



Hanze  
International Business School  
University of Applied Sciences

## New business models in purpose economy reality

Gain insight into the what, why and how of the inclusive circular economy and how you(r) (organization) can contribute.

24 March | [hanze.nl/mba-workshops](https://hanze.nl/mba-workshops)

# New Business Models in Purpose Economy Reality

Dr. Egbert Dommerholt (lector Biobased Business Valorization)

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# Purpose Economy Workshop

Global mindset for business

Welcome!





**Egbert Dommerholt**

Professor Biobased  
Business Valorization

## How do I ask a question?

### Via chat

Click on  then on  and ask your question in the chat.

### Via microphone

Raise your hand and turn on your microphone when you get your turn.



Don't want to be on camera? Turn off your camera via the icon shown at the bottom of your screen.

# Aim of the course

- To gain insight into the

What, why and how of sustainable development and the circular economy & its relation to purpose

# Tinkering With Sustainability Performance

On the What, Why and How of Sustainable Development and the Circular Economy



Egbert  
Dommerholt

A&W uitgeverij

# What is this course about?

## New Business Models in Purpose Economy Reality

Session 1: What of SD and CE (24-3)

Session 2: WHY of SD and CE (31-3)

Why is it necessary?

Why do companies go green?

Session 3: HOW of SD and CE (7-4)

# Sustainable development

A development which meets the needs of the present without compromising the ability of future generations to meet their own needs (WCED, 1987)

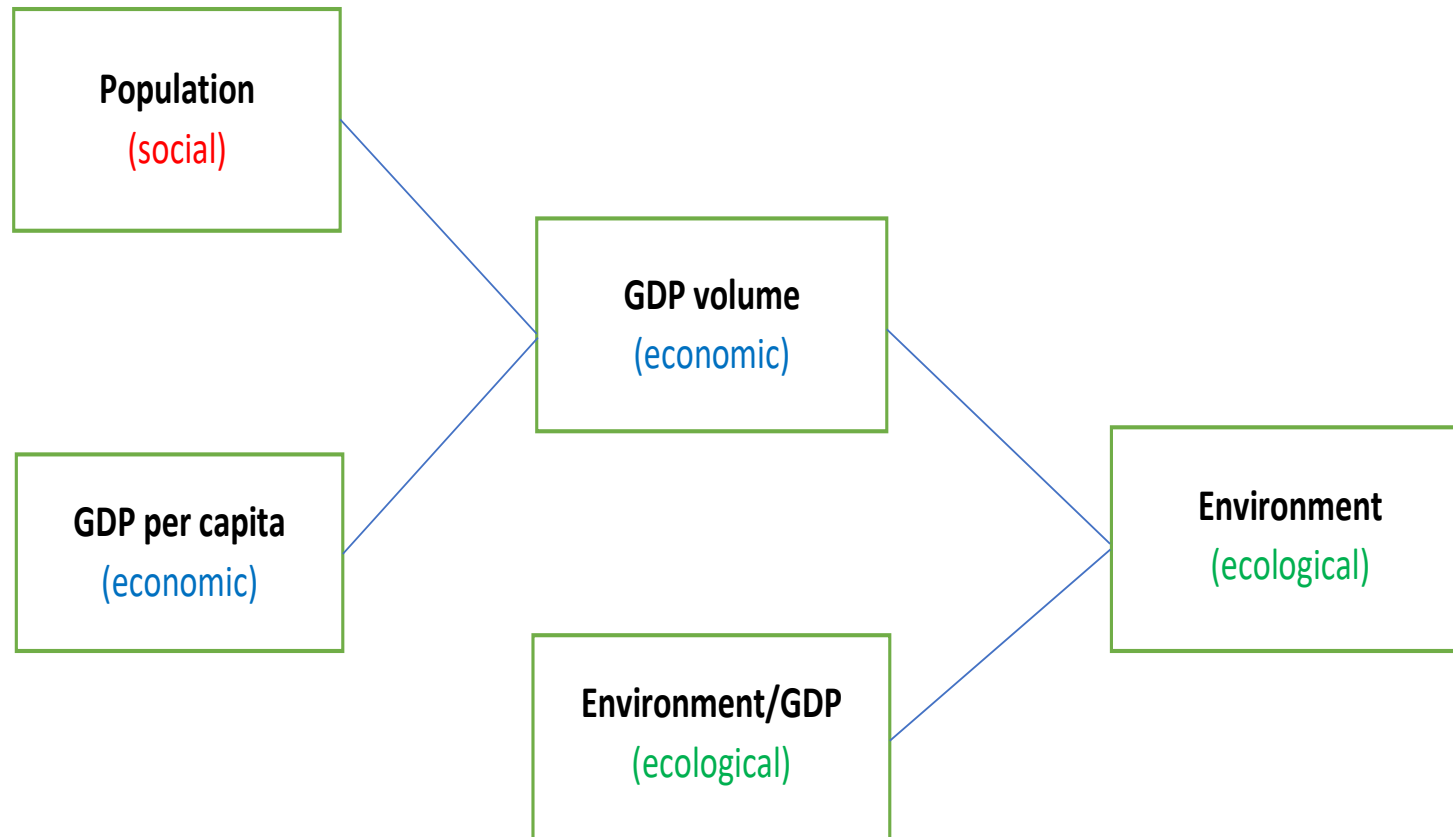
So, it is about:

- Here (e.g. developed countries) and there (e.g. developing countries)
  - But other (geographical) levels are possible as well
- Now and in the future

# Sustainable development

Usually SD is about three (interrelated) principles or dimensions:

