguard the future of our planet and the quality of our lives and the lives of our children. Doing so is usually referred to as striving for sustainable development. The most widely accepted definition of sustainable development is the one put forward by the United Nations in 1987, which relates to “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations’ World Commission on Environment and Development, 1987).

As straightforward as this definition may appear at first, it incorporates two crucial elements that significantly complicate the challenge we have to rise to. First, it refers to the needs of current and future generations. Second, it refers to the needs of generations, not just the needs of those fortunate enough to have a job, enjoy freedom and live in wealthy parts of our world. Together, these elements highlight the systemic and ethical dimensions of striving for sustainable development. Somehow, we will have to ensure that the way in which we meet the needs of people living today does not make it impossible for our children and grandchildren to meet their needs. This in itself is anything but a sinecure, if you realise that even today we, as humanity, already use more resources than the earth can provide for in the long term. In fact, combined with predicted growth of the earth’s population we would need at least two earths by 2030 to accommodate for our current consumption patterns (Laukkanen and Patala, 2014). To add to that, this prediction does not yet account for the additional resources that might be needed to meet the needs of those less privileged, such as people currently living in poverty or conflict areas.

The old and the new system

Fortunately though, this is not the full story or, to be more precise, it does not have to be. In fact, all around us we can see some rather encouraging signs of the early stages of what some refer to as a transformation or transition (Loorbach, 2014) and others describe as a co-evolutionary process (Laukkanen & Patala, 2014) in which new, more sustainable, technologies, social practices and institutions are slowly but surely being created. Derk Loorbach, professor of socio-economic transitions at Erasmus University in Rotterdam, describes this as a “gradual and creeping revolution in which citizens, consumers, […] entrepreneurs, civil servants, researchers and activists are changing the way in which we live, consume, [and] produce in small but certain steps” (2014, p.35). Some obvious examples, that most of us are familiar with, are AirBnB and Uber – the most well known representatives of what we usually refer to as the sharing economy, or ever-increasing opportunities to buy your renewably energy directly from farmers and other individuals that have installed solar panels or windmills that generate electricity.

Interestingly, some, if not most of these initiatives and new practices, would not have been possible without the very same system that put us on an unsustainable course in the first place – the system that still dominates our everyday lives. This system based on free markets and promoting private property, autonomy and economic growth has provided many of us with the material means, technologies such as the internet and social media, knowledge, desires and imagination needed to set up these initiatives and participate
in these practices (Varul, 2013). However, as is discussed in more detail later on, this system is not giving up without a fight. The invisible hand of the free market and our pre-occupation, as society as a whole, with economic growth and material wealth not only damages nature and promotes inequality, it also slows down or even destroys a number of initiatives and practices, especially promising business practices, that are crucial to repairing and preventing these problems. This resistance of the old system could seriously delay the build-up of an alternative system – a system that supports sustainable development. Furthermore, obviously, the longer the delay, the more severe the consequences will be, especially if a continued focus on promoting private property, autonomy and economic growth creates a situation in which the associated negative outcomes lead to an uncontrolled, chaotic collapse of the old system – often referred to as Seneca's cliff (Bardi, 2013) – before we have managed to build up the new one (Loorbach, 2014).

Over time, the old system, our current socio-economic system, has been shaped by a number of different actors, such as policy makers and public authorities, citizens – in their various roles as inhabitants, voters, employees and consumers, civil movements – such as non governmental agencies and protest groups, and, last but not least, businesses. All of these actors have a role to play in striving for sustainable development and overcoming the resistance of the current system (see e.g. Doane, 2005; Laukkanen and Patala, 2014; Stubbs and Cocklin, 2008).

Unfortunately, governments and intergovernmental organisations have, so far, been rather reluctant or unable to implement strict sustainability regulations, nor have we witnessed any drastic revisions of tax systems or sincere and passionate promotion of alternatives to capitalism and economic growth. Simultaneously, most of us – the citizens – in our role as voters have actually supported them, and continue to support them, in not doing so. Meanwhile, in our role as consumers, we appear to be rather reluctant to adopt sustainable alternatives to the way in which we fulfil our needs, and we have not en masse joined or supported civil movements, so that they can drastically and swiftly change the status quo.

