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ESCP Impact Paper No.2024-60-EN

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Abstract

The 2024 European elections and the integration of sustainability principles into business activities are pivotal for shaping a sustainable and equitable future for Europe. Ensuring and enhancing the European economy's capacity to generate value for hundreds of millions of Europeans will be vital in the coming decades. However, value creation is often defined narrowly in terms of economic efficiency and accumulation. But the notion of value creation may also be applied to organisations working towards a fair, participative, and ecologically sustainable society. What does this mean in concrete terms? A new study has mapped specific patterns of activity that create degrowth-oriented value.

Keywords: Sustainability transformation; degrowth; value creation; business models

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Written with support from Emmanuel Surun; partially based on an earlier online publication by Froese and Lüdeke-Freund (https://blogs.lse.ac.uk/businessreview/2021/01/29/degrowth-inspires-business-model-innovation-for-a-sustainable-post-covid-economy/).

How Organisations Can Engage in Degrowth-oriented Value Creation

Introduction

How much is your cup of coffee worth? Forget about supposedly objective theories of value, which assume an intrinsic, calculable nature of value via metrics such as labour (hours harvesting beans) or energy (to roast them). Every definition of value is political. Or, as Mazzucato (2018: 23) pointedly expresses, the "definition of value is always as much about politics, and about particular views on how society ought to be constructed, as it is about narrowly defined economics." Coffee, for example, can be produced in ways people consider fair or unfair. Ethical values such as fairness influence people's evaluations and their willingness to pay, even if the final product (e.g., coffee beans) is materially equivalent (Bürgin and Wilken, 2021; Froese et al., 2023). Value therefore depends on how much you, and all the other actors in the supply chain, treasure not only your morning caffeine shot but also, say, the livelihoods of producers.

We can refer to David Graeber (2013: 224), who noted that "the fact that we use the same word to describe the benefits and virtues of a commodity for sale on the market (the "value" of a haircut or a curtain rod) and our ideas about what is ultimately important in life ("values" such as truth, beauty, justice), is not a coincidence." Thus, an organisation creates value when its activities and their implications —often products or services —are perceived by stakeholders as desirable. While prevailing concepts of value creation frame it as oriented towards economic efficiency, accumulation, and expansion, it does not mean that value creation cannot be oriented towards equality, participation, and ecological sustainability. These are core values of degrowth, defined as a "downscaling of production and consumption that increases human well-being and enhances ecological conditions and equity on the planet" (Research and Degrowth, 2024).

In 2024, the year of the European elections, these values become even more important. EU policies, such as those of the European Green Deal, share values such as ecological sustainability. Yet, they represent the idea of green growth. A key assumption of green growth is that economic growth can be decoupled from environmental impact. And indeed, a recent study, including eight European countries – inter alia, France, Germany, Belgium, and Denmark – reveals that absolute decoupling is happening (Vogel & Hickel, 2023): In high-income countries, CO_2 emissions are going down while GDP is growing. Yet, and this is key, the current rate of CO_2 emissions reduction falls significantly short of the rates needed to comply with the Paris Agreement: "At the achieved rates, these countries would on average take more than 220 years to reduce their emissions by 95%, emitting 27 times their remaining 1·5°C fair-shares in the process." (Vogel & Hickel, 2023: 759). Moreover, CO_2 is only one of the nine planetary boundaries, six of which have already been crossed, and beyond ecological aspects, there are pressing social issues such as social equality and the resilience of democratic institutions (Chancel, Piketty, Saez, Zucman, & et al., 2022; Richardson et al., 2023).

This is why scholars, politicians, activists, and sustainability-pioneers from civil society and the business community are increasingly calling for degrowth. A recent culmination of this effort was the Beyond Growth 2023 Conference, organized by 20 members of the European Parliament, representing five different political groups. This conference aimed to stir movement beyond "the shortcomings of the social dimension of the Green Deal, and to focus on the steps required to build a more ambitious, more integrated and more effective strategy to the social-ecological transition in Europe" (Beyond Growth, 2023).

Now we wonder, what might degrowth mean for value creation and business models in Europe? By challenging the traditional notions of value and exploring new degrowth business model patterns, we recognise an inspiring new way for a future where economic activities contribute to human well-being and ecological sustainability. This paper aims to explore these connections and propose actionable insights for integrating degrowth principles into European business practices and policies.

Towards sustainable degrowth

Europe, and indeed the whole world, faces unprecedented challenges due to unsustainable development. Crises such as climate change and biodiversity loss impose increasing constraints on social and economic development and put the resilience of companies and even whole economies to the test. Many companies are forced to innovate or even transform themselves to survive. Overall, this calls for new ways of doing business – or, put differently, new ways to create value (Dembek et al., 2023; Froese et al., 2023).

