

## Creating Territorial Value: Towards New Sustainable Business Models

Sara Mansri <sup>a</sup> & Rahhal Lahrach <sup>b</sup>

<sup>a</sup> Mohammed I University - Higher School of Technology, Oujda, Morocco

E-mail: [mansri.sara11@gmail.com](mailto:mansri.sara11@gmail.com)

<sup>b</sup> Management and Development of Enterprises and Organisations Laboratory (MADEO), Morocco

E-mail: [r.lahrach@ump.ac.ma](mailto:r.lahrach@ump.ac.ma)

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### Abstract

To move forward a sustainable and equitability territorial development; the need to find new innovative sustainable business models is essential to achieve value creation in a world with limited resources. Given their great technological, social and organizational diversity, these new business models have a common hybrid of entrepreneurial and territorial projects that contribute to an integral evolution of wealth creation through an innovative and sustainable process. This paper aims to show how Moroccan companies can capture this strategic potential of sustainable development by integrating social and environmental issues through adopting a new sustainable business model to create territorial value. From reading a record of new sustainable Business Models, the work is interested in deciphering the processes and analyzing the potential results of what we call territorial value creation in Morocco. We show, from some case studies, the processes and forms as well as the obstacles to the implementation of these new sustainable Business Models on a larger scale. The results of this research allow for refining the understanding of the process of territorial value creation through the adoption of new sustainable Business Models associated with it.

**Keywords:** business model, territorial value, sustainable business model, territorial sustainability, territory.

**JEL Codes:** L2, M2

### 1. Introduction

Faced with territorial development issues, as well as the exhaustion of linear production models, the need to reflect on the emergence of new economic models combines both new sustainable business models and the creation of territorial value (Maillefert and Robert, 2017). These territorial issues are declined under a vision of sustainable economic development (Maillefert and Robert, 2017), attractiveness (Olszak, 2010), or an alternative approach to wealth (Jany-Catrice, 2016). These new sustainable business models are difficult to characterize, as they are based on an innovative vision of territorial development (Maillefert and Robert, 2017). It seems appropriate to show their construction based on the creation of wealth, and more precisely, on the creation of value. These models are thus based on an original conception of value, which we are trying to show. The research aims at identifying the hybridization of territorial value creation and the emergence of new sustainable business models. Our central question is: How does this adoption of new sustainable business models favor the creation of territorial value in Morocco? Thus the following sub-questions:

How do the territorial development model and the new business models work?

How do they manifest themselves in convergence?

### 2. Literature review:

The theoretical foundations of the creation of territorial value go back to the beginning of the 2000s, experiments whose objective is to develop new sustainable Business Models (circular economy, industrial and territorial ecology, the economy of functionality...), are organized around territorial practices committed around and towards new forms of sustainability which involve companies or territories (Maillefert and Robert, 2017).

From the point of view of companies, these new economic models resonate with the notion of sustainable business models which seek to weave a link between value creation and sustainability (Bocken et al., 2014) (Dentchev et al., 2018). However, these new economic models are distinguished from sustainable business models by the nature of the value created, by their anchorage in territorial projects but also by their process of co-construction with territorial actors (Maillefert and Robert, 2017). It is a question of redefining the links between value creation and

sustainability through the emergence and realization of a territorial value (Maillefert and Robert, 2017), of which we will try to explain some of the implications by relying on the notion of territorial sustainability.

### 2.1. Sustainable Business Models: a growing concept

The notion of value is at the heart of business strategies. Currently, it is increasingly conceptualized through a new approach based on the notion of the Business Model (Maillefert and Robert, 2017). Considered the main driver of business success (Demil and Lecocq, 2010), the Business Model aims to provide a reading grid to better understand the mechanisms of value creation (Hamel, 1998). It allows us to "describe the principles according to which an organization creates, delivers and captures value" (Osterwalder and Pigneur, 2010). More concretely, the business model describes the story behind how the company operates, focusing on innovations that create value for the company (Maillefert and Robert, 2017).

Today, work has focused more on innovative business models, business models that break away from traditional practices (Voelpel et al., 2005). These business models take into consideration new ways of capturing value. In this evolutionary dynamic, innovative business models disrupt and profoundly modify the role of stakeholders, be they customers, producers, or intermediaries (Maillefert and Robert, 2017). Referring to sustainable innovation and often associated with the ecological economy or sustainable economy (Northrop, 2014), sustainable business models related to sustainable development have also emerged in the 2000s (Rauter et al., 2017). The notion of a sustainable business model thus links value creation and sustainability. It is an exploitation of the different grids usually adopted in companies such as the Canvas matrix of OSTERWALDER and PIGNEUR (Osterwalder and Pigneur, 2010), incorporating sustainability issues would allow companies to be converted more quickly (Bocken et al., 2014).