Consequently, businesses clearly have a crucial role to play in rising to our collective challenge of making a relatively smooth transition to a sustainable socio-economic system. However, it is important to realise that the importance of businesses is not just the result of other actors consciously choosing not to step up to the plate. It is also linked to the fact that other actors are very much influenced in their behaviour by the way businesses fulfil their role. Given that the functioning of our current socio-economic system is highly dependent on businesses, for instance as a means to finance its existence and create its material resources, the business world represents a powerful force in our policy making landscape. Simultaneously, businesses are at least as influential in the daily lives of most of us – be it as a supplier of the services and goods we crave for or as a buyer of the services and goods that we provide, but also as our employers and our neighbours. For many of us, businesses act as co-creators of our lives and the surroundings in which we live.

This means that businesses not only bear a huge responsibility in adjusting the course of our society to a more sustainable one, their potential to do so is equally substantial. If businesses manage to create and apply the capabilities, technologies and practices needed to support sustainable development, there seems to be every reason to be optimistic about our future. Therefore, the remainder of this discussion focuses on ways in which they can fulfil this potential.
First, second and third generation sustainable business models

The actual functioning and contribution of individual businesses can best be described by reviewing what products and services they are offering or providing to which customers, the way in which they deliver these products and services to their customers and, finally, the way in which they deal with costs and revenues. Together these three elements shape the so-called business model that is applied by a specific business or organisation (see e.g. Bocken et al., 2014; Schaltegger et al., 2011; Teece, 2010; Zott et al., 2011).

Efforts by businesses to reduce their negative impact from a sustainability perspective have usually started by trying to adjust the way in which products and services are created and delivered. Numerous businesses around the world have been looking for ways to create and deliver value to their customers that use fewer resources and that generate less waste, emissions and pollution. In fact, through redesigning their products and services and applying circular economy principles such as recycling, Cradle-to-Cradle and leasing instead of buying, many businesses have already taken significant steps in controlling and avoiding pollution, as well as maximising material and energy efficiency of their value creation processes. We can also see an increased effort of many businesses to stimulate and engage in the production and use of renewable energy. In other words, the business world has already made progress – in some areas quite significant progress – in developing technologies, products, services and practices that minimise or even eliminate negative environmental consequences associated
with its business models. What is more, given their track records, it is probably safe to assume that entrepreneurs, especially if they join forces with scientists, have got more in store for us in years to come. As was stated so eloquently in a paper in Harvard Business Review on the relation between sustainability and innovation (Nidumolo et al., 2009, p. 63): given that we have learned how to fly like birds and dive like whales, why would it be impossible to learn how to breed rice that grows without water, or create biodegradable packaging that helps seed the world with new plants and trees?

However, this is just the first step in striving for sustainable development and the potential contribution of businesses to tackling this challenge. If we refer to this step as first generation sustainable business models, second generation models are applied by businesses that not only address their environmental impact but also their social impact. In other words, second generation sustainable business models relate to businesses that explicitly account for and try to optimise all consequences of their functioning from a people, planet and profit perspective – the well known three pillars of sustainable development (Destatte, 2010) and three Ps of Triple Bottom Line reporting (Elkington, 1994). Whereas a few decades ago it was still more or less common practice to stick to the reference point of influential economist Milton Friedman (1962) that the only responsibility of business is to increase its profits, these days more and more businesses state that they themselves consider their responsibilities to include more than merely making money. Under the heading of Corporate Social Responsibility programs, Corporate Sustainability initiatives, Integrated Reporting and various other – often rather fancy – names, numerous businesses focus on minimising their environmental impact, yet also on making a significant positive contribution to the social component of sustainable development. Some businesses choose to invest in the health and overall wellbeing of their employees, others focus on improving living conditions in local communities or set up charity projects across our globe. Some businesses probably only do this to persuade potential customers of their good intentions and morals, hoping that this will increase sales and thus profits (Marques and Mintzberg, 2015), whereas others undoubtedly do this based on genuine good intentions of the people involved. Unfortunately though, regardless of what motivates these practices, the invisible hand of the free market, weighted by passive and oftentimes sceptical consumers, usually finds a way to temper ambitions and obstruct long-term meaningful progress.