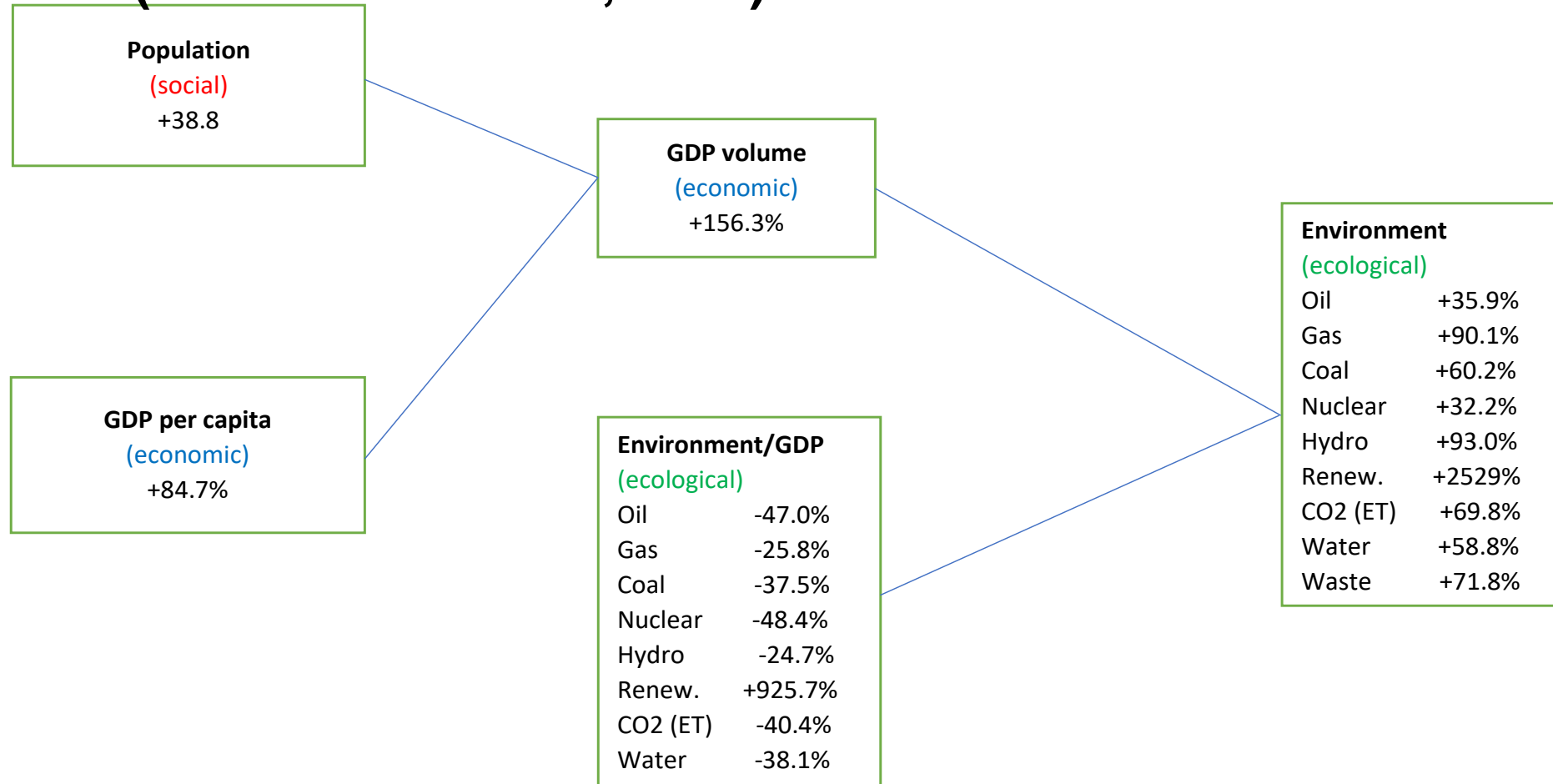
- Social principle (equality; population growth)
- Ecological principle (protection of the environment; depletion of resources)
- Economic principle (dignity; prosperity)
- SD has an environmental connotation and is concern driven.





# Sustainable development 2000-2030

I=PAT (Ehrlich & Holdren, 1971)



# Existential issues

- Climate change
  - National Bureau of Economic Research (USA): by the end of the century the number of climate change related deaths is likely to increase to 85 per 100,000 citizens
    - Approx 9 million deaths
  - Dr Matthias Olthaar: 14 million people in poor countries to support the Dutch economy

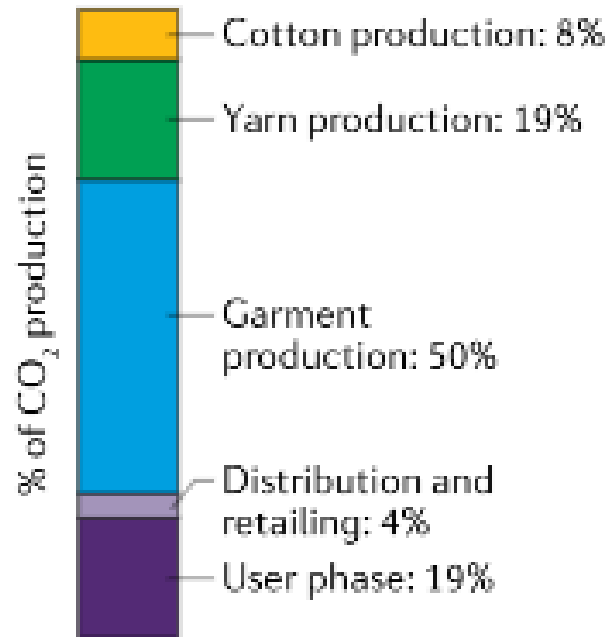
## T-shirt

kg CO<sub>2</sub> equivalent: 2.6



12 m<sup>3</sup> equivalent water scarcity (92%)

