

## **ANALYSIS OF BUSINESS MODEL DEFINITIONS AND PROPOSAL OF A NEW DEFINITION OF SOCIALLY RESPONSIBLE BUSINESS MODEL**

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*Abstract: Purpose – The purpose of the research paper is to analyze collected 'business model' definitions (according to 'Oxford Dictionary of English word 'Definition' means: an exact statement or description of the nature, scope, or meaning of something') and identify the key words that describe this concept. As well as propose our own definition of 'Business Model' in the one of the spheres of management field.*

*Design/methodology/approach - We have gathered a literature review of the business model concept. To analyze the definitions we have used the 'Leximancer', 'Voyant' and 'Checktext' software. In addition to make better visual presentation we have used 'Wordle' application.*

*Findings - There are different business model definitions that might encumber the understanding of main message. A critical challenge to business model research is its lack of coherence.*

*Practical implications - Collected data could be used in further research and development of rapidly developing concept of 'Business Model'.*

*Originality/value - The article explored the roots of the concept, presented the evidence of popularity it has achieved as well as highlighted confusion in academic literature concerning this term. And finally showed the correlation between key words that define the business model.*

*Keywords: Business Model, Concept, Definitions, Value, And Social Responsibility.*

### Conceptual Paper

### **Introduction**

In the business world, people talk about business models all the time. But when you ask somebody to explain what exactly is a business model the answers are always different. That is less surprising than it seems because how people define the term really depends on how they are using it. As Hoque (2013) underlined we can't always be sure that one person's "business model" is not another's "value proposition," "business case," "revenue model," "strategy," and so on.

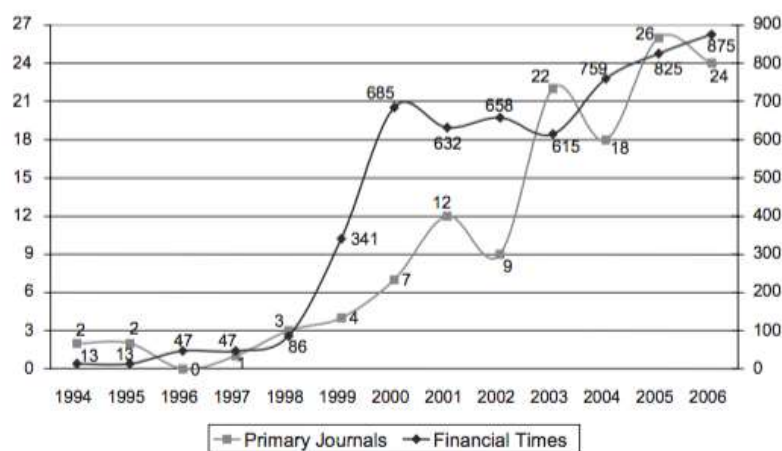
Teece (2010) suggests: "... the concept of business model has no established theoretical grounding in economics or in business studies". However every year there are more and more new academic scientific articles that include term business model that proves the recognition of the concept.

### Popularity of the Concept

The number of allusions to a concept gives an indication of its popularity. For example, the use of the term "business model" in Financial Times articles increased progressively from 13 to 875 in the period 1994–2006. Similarly, whereas in 1994 it appeared in only 2 articles, by 2006, the term was used in 24 articles in the Administrative Science Quarterly, Academy of Management Review, Academy of Management Journal, Organization Science, Strategic Management Journal, Management Science, and Journal of Management Studies

Figure 1. Number of articles in which the term 'business model' is used

Source: Martin, H. Klein 'Poverty Alleviation through Sustainable Strategic Business Models' (2008)



Sources (consulted on January 26, 2007):

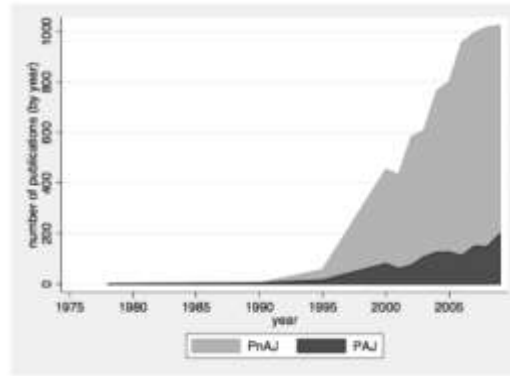
Financial Times: LexisNexis

Journals: ABI/Inform Internet and Business Source Premier

Figure 1. Number of articles in which the term 'business model' is used

Source: Martin, H. Klein 'Poverty Alleviation through Sustainable Strategic Business Models' (2008)

In addition search in 'Business Source Complete EBSCOhost' database confirmed that BM concept is increasing its popularity in Academic Journals as well as in non-Academic Journals.