The explanation for this mechanism is as simple as it is sobering: ultimately, the business model applied by almost all of these businesses still revolves around capturing as much value or, to be more precise, money from the market as possible. Given that the dominant coordination mechanism within our current socio-economic system is that of the market, this is hardly a surprise. In order to be successful and to survive in the free market, a business has to try and increase its market share and profits (Boons and Lüdeke-Freund, 2013). Ultimately, this means that businesses that want to engage in Corporate Social Responsibility have to take on the challenge of merging two competing paradigms – creatively trying to synthesize the social and economic purpose of the business (Wilson and Post, 2013). Consequently, more and more of these businesses are looking for ways to engage in Corporate Social Responsibility that simultaneously improve their economic performance, thus increasingly treating environmental and social practices as a business case (also see e.g. Carroll and Shabana, 2010; Dohrmann et al., 2015).

Ultimately, treating these practices as a business case – as a means to an end, instead of an end in itself – implies judging
sustainability initiatives on their contribution to meeting the requirements of the market, such as cost reduction, profit margin, risk reduction, reputation and brand value (Schaltegger et al., 2011). Only through operating based on meeting these requirements can a business ensure the returns on investment demanded by its shareholders, meet the expectations of stock market analysts, generate the financial means needed to acquire its material and financial resources, and continue to satisfy its current customers.

Combined with the reluctance of governments and consumers to support and stimulate sustainable business practices, this explains how our current socio-economic system has created self-reinforcing mechanisms (Bohnsack et al., 2014) with respect to the way in which businesses operate and the business models they use. Even though more and more businesses claim to account for all three Ps of the Triple Bottom Line – and some of these businesses and their leadership are clearly passionate about trying to be different and trying to make a difference, these second generation sustainable business models still treat sustainability initiatives as an add-on – as the icing on the cake (Marques and Mintzberg, 2015). Ultimately, whether they like it or not, these businesses are all competing in the same baking contest: a baking contest in which the judges surely value a great icing, but in the end prizes are only awarded to those that have used the recipe of the free market in baking their cake (also see Doane, 2005; Laukkanen and Patala, 2014).

This is why some have called for the development of different types of business models and new management paradigms (Stubbs and Cocklin, 2008). A promising development in relation to this call is the recent rise of so-called social or societal business models. Within the context of this discussion, we could refer to these models as third generation sustainable business models. In contrast to the first and second generation, these business models have purposely been designed to also generate environmental and social value instead of just financial value. In fact, they aim at creating economic value through creating societal value (Porter and Kramer, 2011) and some of these businesses even consider profitability as the means to an end, not an end in itself (Wilson and Post, 2013). Those values and ends are oftentimes defined in terms of solving specific environmental problems, community development or helping out the world’s poor. One of the most well known examples of the latter is the Grameen Group: a network of businesses designed to alleviate poverty in Bangladesh. One of these businesses focuses on lending money to people that do not qualify for a loan from a regular bank, whereas another one has teamed up with the French company Danone in providing cheap but healthy nutrition to poor families. In 2006, the founder of the original company, the Grameen Bank, Muhammed Yunus was awarded the Nobel Peace Prize for these initiatives.

Many of the entrepreneurs responsible for social businesses, including Muhammed Yunus, have made a conscious choice to create social value through operating on the market as a business. Applying a self-sustaining or even profit-focused business model, instead of relying on donations for survival, is referred to by some as an act of positive protest – as an attempt to reform capitalism (Wilson and Post, 2013), by others as an attempt to empower capitalism to deal with some of the challenges our society is facing (Yunus et al., 2010) or even as the way to create a “higher form of capitalism” (Porter and Kramer, 2011, p. 75) – the latter representing a reference point that lies at the core of the shared value concept introduced by Porter and Kramer. Even though many of these societal entrepreneurs acknowledge
that operating on the market place, as a business, can lead to conflicts, the reasoning applied by these entrepreneurs is that these simply represent “facts of life” (Yunus et al., 2010, p. 318) and involve “conscious trade-offs rather than deep conflicts of interest” (Wilson and Post, 2013, p.727).

For these businesses, making a contribution to sustainable development is not the icing on the cake; it is the recipe for the cake itself. The crucial question linked to this recipe then is: can it win over the judges? Obviously, to be able to answer this question affirmatively requires these businesses and their business models to be backed up by owners and shareholders that will accept lower (or slower) financial returns on their investment to support the creation of higher environmental or social value. In today's marketplace, this might make it rather difficult for them to acquire the financial and material resources needed to scale up their processes and, consequently, to capture a sizable market share. This, in turn, makes these businesses “fragile organizations that must walk a fine line between achieving a social mission” (Santos et al., 2015) and participating in the game called the free market; a game that, despite the protests of some of these players, is still played within the context of regulatory and tax systems that favour the less ethical ones; a game in which businesses applying traditional profit-focused business models can still count on the strong support of one of the judges: the consumer; and a game in which the winner takes all (Doane, 2005)!