54 MJ energy consumption



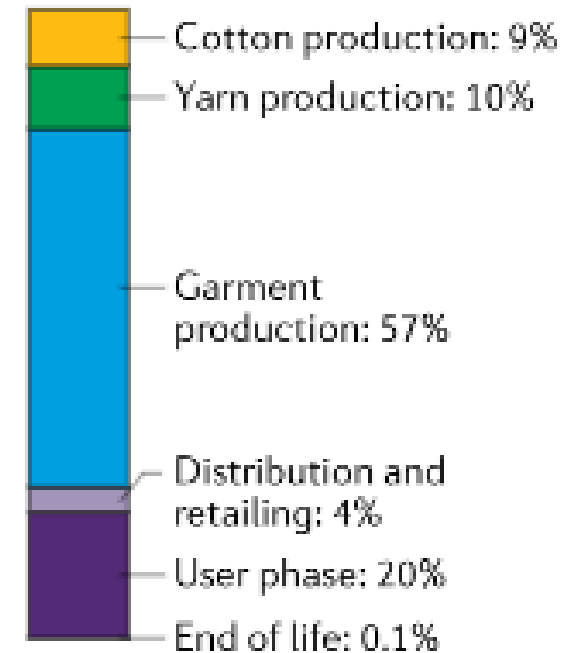
## Jeans

kg CO<sub>2</sub> equivalent: 11.5



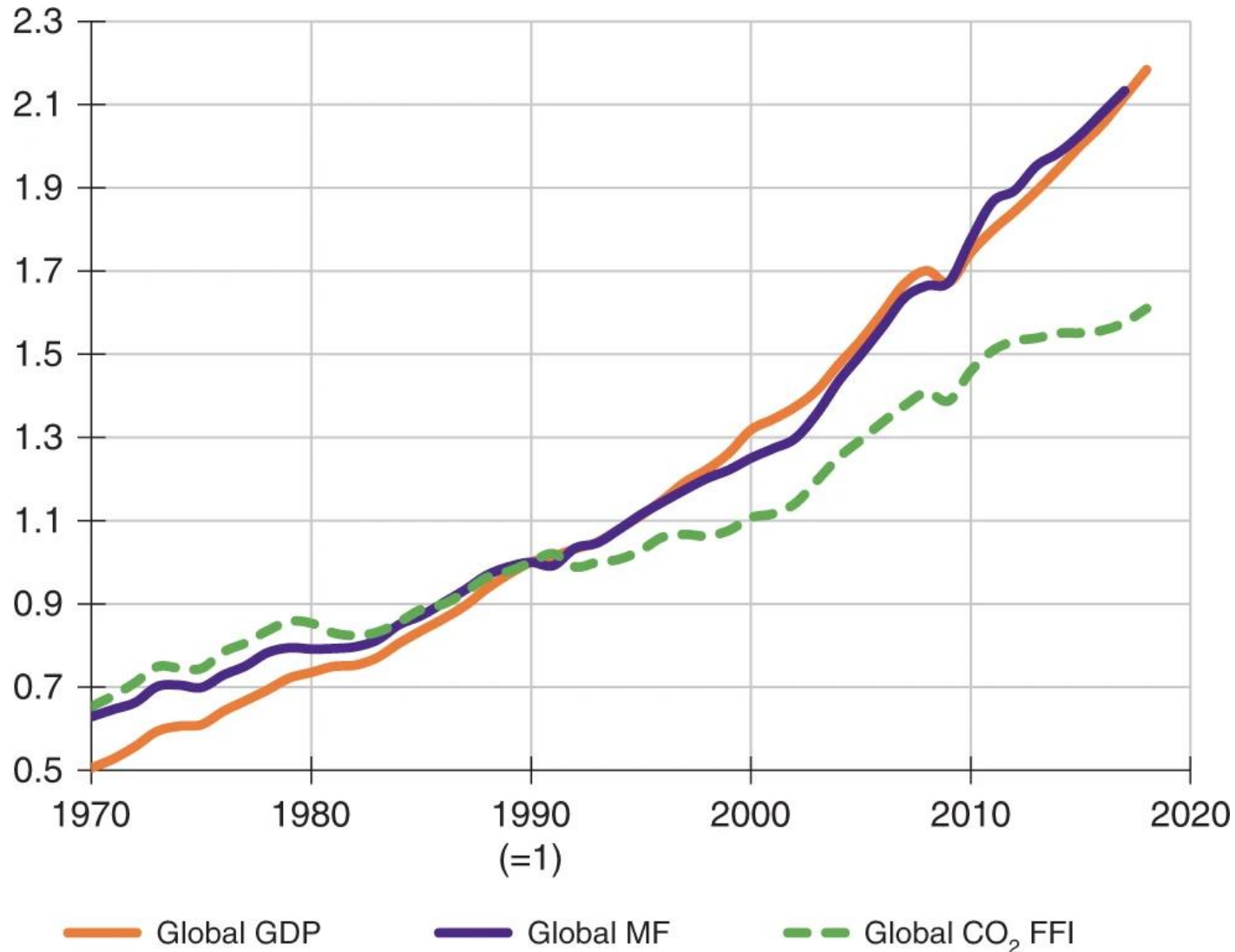
55 m<sup>3</sup> equivalent water scarcity (93%)

247 MJ energy consumption



Source: Niinimäki et al. (2020)

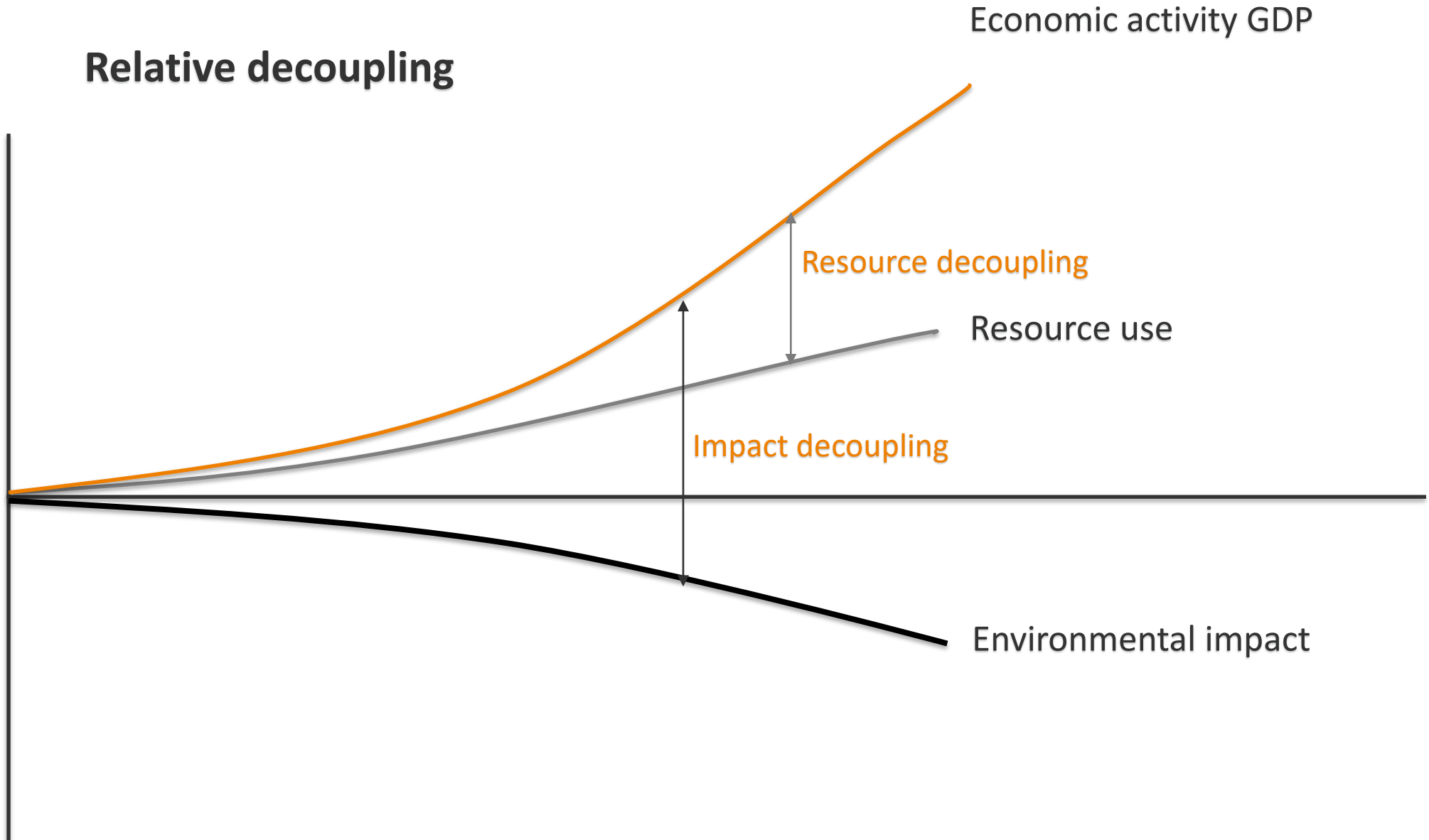
## Relative change in main global economic and environmental indicators from 1970 to 2017