Some sustainable business models are built in a triple bottom line logic: people, planet, profit (Anon, 1999) and capture economic, social, and environmental value for all stakeholders (Bocken et al., 2014). However, other models have been grouped according to three types of innovation: technological, organizational, or social (Figure 1).

Groupings	Technological			Social			Organisational	
	Archetypes	Archetypes	Archetypes	Archetypes	Archetypes	Archetypes	Archetypes	Archetypes
	Maximise material and energy efficiency	Create value from waste	Substitute with renewables and natural processes	Deliver functionality rather than ownership	Adopt a stewardship role	Encourage sufficiency	Repurpose for society/ environment	Develop scale up solutions
Examples	Low carbon manufacturing/solutions	Circular economy, closed loop	Move from non-renewable to renewable energy sources	Product-oriented PSS - maintenance, extended warranty	Biodiversity protection	Consumer Education (models): communication and awareness	Not for profit	Collaborative approaches (sourcing, production, lobbying)
	Lean manufacturing	Cradle-2-Cradle	Solar and wind-power based energy innovations	Use oriented PSS- Rental, lease, shared	Consumer care - promote consumer health and well-being	Demand management (including cap & trade)	Hybrid businesses, Social enterprise (for profit)	Incubators and Entrepreneur support models
	Additive manufacturing	Industrial symbiosis	Zero emissions initiative	Result-oriented PSS- Pay per use	Ethical trade (fair trade)	Slow fashion	Alternative ownership: cooperative, mutual, (farmers) collectives	Licensing, Franchising
	De-materialisation (of products/ packaging)	Reuse, recycle, re-manufacture	Blue Economy	Private Finance Initiative (PFI)	Choice editing by retailers	Product longevity	Social and biodiversity regeneration initiatives ('net positive')	Open innovation (platforms)
	Increased functionality (to reduce total number of products required)	Take back management	Biomimicry	Design, Build, Finance, Operate (DBFO)	Radical transparency about environmental/ societal impacts	Premium branding/ limited availability	Base of pyramid solutions	Crowd sourcing/ funding
		Use excess capacity	The Natural Step	Chemical Management Services (CMS)	Resource stewardship	Frugal business	Localisation	"Patient / slow capital" collaborations
		Sharing assets (shared ownership and collaborative consumption)	Slow manufacturing			Responsible product distribution/ promotion	Home based, flexible working	
		Extended producer responsibility	Green chemistry					

Figure 1. Archetypes of sustainable business models according to (Bocken et al., 2014)

Source: (Bocken et al., 2014)

## 2.2. A development issue around territorial sustainability

The new economic models, by relying on already proven means such as technological innovation, the greening of practices, or entrepreneurship (Caron and Fox, 2017), must ensure the renewal of economic dynamics at the territorial scale. Nevertheless, they must also provide solutions to answer the criticism of the exhaustion or inefficiency of sustainability models applied to territories (Boissonade, 2015). To overcome this criticism, the creation of local wealth, the anchorage in the territories, and the capacity of the models to ensure reversibility in case of economic shock seem to us fundamental.

Sustainability on a territorial scale implies a wider perimeter for the evaluation of the results of sustainable development actions to cover all local wealth (Maillefert and Robert, 2017). The approaches around the new Business Models can contribute to developing economic activities to meet the needs of the inhabitants, structuring local sectors, and developing the quality and sustainability of the jobs created...(Maillefert and Robert, 2017). In this regard, these potential riches are seen as the result of a process of enhancing externalities around productive actions. These externalities are built around a territorial development project (Maillefert and Robert, 2020).

The action that interests us in this work responds to a collective need of all the parts of the territory that is not satisfied by the private or public offer, in a sector that most often falls within the domain of common goods (health, mobility, energy, etc.), as shown by recent work on the economy of functionality (Serra, 2018). We hypothesize that a territorial sustainability approach is potentially carried by these new sustainable business models. Two elements appear fundamental here:

The capacity of the actors to design a sustainable and viable development project, which enhances the sustainability of the territory;

The capacity of the development model to evolve and face different risks in the territory (Pecqueur, 2014).

To create and perpetuate the conditions for sustainable territorial development, the governance of the approaches is essential at all levels (that of companies and that of territories) and involves resources, but also formal or informal mechanisms, which must also be drawn up jointly, managed, and developed. In this context, the co-evolution of companies and territories while respecting the balance of ecosystems becomes possible. To initiate or maintain a process of sustainable territorial development (Arnsperger and Bourg, 2016).

The challenge for the territory is to articulate the creation, capture, and distribution of value around a common development objective for the territory and, in so doing, to renew the territorial development model in depth (Maillefert and Robert, 2017).

## 2.3. The conditions for creating sustainable value

Transforming customer value into sustainable value requires a radical change in the dominant social paradigm, i.e. the "set of norms, beliefs, values, habits that build a common perception of the world within a culture", according to PIRAGES and EHRLICH. Generally, to get out of the "business as usual" policy, a new value proposition must be offered to customers by taking into account the three dimensions of sustainable development (Maillefert and Robert, 2017). In this respect, stakeholder inclusion requires the development of new integration structures and governance systems (Stubbs and Cocklin, 2008).