Ultimately, third generation sustainable business models do not fundamentally change the role of businesses in our socio-economic system or the reference points of the system as a whole (Crane et al., 2014). Therefore, it is not surprising to see that many societal entrepreneurship initiatives have not survived or have never managed to move beyond the status of a niche player serving a niche market. Those that have survived – and some of these businesses have definitely managed to become or remain successful in creating economic value – often have had to make, or have consciously made significant concessions to their (original) mission and objectives with respect to creating societal value – the example mentioned earlier, the Grameen Group, being one of them and receiving a lot of negative media attention as a result of that in recent years. Even though there are, of course and fortunately, exceptions to this rule, overall one cannot but conclude that these third generation sustainable business models based on concepts such as shared value, like the first and second generation, are not game changers.
Fourth generation: networked, community-oriented business models

Businesses that want to take a different path than the one laid out for them by the principles of the free market (Bohnsack et al., 2014) and escape the lock-in of our current socio-economic system in their efforts to contribute to a more sustainable course of our society, thus need to apply business models that move beyond the ones we have discussed so far. Ideally, these fourth generation sustainable business models incorporate mechanisms that can truly change the rules of the game (Bocken et al., 2015). Probably the best way to identify these mechanisms is to review the current behaviour of one of the main players and, especially, possible and promising avenues for influencing that behaviour.

If businesses are to play the role of catalysts for a relatively smooth transition towards a sustainable alternative for our current socio-economic system, they need the support of consumers. Sustainable products and services – produced and delivered through sustainable processes – can only have a positive influence on our society if consumers are willing to adopt them as appropriate means to satisfy their needs. As discussed earlier, so far, businesses applying first, second and third generation sustainable business models have found it rather difficult to convince consumers to do so. Interestingly, time and time again research has shown that most people do consider climate change and sustainability to represent urgent and important problems (Gifford, 2011). Somehow though, we are inclined to prefer short-term personal pay-offs, such as enjoying a holiday on a tropical island that we travel to by plane or buying that fancy sports car that is
sure to not only impress your friends but also make you feel young, confident and desirable, over long-term collective pay-offs, such as a liveable planet for current and future generations – a pay-off that we can actually create, if all or at least enough of us would make different choices. Such a situation is often referred to as a social dilemma or social trap (Dawson, 1980), and fourth generation sustainable business models have to include mechanisms to avoid this trap.

The most logical starting point to explore the contours of such mechanisms is to return to Richard Sennett’s conclusion that one of the main causes for the pickle we find ourselves in is that we, humans, have become too good at extracting and exploiting the earth’s resources to satisfy our needs. In their paper on the evolutionary bases for sustainable behaviour, Vladas Griskevicius and his co-authors (2012) explain that this tendency to self-destroy is clearly linked to our ancestors’ struggle to survive and the resulting dominance of selfish genes in humanity’s current gene pool. However, they also explain that this is not necessarily a bad thing because “selfish genes can and do build organisms that are capable of behaving in ways that are kind, charitable and sustainable” (p. 116, referring to Dawkins, 1976). This suggests that mechanisms designed to convince consumers to accept sustainable products, services and practices need to tap into the same evolutionary processes that created these genes.

One example would be to make use of people’s desire for status, especially relative status. Costly signalling theory tells us “natural selection favours people who engage in activities that are increasingly costly – involving significant resources, energy, risk, or time” (p. 120-121). Within the context of promoting sustainable behaviour, one could purposely make use of this tendency because it means that consumers are likely to consider people and organisations that risk spending a lot of resources on environmental and social causes to represent interesting potential friends, leaders and co-creators of their lives. Based on the same logic, fourth generation sustainable business models should also offer additional value to consumers in presenting them with clear signs or tags that allow them to display their sustainable behaviour to others, thus increasing their own status as well.