GDP=Gross Domestic Product  
MF: raw material extraction  
FFI: fossil fuel combustion and industrial processes

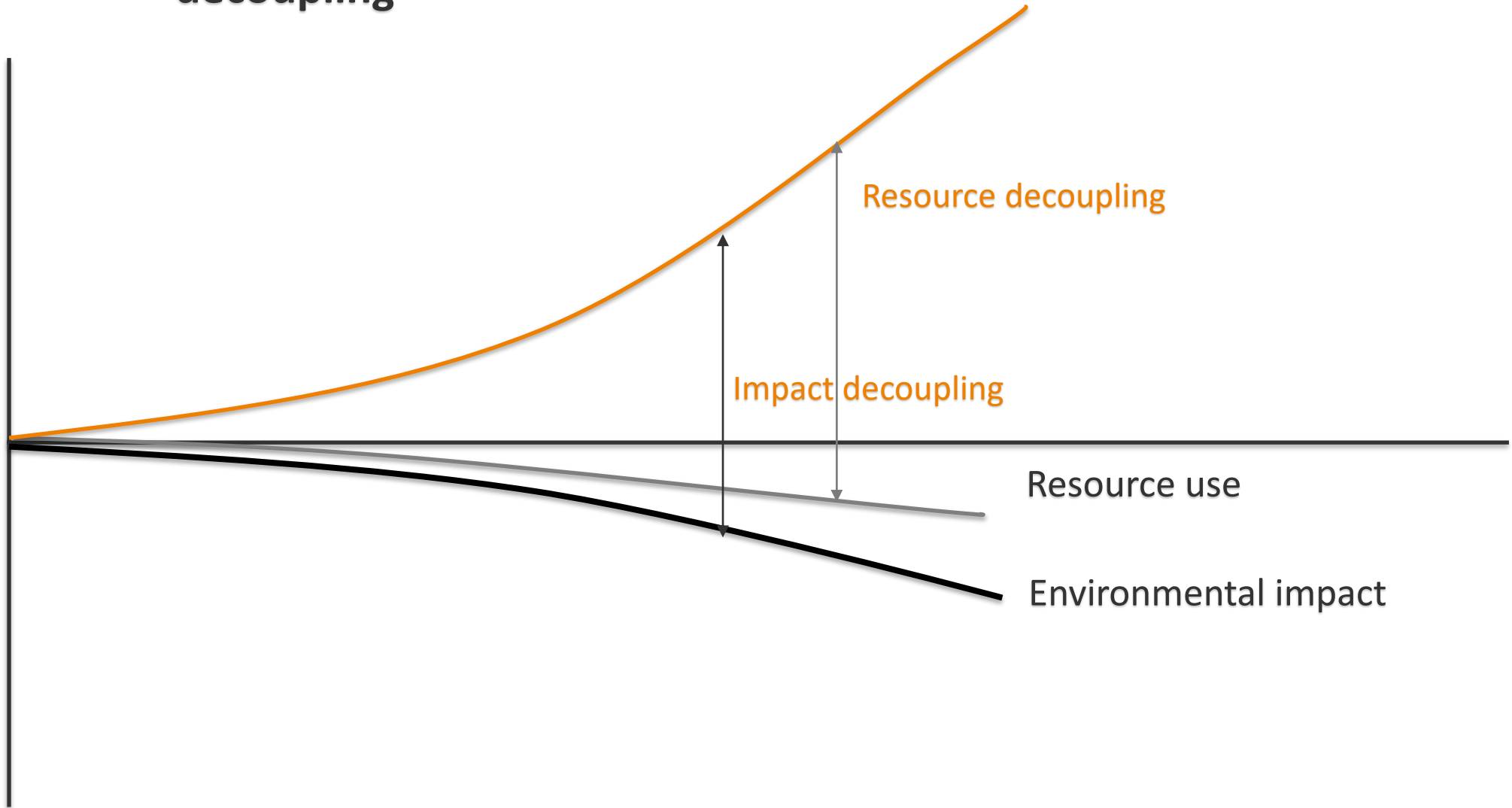
Source: Wiedmann et al. (2020)