To date, the sustainable solutions proposed by companies remain minor in the face of numerous environmental and social challenges. This value creation needs to reconfigure the way companies deliver and capture value, from an environmental and social perspective. To achieve this, most research highlights the importance of the value network and particularly the role and contribution of the various stakeholders in the construction of this sustainable value. This cooperation logic becomes the pivot of sustainable business models, as it becomes an intangible strategic asset (Maillefert and Robert, 2017).

From a general perspective, building a sustainable business model requires expanding the boundaries of the company by extending it to the stakeholders' issues on the one hand, but also by interacting with the system in which the company evolves (Maillefert and Robert, 2017). As suggested by (Allais et al., 2017), the product and service offer must be formulated concerning sustainable production and consumption systems. According to some authors, this reconnection of the company with its environment can be translated into socio-economic changes that are both structural (such as the redesign of taxation and transport systems) and cultural (Stubbs and Cocklin, 2008). In the hypothesis of strong sustainability and to act in-depth on the norms, values, and beliefs of a society, the company can also play a decisive role by forcing the individual to question the meaning given to his or her consumption (Boons and Lüdeke-Freund, 2013), or even to reduce consumption (Stubbs and Cocklin, 2008). These

new sustainable business models finally question the perimeter of action of the company, through the notion of functional spheres and their links with the territories, by relying on and reinforcing the territorial intangible heritage (Maillefer and Robert, 2007). Based on this new approach to sustainable development and observations from experiments conducted in the field that integrate the territorial dimension, in line with the work carried out (Maillefer and Robert, 2017), we will proceed to understand the construction of new economic models that generate both sustainable value for the company and, above all, for the territory.

#### *2.4. From sustainable value to territorial value*

Understanding the formation of a new form of value requires a diversion through the study of the functioning of these new sustainable business models. These are currently expressed in the form of experiments, or even projects, based on renewed relationships between actors, as well as the mobilization of new resources (Maillefer and Robert, 2020). Three models can be identified: the circular economy, the economy of functionality, and industrial ecology (Maillefer and Robert, 2017).

All of these sustainable business models question the notion of value by the fact that their creation, delivery, and capture move away from the classic economic model and involve collective action processes that go beyond the partnership vision of the company. This creation comes from a hybrid process of capturing economic, social, and environmental externalities and transforming them into value for the territory through the production of goods or services and their co-construction by and for the actors of the territory. The challenge of understanding this value is to understand this creation process and its link with a development project specific to the territory. The challenge of understanding this territorial value is to understand this creation process and its link with a development project specific to the territory (Maillefer and Robert, 2017).

The territorial dimension is mentioned in the literature as a key element in the creation of a sustainable business model. However, this approach by the territory is rather restrictive because if the creation of shared value is based on the consideration of the needs and expectations of various stakeholders, it considers the territory as exogenous data at the service of the company, whereas the territory should be integrated as an endogenous construction. In some specific sustainable business models such as the functionality economy, the territorial dimension can be a key element aiming at enriching value creation (Maillefer and Robert, 2017).

Thus, the territorial dimension becomes a key element in the creation of company value, taking the form of a 'territorialized value' that encompasses financial, market, territorial, and labor dimensions. The role of the territory is transformed from a constraint, from a cost in specialization, into a real center of value creation through its 'multifunctional dimension' (Vaileanu-Paun and Boutillier, 2012).

### **3. Research methodology**

On another level, one of the challenges is to better articulate the construction of these models and their reality on the ground. Hence, as a methodological guide, this research is part of a prospective approach aiming to put the territory on the path to sustainability. Data collection will be based on research and work carried out in other territories. Thus, in a complementary way, the data collected from the empirical study will complete the previous and current works on sustainable territorial projects aiming at the creation of territorial value through the adoption of new sustainable business models.

### **4. Results**

The results proposed through this research allow refining the understanding of the process of territorial value creation through the adoption of new sustainable Business Models that are associated with it. Hence the elements of answer that we are going to bring to our research questions, are mainly centered around two big axes: the process of the creation of the territorial value through a territorial project and the contribution of the Business Model in this dynamics of creation of value.

### **5. Conclusion:**

The present work aims to improve the understanding of new sustainable business models for companies, highlighting their relationship with the creation of territorial value. It should be noted that the theoretical framework on territorial value creation and sustainable business models remains relatively limited, if not non-existent in Morocco. We will mainly mobilize the contributions of Osterwalder and Pigneur. Our work thus contributes to the development of scientific research on territorial value creation and new sustainable business models. The work provides managers of companies and public actors with a concrete model that describes

sustainable development, allowing them to build a competitive advantage. It also highlights the factors involved in this creation of territorial value.

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