Another example would be to make use of people’s tendency to copy the behaviour of others, especially those considered to possess leadership features. In fact, by setting the right example and inviting others to join, for instance by investing in community development, businesses and their leadership can not only use people’s desire for status and propensity to copying behaviour as means to build a market, they could also tap into various other human tendencies, such as reciprocal altruism and social obligation. The effect of these tendencies has been proven to be stronger in small communities and dense, interdependent social networks. They originally relate to the inclination of people trying to survive in hunter-gatherer groups to help out others, if those others return the favour – especially if those others take first turn. This explains why businesses that have managed to create a community feeling linked to their business model and that donate to environmental and social causes before asking consumers to accept and buy their products and services are far more successful than those that promise to make a donation once you – the customer – has paid the bill.

However, trying to make selfish genes serve a good cause through creating group identity and trust is not the only reason why fourth generation sustainable business models should focus on, and make use of communities and social networks, including those shaped by modern technologies such
as social media. A transition towards a sustainable alternative for our current socio-economic system entails much more than sustainability practices at the level of an individual business (Stubbs and Cocklin, 2008). Entrepreneurial actions at this level can probably provide us with some of the physical technologies needed to solve specific environmental problems, but fully tackling the challenge of sustainable development requires more than that. It requires a holistic approach that combines advanced physical technologies with new social technologies (Laukkanen and Patala, 2014). These new social technologies refer to new ways of organising ourselves and our society, including the businesses that co-create it – possibly even to redefining what we consider to represent our needs in relation to what the earth can provide for and the search for an alternative to capitalism as the system assisting us in meeting those needs. Obviously, rising to this challenge will require risk taking and experimenting, breaking old rules and developing new rules as we go along. It is also obvious that it would probably not be advisable for individual businesses to take on this challenge in isolation – without the support and assistance of some of the other players in the game. The required innovations and the context in which they need to be implemented are simply too complex and reach beyond the boundaries of an individual business (Bocken et al., 2014; Rohrbeck et al., 2013).

Thus, the second type of mechanisms that need to be incorporated in fourth generation sustainable business models are linked to a focus on and the means to set up collaborations with other businesses, policy makers and public authorities, civil movements and all other people that are involved in producing and consuming the products and services that these models deliver, and defining and redefining the needs that they satisfy (Doane, 2005). Also by applying the lessons learned from the evolutionary processes discussed earlier, these mechanisms need to create partnerships and infrastructures that provide access to the resources and expertise needed to solve a specific problem or satisfy a specific need (Dahan et al., 2010). Once again, the most promising and logical level to create these partnerships and infrastructures is at the community or social network level. This not only represents the level where needs are formulated and social norms are shaped, this is also the level that has already proven to be the most resistant to the invisible hand of the free market. It thus offers the most promising environment to tap into and join the already on-going but gradual and still mostly hidden revolution referred to by Derk Loorbach and discussed earlier. Joining forces with this movement of engaged citizens, entrepreneurs, civil servants, researchers and activists, some of whom might actually already be working for your organisation, not only opens the door to an invaluable collection of resources, imagination and knowledge, it also provides businesses applying sustainable business models with a strengthened license to operate. Together with these actors, businesses could explore ways to co-create viable alternatives to our current socio-economic system – alternatives that are based on equality, inclusiveness and a responsible and sustainable way of interacting with our natural environment (Loorbach, 2014).

Obviously, installing these mechanisms and applying fourth generation sustainable business models places high demands on a business and its leadership. It requires courage and vision to do things differently and to base your decisions on more than reducing costs, increasing profits and satisfying the needs of current customers. It requires viewing your business as a community of civilized craftsmen who aspire to use their resources for a collective good (Sennett, 2008). It requires ethical leadership allowing you to not only ask the question whether you are doing things in the right way,
but also whether you are doing the right things for the right reasons (Ciulla, 2005).

Joining existing or collaboratively shaping new communities and networks, which focus on redefining and satisfying specific needs and tackling specific environmental and social problems through experimenting with alternatives to our current socio-economic system, also requires accepting the concept of distributed control (Loorbach, 2014). Given that such communities and networks place those specific needs and problems at the centre – not your business (Stubbs and Cocklin, 2008) – implies, at least to some extent, giving up autonomy and sharing power. Ultimately, achieving the goal of the community or network is a collective effort and thus requires involving others in your decision-making, even those beyond the boundaries of your own organisation.

Finally, it requires conviction, enthusiasm and particular skills to convey your intentions and what you could bring to the table. This may very well involve lobbying and teaming up with influential others to persuade policy makers and public authorities to adjust regulatory systems or to at least allow you to not follow current regulations to the letter. It definitely involves creating a clear and appealing vision, being able to share that vision and following it up with actions that show you mean it. Somehow, you will have to be able to convey to others that you have got what it takes to be part of a community or network that is based on long-term commitment and true reciprocity rather than short-term gains and opportunism. In other words, somehow, you will have to build the type of relationships with some of the other players that make them trust you enough to join your game or to let you join theirs.