# Relative decoupling



# decoupling

Economic activity GDP



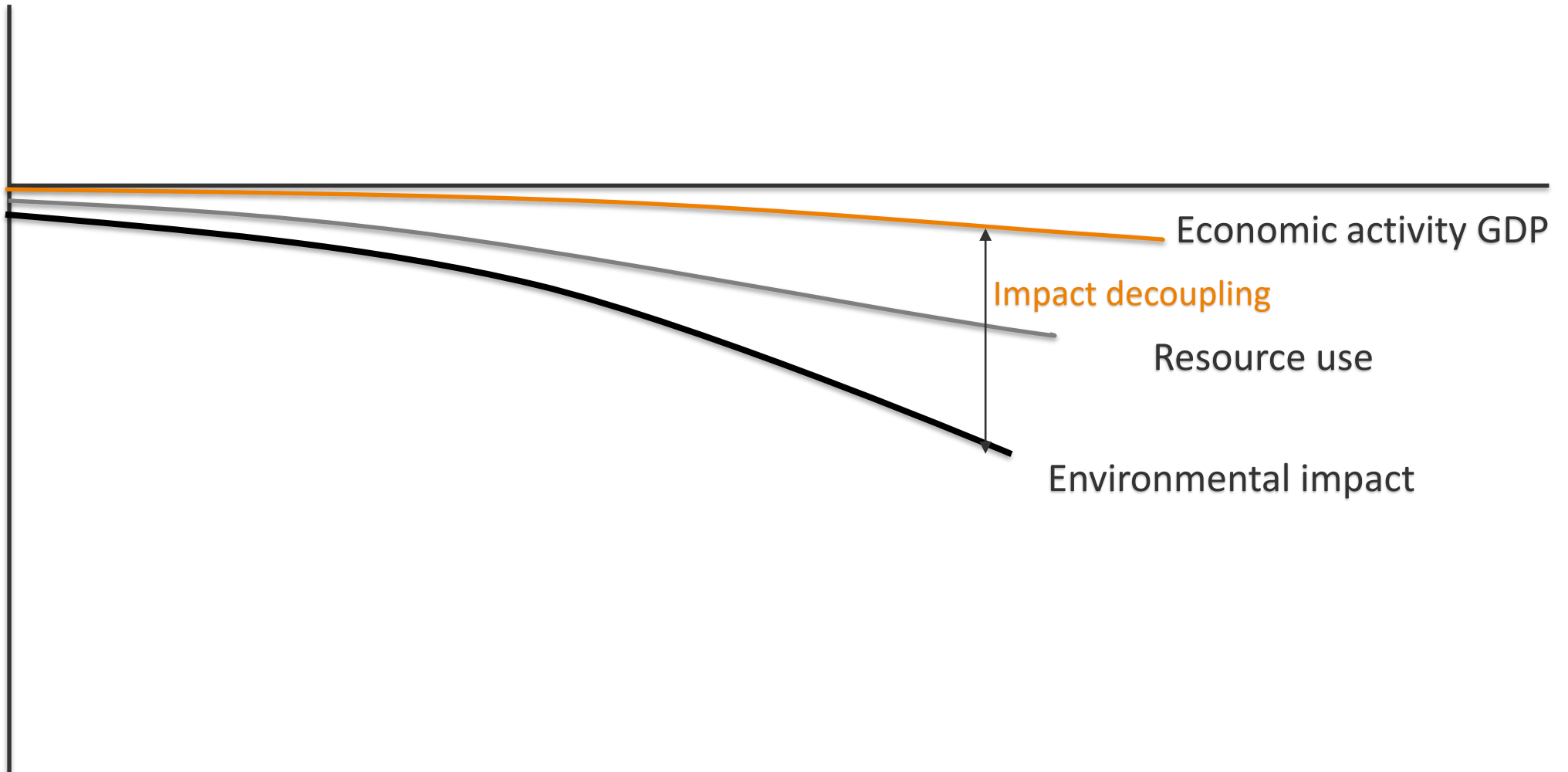
Resource decoupling

Impact decoupling

Resource use

Environmental impact

# Absolute decoupling



# Can the circular economy be the answer?

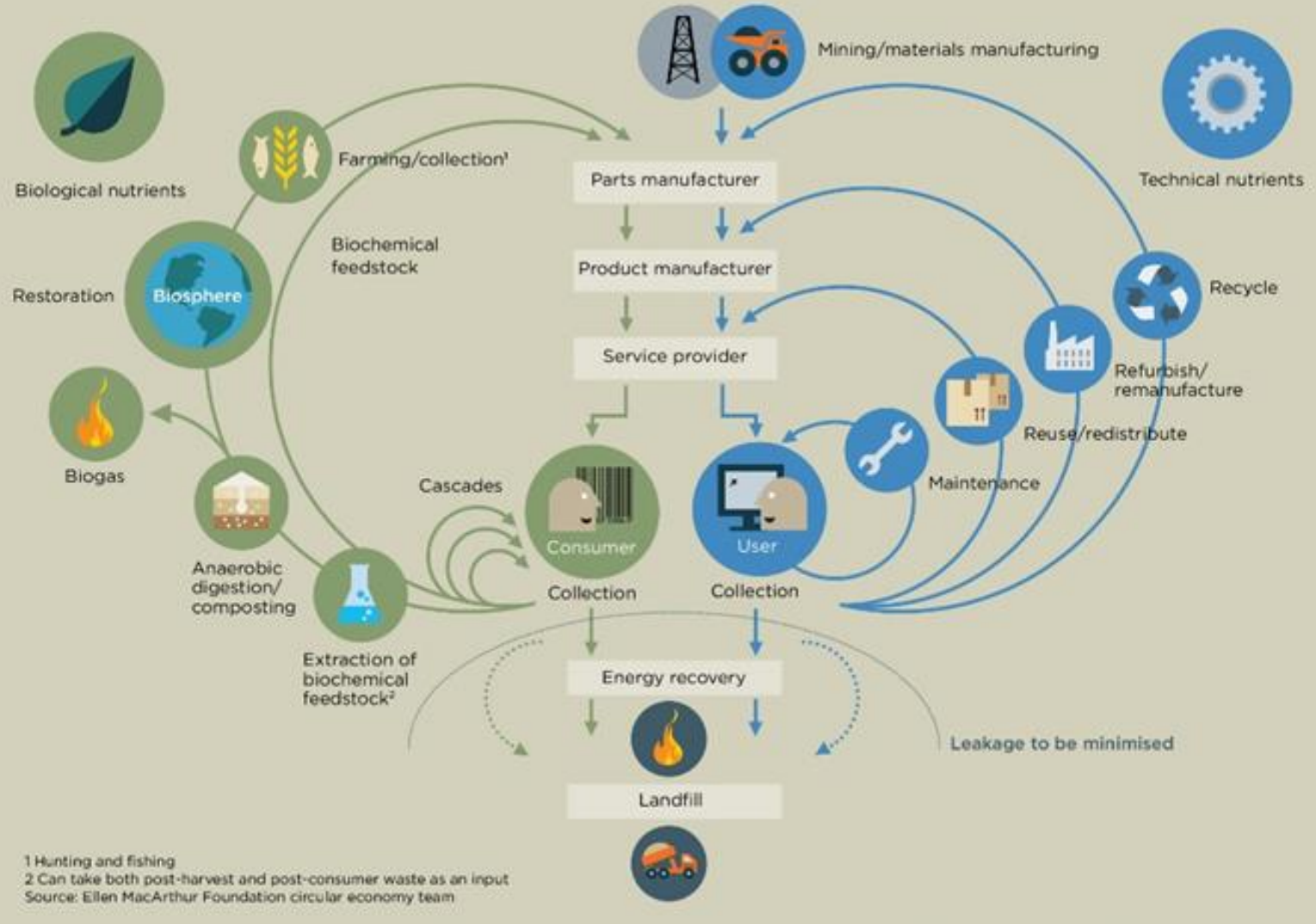
- In principle: yes, it could be, because a circular economy is add odds with the principle of economic growth.
- However, taking the current situation into account, stabilizing the economy is likely not to be enough.
- What is the road forwards?
  - We need to degrow
  - We need to share with those in dire straits



# The Biobased Economy

a transition from an economy that to a large extent has been based on fossil fuels to a more resource-efficient economy based on renewable raw materials that are produced through the sustainable use of ecosystem services from land and water. This means transforming biomass materials into different types of products, such as food, energy and industrial products (household products, composite materials, pharmaceuticals, paper, textiles etc.)” (Formas, 2012).