To be more ecologically sustainable and socially just, societies and economies must build on organisations and networks that create value for and with their stakeholders whilst also protecting their natural environment (Freudenreich et al., 2020). To achieve this, their business models must follow sustainability principles such as circularity, inclusiveness, or sufficiency (Lüdeke-Freund et al., 2018, 2022, 2024). Circularity aims to close production-consumption systems by making better and recurrent use of resources, waste, and leakage (Geissdoerfer et al., 2017). Offering repair services is a typical example. Building on Gossen et al. (2019), however, approaches such as circularity have limits. Sustainability also requires sufficiency, that is, "a strategy for reducing the consumption and production of end-use products and services through changes in social practices in order to comply with environmental sustainability while ensuring an adequate social foundation for all people" (Lage et al., 2024: 325). Correspondingly, recent debates have introduced 'degrowth' as a normative framing for strongly sustainability-oriented transformations of companies, industries, and national economies (Kallis, 2018; Kallis et al., 2018).

Sustainable degrowth is a transformative quest towards a more equitable, participatory, and growth-independent socio-economic setting, along with a reduced level of economic throughput, that together improve the quality of life while respecting planetary boundaries (Kallis et al., 2018; Research and Degrowth, 2024). Accordingly, research on degrowth explores how core degrowth values such as ecological sustainability, equality, and participation can be realized in practice. It highlights principles such as sufficiency, circularity, and mutual care, as well as the often-ignored fact that our economy includes local sharing, repairing and self-provision, unpaid family care, and many other non-market activities. This comprehension of values, principles, and economic activities beyond merely monetary and reciprocal transactions is essential in order to imagine, creatively experiment with, and implement new solutions to pressing sustainability challenges (cf. Gümüsay and Reinecke, 2024).

We therefore argue that the current situation, in which companies around the world are forced to rethink their ways of doing business, together with the notion of sustainable degrowth, can inspire new and better business models for sustainability. In light of a sustainable degrowth vision, governments, civil society actors, and businesses can rethink their approaches to doing business and use sustainability principles such as circularity or sufficiency as an inspiration for reviving and redesigning business activity. The question then is: How to capture and develop knowledge about alternatives to current economic models that facilitates communicating, collectively ideating, and realising business model innovations for sustainable degrowth?

In this context, the concept of 'business model pattern' offers a heuristic device to systematically capture knowledge of experience-based best practice solutions for sustainable degrowth. Building on Christopher Alexander's conception of patterns (Alexander et al., 1977), a sustainable business model pattern "describes an ecological, social, and/or economic problem that arises when an organisation aims to create value, and it describes the core of a solution to this problem that can be repeatedly applied in a multitude of ways, situations, contexts, and domains. A sustainable business model pattern also describes the design principles, value-creating activities, and their arrangements that are required to provide a useful problem–solution combination" (Lüdeke-Freund et al., 2018: 148). Consequently, we define degrowth business model patterns as actionable blueprints characterized by their adherence to degrowth principles and their focus on activities addressing circumstances that degrowth-oriented stakeholders – who share and apply core degrowth values of ecological sustainability, local and global equality, and conviviality and participation – deem problematic.

How organisations practice value creation

Having introduced some general considerations related to moving towards sustainable degrowth, we can now present the more practical side of things. Specifically, to illustrate how organisational activities can become the key to establishing new forms of value creation we refer to degrowth business model patterns. The pattern collection developed by us (Froese et al., 2023) can serve as an inspiring and actionable toolbox for practitioners who want to orient their value-creating activities towards sustainable degrowth. To develop this pattern collection, we conducted a systematic literature review, focusing on case studies. As a result, we identified 39 patterns organised into seven groups. While the patterns are described in detail in the original research paper (Froese et al., 2023), below we provide a brief overview of the main themes these patterns support, along with a few case examples.

Group 1: Overcoming economic growth dynamics

In line with values of conviviality and participation, this group's central value creation potentials lie in preventing undesired commodification and growth drivers (e.g. debt) while serving customers' needs, financing high ecological and social standards, and building long-term relationships. Furthermore, in terms of strategic decisions aligned with values of local and global equality, the patterns focus not on profit-oriented pricing but on covering true costs. Corresponding patterns are 'Real cost pricing' and 'Building personal customer relationships' (Froese et al., 2023). Case examples include the Artisans Association of Coffee Farmers of Rio Intag in Ecuador, an association engaged in communicating that their premium prices represent no more than actual and fair costs, as well as regional networks of local, alternative currencies that support local cooperation and prevent financial speculation.

Group 2: Engaging consumers in sufficiency-oriented 'prosumption'

Value creation resides in developing production processes oriented towards community and quality, especially to help people appreciate the effort and energy put into making things, as well as their use value. The pattern 'Promoting sustainability-oriented learning and engagement' (Froese et al., 2023), for instance, can be realized by providing education courses where participants learn to upcycle broken products or ferment foods. Another example is Som Energia, a Catalan energy cooperative that raises awareness about individual consumption and encourages energy savings.