Obviously, given that the dominant culture in today’s society is still one that believes in the merits of private property, autonomy and economic growth, you may find that some of these players will interpret your story as rather naïve, maybe even trivial or primitive. However, the train of thought presented in this discussion suggests that it is exactly that type of naivety, those links to the evolutionary processes that shaped us, and that kind of inspiring stories and examples that we so desperately need to adjust the course of our society to a more sustainable one. In other words, it is that particular combination of naïve, native and narrative intelligence, supported by the mechanisms discussed earlier, that lies at the core of fourth generation sustainable business models.
Core competencies: naïve, native and narrative intelligence

To illustrate what applying this approach could look like in practice, let us consider the hospitality industry. This industry has a crucial role to play in rising to the challenge of sustainable development. Not only because of its significant current impact from an environmental, social and economic perspective, but also given its huge potential to act as a catalyst for sustainable practices and inclusiveness (Melissen, 2013). A way to fulfil this potential would be for hotels and restaurants to apply fourth generation sustainable business models. They could play a vital role not only in making local communities better places to live in, but also in making them attractive destinations for visitors and shaping those visits in such a way that they benefit the local community while protecting our natural environment. For example, as experts in creating experiences they could take the lead in collectively creating surroundings that unleash the positive effects of the phenomenon called human biophilia (Griskevicius et al., 2012). This phenomenon relates to the appreciation of the natural world that we humans have inherited from our ancestors and the positive effect exposure to surroundings that incorporate natural elements has on our stress levels and our desire to make a positive contribution to the world around us. Applying some of the mechanisms discussed earlier would imply that these hotels and restaurants would also not try to fight new developments such as the sharing economy – with AirBnB and various meal sharing initiatives obviously representing some particularly noteworthy developments for these businesses. In fact, they would focus on trying to find ways to collaborate with local
representatives of this movement. Based on their expertise and through opening up their network of suppliers and distributors, hotels and restaurants could assist many of these micro-businesses in developing more sustainable practices and making use of more sustainable products and technologies. Together with local suppliers and specialised companies they could make a collective effort to optimise the local food and energy production and consumption systems. What is more, these hotels and restaurants could not only serve as inspirational employers for local residents, they could also serve as the hosts for groups of engaged citizens getting together to discuss new sustainability initiatives and then join them in the execution, thus increasing their chances of success. They could also join forces with individuals and organisations aiming to ensure that these developments and resulting benefits reach all inhabitants of the local community, not just those eager and confident enough to step in at the early stages. Finally, using their influence to lobby for the support of policy makers and public authorities could prove to be an indispensible element in making all this work.

Obviously, this specific example related to the hospitality industry has only highlighted a small selection of the types of actions that businesses could take based on applying the mechanisms and principles incorporated in fourth generation sustainable business models. Ultimately, these actions could allow these businesses to make a truly significant contribution to sustainable development, based on experimenting with alternatives to the social technologies usually applied in our current socio-economic system. In this specific example, at the centre of the network of collaborating players we do not find a specific business, nor a focus on profitability or ownership, but sustainable and inclusive hospitality as a crucial concept and building block for tomorrow’s society.

Before concluding this discussion, it is important to highlight one more reference point for applying fourth generation sustainable business models. The discussion so far has shown how using the mechanisms and following the principles linked to this type of business models could enable businesses and their leadership to live up to their potential as catalysts for sustainable development. However, taking on this role and fulfilling this potential is not just important from a sustainable development perspective and it involves more than a moral duty to show the ethical leadership (Ciulla, 2005) that is needed to break social dilemmas and avoid social traps (Dawson, 1980); it is also fun and rewarding – both in the long-term and as of the moment you decide to do so. It allows you to feel good about yourself through helping others to feel good about themselves (Cooperrider and Fry, 2012). And yes, the story backing this up and presented in this discussion may come across as naïve and trivial to some, but it is also a story based on human nature – on what makes us tick. I can only hope that through using my own naïve, native and narrative intelligence I have managed to tell it in a way that inspires many of you to want to be a part of it.

Frans Melissen
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References


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