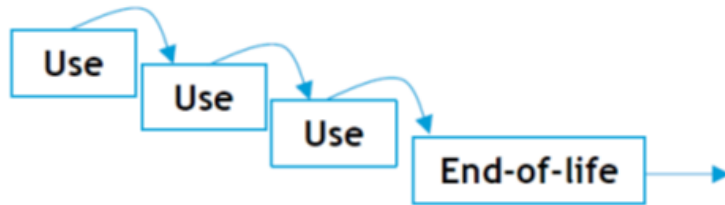
FIGURE 6 The circular economy—an industrial system that is restorative by design



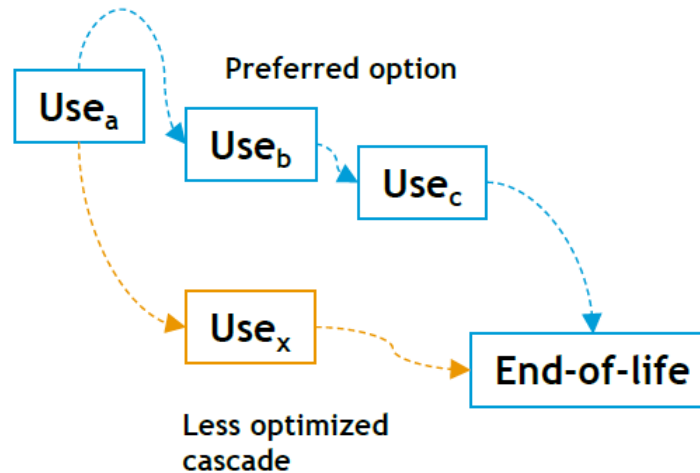
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# Forms of cascading

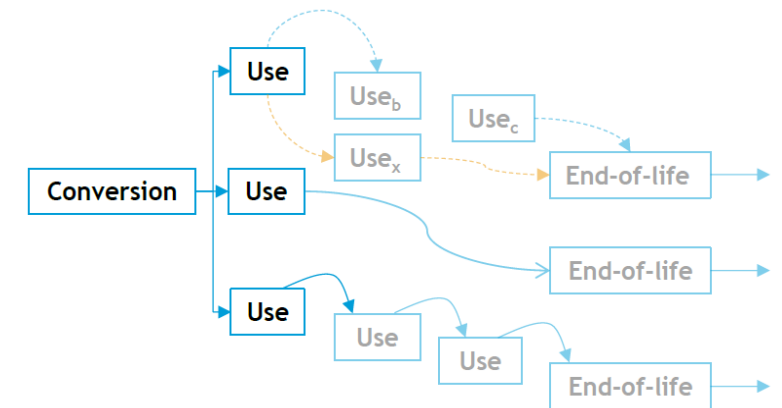
Cascading in time



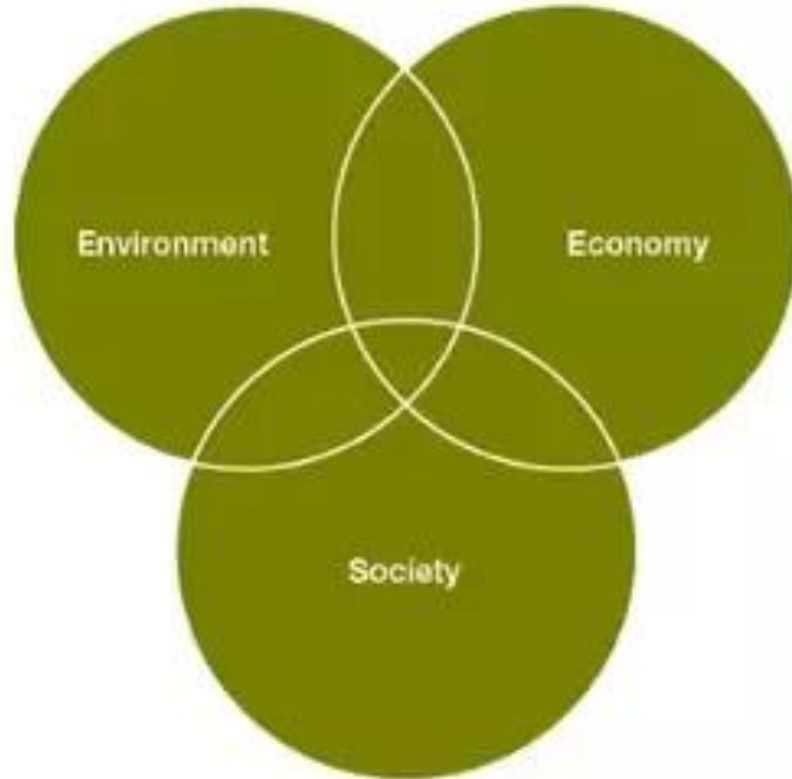
Cascading in use



Cascading in function

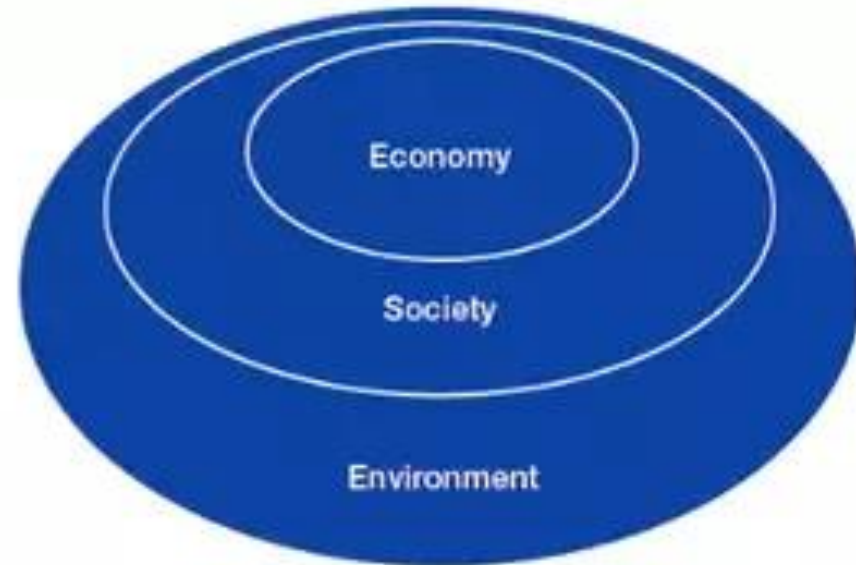


# Weak sustainability



**Weak Sustainability**

Source: Maureen Hart—Sustainable Measures



**Strong Sustainability**

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*"Yes, the planet got destroyed. But for a beautiful moment in time we created a lot of value for shareholders."*

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Resource	Reserves in years based on 2010 production	Geographic concentration risk	Lack of substitutes
Iron ore	75	low	High
Coking coal	<50	Medium	Medium
Copper	39	Medium	Medium
Gold	20	Low	Medium
Bauxite	133	High	Medium
Zinc	21	Low	Low
Nickel	49	Low	Low
Silver	23	Low	Low
Platinum	174	Medium	High
Lead	20	Low	Medium
Tin	20	Medium	Low
Rare earth	846	High	High
Phosphate	406	High	High