Group 3: Joining forces in rewarding and mutual collaboration

Patterns of this group aim to establish social ecosystems that encourage and empower stakeholders to jointly take responsibility for themselves and their environment. Froese et al. (2023) list patterns such as 'Engaging in values-based business relations' and 'Doing business in local actor networks'. Real-world examples include mission-driven networks of organizations that jointly raise a political voice for climate protection, or cooperative sales networks like Istanbul Birlik, an association of 34 fishing cooperatives with 2,500 fishermen.

Group 4: Equalising inequalities

To facilitate more equitable access to needed products and services, the degrowth-oriented value proposition of this group relies on redistributing resources and support from public institutions or affluent populations to disadvantaged ones. Corresponding patterns are, among others, 'Redistributing profits' and 'Cross-subsidising' (Froese et al., 2023). Examples are the Welsh Renewable Energy Investment Club, a citizen energy cooperative, and the Bike Kitchen in Malmö, Sweden, where profits from specialised repair courses cover the cost for participants who could not otherwise access the open bike workshop.

Group 5: Open and decentral creativity

The value creation logic of this group involves making social and material technologies and resources accessible in non-commercial ways. The goal is to advance them through the 'wisdom of the crowd' and counter the negative impact of private ownership of critical resources (e.g., seed patents). The patterns of this group include 'Sharing and developing knowledge openly' and 'Utilising commons-based licences' (Froese et al., 2023), of which the Creative Commons non-profit organisation's different licences are a prominent example.

Group 6: Shrinking, slowing and extending resource cycles

Clearly emphasizing ecological sustainability, the patterns in this group entail activities such as offering shared access to products rather than ownership, using full life-cycle analysis in product designs, and offering unlimited repair services. These activities turn the dominant logic of sourcing low-cost materials in take-make-waste resource streams on its head. Second-hand clothing shops are one real-world example, as are open bicycle repair shops.

Group 7: Democratic, purpose-driven, and transparent governance

In a critique of hierarchical and untransparent power relations, the focus of this group is on conviviality and participation. Organisations can, for instance, aim for 'Governing with stakeholder representatives' and 'Accounting transparently and purpose-oriented' (Froese et al., 2023). In line with these patterns, community-supported agricultural organisations, or energy cooperatives like Som Energia apply inclusive decision-making methods to promote their shared vision.

Example – Coproduction and prosumption

To give a brief illustration, a concrete degrowth business model pattern we propose in Group 2 is 'Supporting coproduction and prosumption' (Froese et al., 2023). In research on degrowth, Bloemmen et al. (2015), for instance, present a corresponding case of community-supported agriculture. The pattern becomes meaningful in a socio-economic context in which citizens are considered as mere consumers of what companies produce, while intermediaries, such as supermarket chains, are positioned between these two parties.

The *problem* is that this form of economic relation and practice does not convey non-material and non-monetary forms of value creation. It disconnects consumers from the conditions of production. Furthermore, it puts producers in fierce competition with each other, making individual producers vulnerable to poor local conditions (e.g., a dry season).

A *solution* is to share the risk with local citizens who pay a fixed yearly amount, regardless of the success of the production (e.g., the harvest yield). Moreover, local citizens engage in local economic activities (e.g., harvesting or food delivery), build social connections, learn from each other, and spend leisure time, for instance, in a green environment. As a result, economic relationships are diversified, monetary exchanges are, to a certain degree, deprioritised, and consumers turn into 'community prosumers.' This reduces producers' workload and frees up time to invest in the quality of organisational processes.

Conclusion

The 2024 European elections and the integration of degrowth principles into business models and value creation processes are crucial for shaping a sustainable and fair future for Europe. The current EU policies, while progressive, often emphasise green growth, which assumes that economic growth can be decoupled from environmental impact. However, the recent findings on CO_2 emissions indicate that the rate of reduction is insufficient to meet the Paris Agreement targets, and several planetary boundaries have already been crossed (Richardson et al., 2023; Vogel & Hickel, 2023). This underscores the need for a more radical transformation in how we perceive and create sustainable value.

A broad knowledge base about the forms that sustainability-oriented and degrowth-oriented value creation can take has been developed in several research projects conducted at ESCP (e.g., Froese et al., 2023; Lüdeke-Freund et al., 2018, 2022, 2024). This knowledge base, consisting of various patterns, can serve as a source of inspiration and a tool to help companies develop better business models. Apart from that, business model patterns can function as empowering communicative devices as they make expert knowledge understandable and useful for laymen. This can essentially contribute to making business model design processes more democratic and inclusive. Moreover, collecting, discussing, and sharing patterns can greatly contribute to the perceived and actual diversity of our economy.

The research presented in this paper shows that sustainable degrowth challenges the value-creation logic of modern capitalistic organisations and economies not just rhetorically, but also on the ground, in many practical ways. Degrowth-oriented organisational value creation is about engaging with others to actualise the core values of equality, participation, and ecological sustainability. Indeed, following Kallis (2018), the desired transformation is initially about a change in cultural values, interpersonal relations, and democratic social institutions, which subsequently translates into implications such as sustainable resource consumption and well-being.

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