Industrial Dynamics and Sustainable Business Models: Reflections on Covid-19

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Epictetus, circa 50 – 135 BC

It's not what happens to you, but how you respond to it that matters.
How to respond Covid-19?
A multi-level perspective on industrial change

- **Sociotechnical landscape**
  - Structuration
  - Broader political, economic and demographic tendencies

**Existing Sociotechnical regimes**
- Established systems where incumbent business models operate

**Niche Innovations**
- Micro-level formations where new business models experimented

**Time**
Covid 19: A landscape shock with a window of opportunity?

(see Geels et al 2017, and Rosenbloom & Markard, 2020)
Some reflections
1) Landscape changes such as Covid-19 may create both challenges and windows of opportunities
   - In favor of ‘sustainable’ or ‘unsustainable’ business models?

France unveils stimulus plan worth €8 billion for car industry

The package includes an increase to the state subsidies given to motivate potential buyers of new electric and hybrid cars. The plan also includes a state loan worth €5 billion for troubled carmaker Renault.

[...] the crisis has amplified voices demanding that supply chains be repatriated to Europe, which would be easier if states could pay more subsidies.
2) ‘Sustainable business models’ are framed and re-framed on a continuous basis

- ‘sustainability’ as a wicked problem

For instance, think about e-scooters ...

Did I really save carbons? In comparison to what? Had not I taken the e-scooter, would not I have just walked instead?

(see further Susur and Karakaya, 2020)
3) Explorative project networks may be key to navigate sustainability journeys

We have studied three case studies (2016-2018) of pre-commercial projects of emerging technologies in the sectors of
• steel production,
• long haulage, and
• public transports,

We show how engaging in project networks can be a strategy for incumbents to explore possibilities and to position themselves when anticipating a potential transition.

(Engwall, Kaulio, Karakaya, Miterev and Berlin, 2020)
4) There is no ‘one fits all’ business strategy
- Which strategy do you have?

**Defenders:**
- Continually defend what you are good at
- Prevent competitors to enter your market
- Ignore developments in niches/landscapes

**Prospectors:**
- Continually explore new niches
- Innovators and change makers
- Respond to tomorrow’s world

**Analyzers:**
- Dual business/technology cores
- Follow into niches after first movers
- Twin characteristics

**Reactors:**
- Reactive rather than proactive
- Responding inappropriately
- In mood of panic

*(see further, Chizaryfard & Karakaya 2020 and Miles, Snow, Meyer and Coleman, 1978)*
So what?

I started with ...

It's not what happens to you, but how you respond to it that matters

I may conclude with ...

• Challenges may turn into opportunities
• ‘Sustainability’ is a journey with no final destination
• Inter-organizational projects can help
• Respond ‘proactively’ and ‘reflexively’.
References


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