# Why are companies go sustainable?

- Legitimacy (conforming to norms, values and rules of society / stakeholders)
  - An organization is considered "socially fit" if its social values and norms are in line with those of the society
  - Perceived values
- Competitiveness (financial perspective)
- Ecological responsibility (intrinsic perspective)
  - Social entrepreneurship

# Legitimacy

## Relation to purpose?

- Coercive isomorphism
  - result of pressure exerted on organizations by stakeholders on which they highly dependent, and on expectations by the community within which the organization functions
- Mimetic isomorphism
  - competitors model their behavior on that of a successful rival
- Normative isomorphism
  - vocational and university education
  - networks of professionals and industry organizations



# Legitimacy

Shell: Brent Spar Incident (an example of coercive isomorphism)



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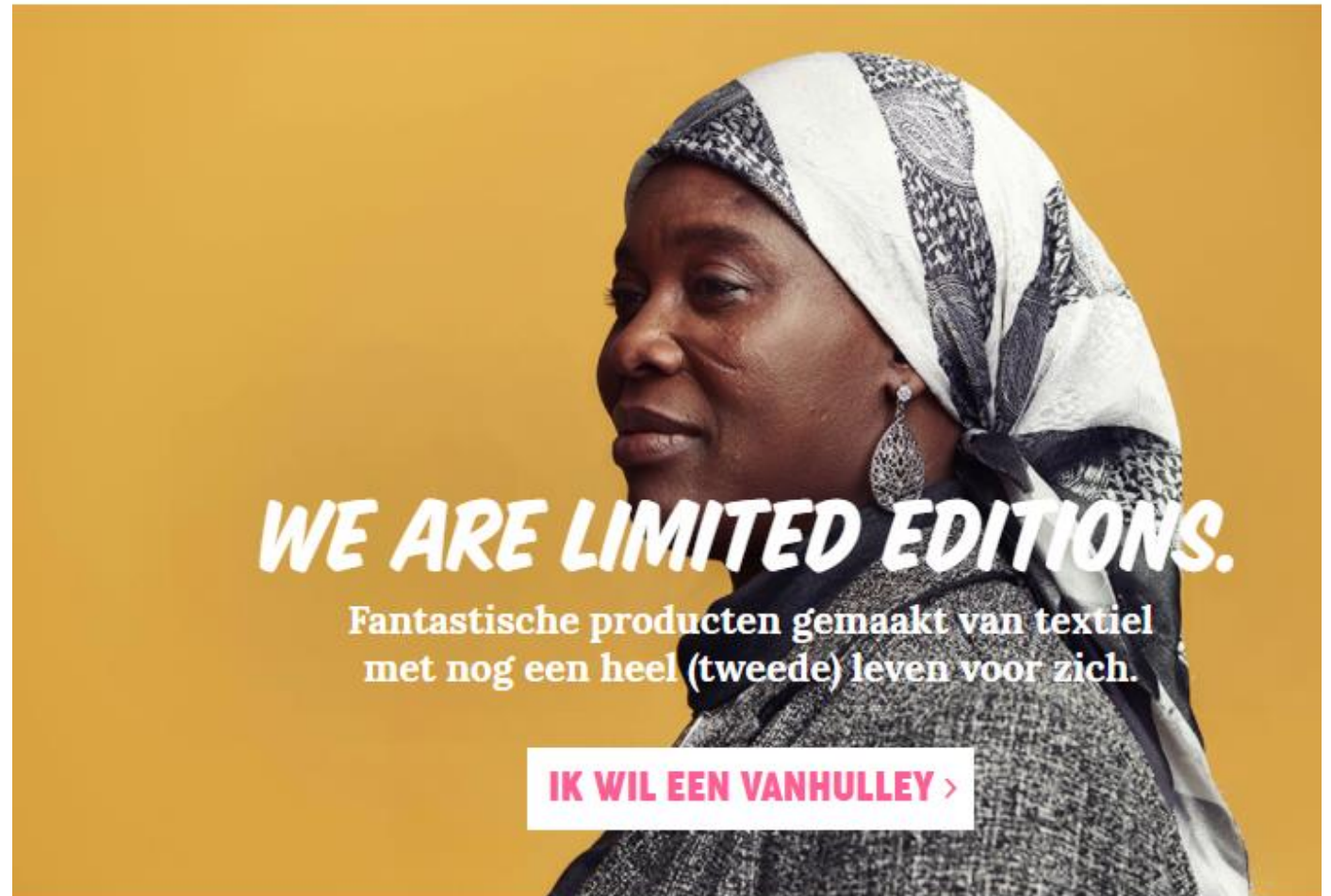
**VANHULLEY**

B<sub>2</sub>B

i

## Intrinsic motivation

a mission-driven individual who uses a set of entrepreneurial behaviors to deliver a social value to the less privileged, all through an entrepreneurially oriented entity that is financially independent, self-sufficient, or sustainable” (Abu- Saifan, 2012).

An advertisement for VanHulley. It features a woman in profile, wearing a patterned headscarf and a dark jacket, set against a warm, golden-brown background. The text is overlaid on the image.

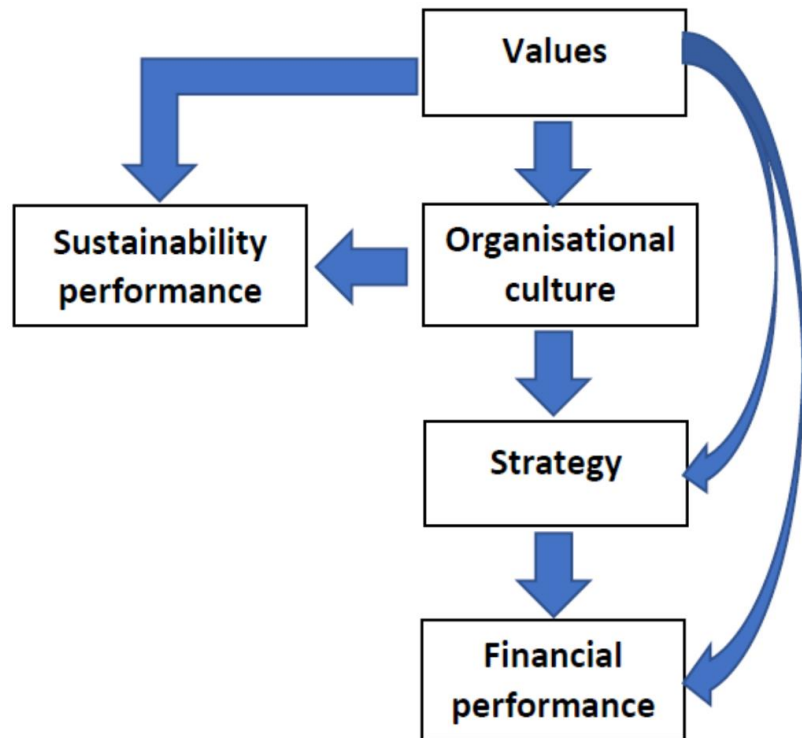
**WE ARE LIMITED EDITIONS.**

Fantastische producten gemaakt van textiel met nog een heel (tweede) leven voor zich.