**Figure 2. Business Model Articles in the Business/Management Field**

Source: Business Source Complete EBSCOhost Database. Period: January 1975-December 2009.

This area graph (Figure 2.) shows trends in the number of business model articles. The label PnAJ identifies those articles Published in non-Academic Journals. The label PAJ identifies articles Published in Academic Journals.

### **History of business model concept**

We saw above how the concept has become popular in the past decade, now let's have a look how it's all started. Literature query shows that the popularity of the term business model is a relatively recent phenomenon. Although business models have been integral to trading and economic behavior since pre-classical times (Teece, 2010), the business model concept became prevalent with the advent of the Internet in the mid 1990s, and it has been gathering momentum since then. From that time on, ideas revolving around the concept have resonated with scholars and business practitioners as documented by number of publications, including articles, books, and book chapters in the business press and scientific journals.

We can say that starting from year 2000, concept 'business model' have refocused from IT industry to management field. In other words the importance of business models accelerated as four revolutions emerged: information technology (and information systems), WWW, contract manufacturing and globalization.

We were able to identify only five definitions before year 2000. All the other definitions were introduced starting the year 2000. It clearly shows how developed the second wave of the concept popularity.

### **Different types of business model**

Business model is relatively new concept however it is rapidly developing. It is no surprise that different authors have tried to mix business models with other concepts creating certain 'concept hybrids'. The results of such transformation are: sustainable business model, business development model innovation, business model innovation leadership and others. However in the analysis of definitions we focus solely on 'business model', because hybrid concepts might use different lens and bring the meaning from other concept and even specifics of industry where this concept is used that might have certain impact on final result of defining term business model. Nevertheless after the performances of analysis of definitions, later in the article we will propose our own definition of business model in the sphere in which we believe requires advanced focus from entrepreneurs and researchers. We talk about social responsibility agenda.

### **Confusion around the concept**

To have clear understanding it is necessary to identify common substances and features among various business model definitions. There is currently no general consensus on the meaning of the term 'Business Model' (Jansen et al., 2007) Besides the term Business Model is not yet fully defined and there is a well-documented debate on the business model definition. Furthermore according to researchers business model is a term much used but seldom defined explicitly.

A look through academic literature archives shows the many ways business thinkers use the concept and how that can skew the definitions. Linder and Cantrell (2000) suggest that a lot of the confusion that exists within academic literature about business models stems from the fact that when different authors write about business models they do not necessarily mean the same thing

### **Defining the problem**

Even though there are numerous definitions available in the literature, none of them provide a precise explanation of business model concept. The reason for this phenomenon is explained by Amit, Zott and Massa (2010) as follows, "...business model is often studied without explicitly defining the concept. Of the 103 business model publications reviews 37% do not define the concept at all, taking its meaning more or less for granted. 44% explicitly define the concept of business model, e.g. enumerating its main components. The remaining publications (19%) define the concept. Moreover, existing definitions only partially overlap, giving rise to a multitude of possible interpretations..."(p.6).

## **Research methodology**

According to Teece (2010) 'business models are frequently mentioned but rarely analyzed: therefore, they are often poorly understood' (p.192). To change this situation we decided to analyze the definitions of Business Model. To do that we have collected 52 definitions describing the concept of Business Model, 49 definitions from respected academics, 2 definitions from dictionaries (Oxford and Cambridge Dictionary) and finally 1 definition from Investopedia. The full list with definitions is available in the appendix. We have sorted all the definitions from the oldest, dated in 1977 till the most recent in order to better see the evolution and development of the concept. We reckon that we haven't collected all the existing definitions, however we believe that we have sufficient number of definitions to make certain assumptions.

To analyze the definitions we have used the 'Leximancer', 'Voyant' and 'Checktext' software. We added all the 52 definition in the software that as the result produced statistical and analytical data. In addition to make a better visual presentation we have used 'Wordle' application.

## **Results and Findings**

Results of the analysis revealed that the most popular word used in Business Model definitions is 'Value'. Linder & Cantrell mentioned the first time word 'Value' in definition of Business Model in year 2000. In 52 definitions word Value was used 40 times. It is by far most popular word used to describe the concept of Business Model. In second place is word 'Firm' used 15 times, followed by 'Customers' 11 times and closing top seven were words 'Revenue', 'Money', 'Logic' and 'Structure' used 8 times each respectively. The results in numbers are displayed in (Table 1.)