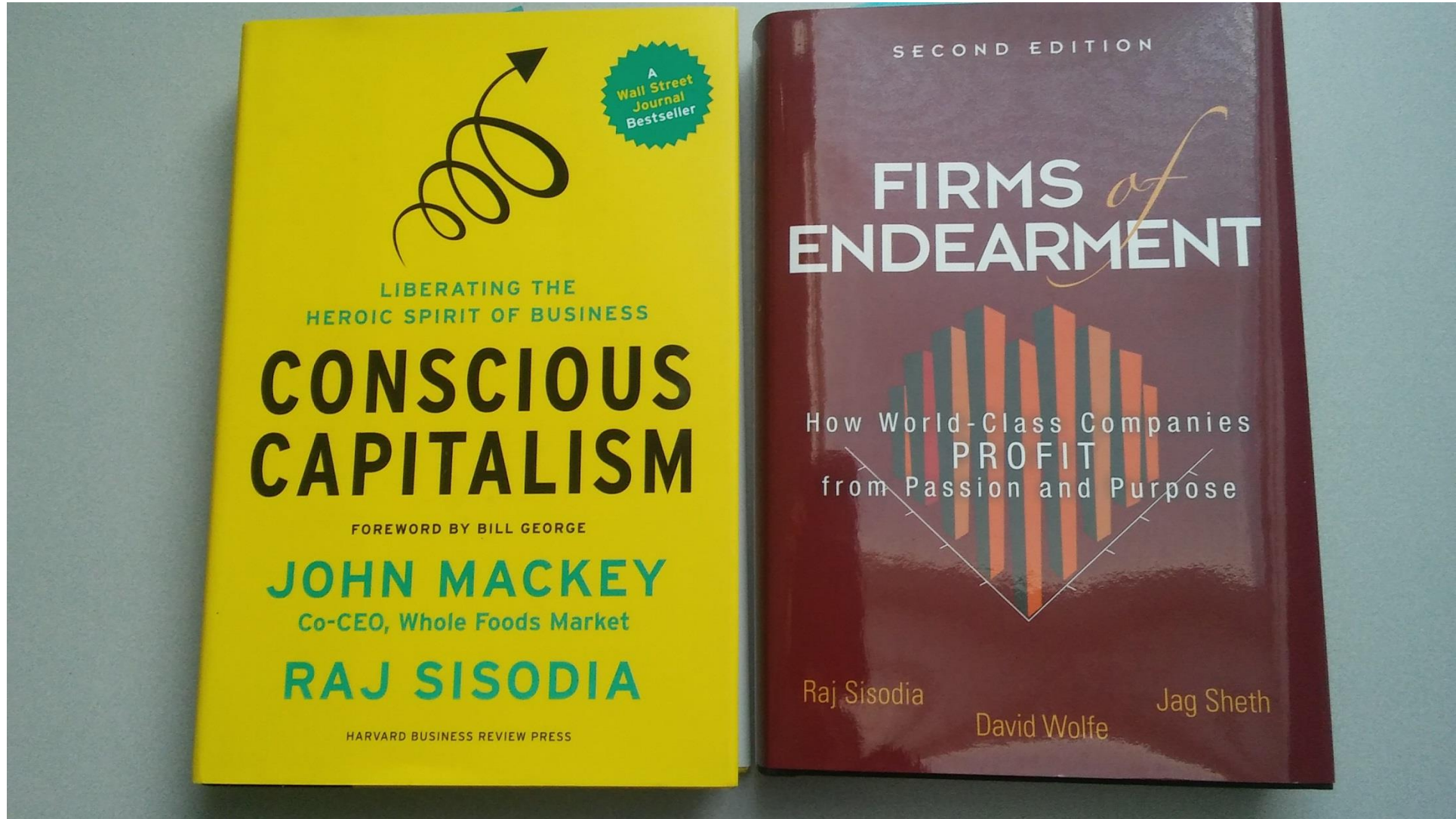
**IK WIL EEN VANHULLEY >**

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# Financial performance



Domain	Results
Time horizon	<ul style="list-style-type: none"> <li>Companies with high sustainability cultures adopt a long time-horizon in communication with key capital market participants,</li> <li>attract dedicated rather than transient investors, and</li> <li>have more long-term investors in their investor base</li> </ul>
Employees	<ul style="list-style-type: none"> <li>High sustainability performance is more concerned about skills and working conditions, and</li> <li>Are likely to have greater commitment towards employees</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Differences between 'high' and 'low' sustainability cultures are not very pronounced</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>High sustainability performers are more likely to select and evaluate suppliers on environmental and social standards</li> </ul>
Performance	<ul style="list-style-type: none"> <li>Investing \$1 in the beginning of 1993 would have grown to \$22.6 (\$15.4) for high (low) sustainability companies</li> <li>Annual abnormal performance is higher by almost 5%</li> <li>Stock price volatility of high sustainability companies is lower (risk is lower)</li> <li>Investing \$1 in the beginning of 1993 would have grown to \$22.6 (\$15.4) for high (low) sustainability companies</li> <li>Annual abnormal performance is higher by almost 5%</li> <li>Stock price volatility of high sustainability companies is lower (risk is lower)</li> </ul>



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# More information



For more info about the MBA in Purpose Economy and to request a brochure, go to [www.hanze.nl/mba](http://www.hanze.nl/mba) and [www.hanze.nl/mbrochures](http://www.hanze.nl/mbrochures) | Dutch info: [www.hanzepro.nl/mba](http://www.hanzepro.nl/mba)



Ask your question via [ibsmasters@org.hanze.nl](mailto:ibsmasters@org.hanze.nl)



Join our upcoming workshops on purpose economy until 28 April  
[www.hanze.nl/mba-workshops](http://www.hanze.nl/mba-workshops)



Join the Online Information Evening for professionals on 29 April 2021  
[www.hanze.nl/informatieavond](http://www.hanze.nl/informatieavond)

# Thank you for participating!

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**Name: Dr. Egbert Dommerholt**

Position: Professor Biobased Business Valorization

E-mail address: [e.dommerholt@pl.hanze.nl](mailto:e.dommerholt@pl.hanze.nl)

Phone: 0031-(0)6-51167994