It is important to mention that soft wares that we used to study the definitions analyzed same words singular and plural form. For example words like customer and customers were calculated separately. Moreover in definitions to describe business model different authors used synonyms for instance firm and company that were also counted separately. Lastly we have to point out that 'total words count' and 'unique words' differs for unknown reason in all three soft wares we have used. The number of key words might differ slightly among all three applications, however the key words and the rank of them have been identified correctly by all three applications.

**Table 1. The results in numbers are displayed**

	<b>Soft ware</b>	<i>Voyant</i>	<i>Checktext</i>	<i>Leximancer</i>
	Total words	1751	1762	1745
	Unique words	508	530	
<b>Key Words</b>				
1	Business	84	4,8%	82
2	Model	61	3,5%	62
3	Value	40	2,1%	40
4	Firm	15	1,1%	15
5	Customers	11	0,6%	11

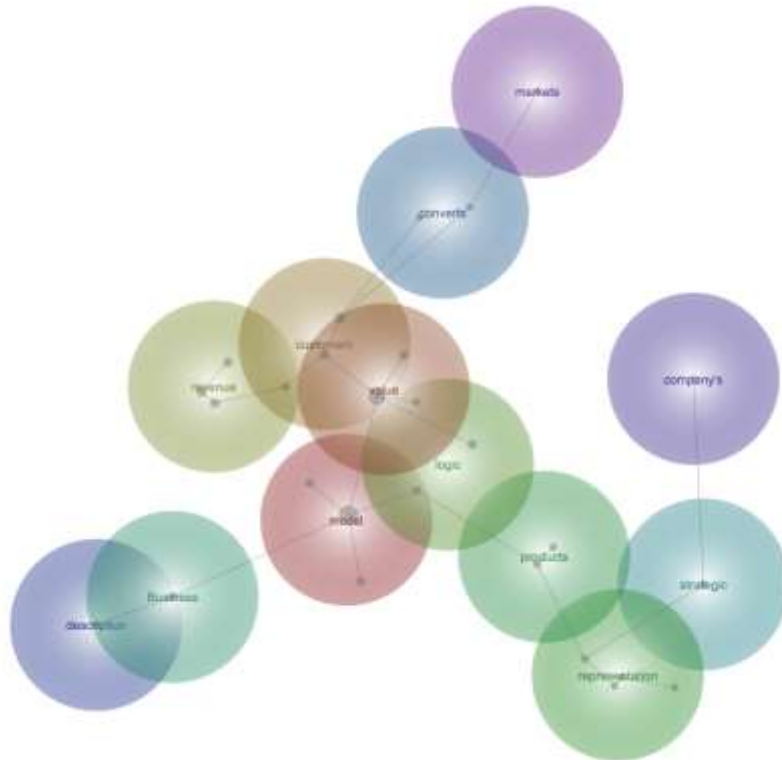
Source: Designed by author.

Figure 3. Shows the visualization created with the help of 'Leximancer' that displays correlation between the key words that define the concept. We can see that most saturated cluster is formed from the following key words: *model*, *value*, *customers*, *logic*, *revenue*, *products*, *representation* and *strategy*. If we take a look on the list of definitions and use this statistical method of analysis we can say that the closest definitions that match the most frequently used key words to describe the 'business model' are Osterwalder and Pigneur definition (*Four words matching*):

*“A business model is nothing else than the architecture of a firm and its network of partners for creating, marketing and delivering value and relationship capital to one or several segments of customers in order to generate profitable and sustainable revenue streams.”*  
(Dubosson-Torbay, Osterwalder, & Pigneur, 2002).

Another interesting fact is that Business Model is apart from Strategy. The terms ‘business model’ and ‘strategy’ are often used as synonyms in the media or sometimes even in academic lieterature. As Stahler (2002) pointed out mistakenly these two terms are used for referring to everything that is believed to give the organization a competitive advantage. According to Ovans (2015) once you begin to compare one model with another, you’re entering the realms of strategy, with which business models are often confused. In “Why Business Models Matter,” Magretta goes back to first principles to make a simple and useful distinction, pointing out that a business model is a description of how your business runs, but a competitive strategy explains how you will do better than your rivals. That could be by

offering a better business model — but it can also be by offering the same business model to a different market.



**Figure 3. Cluster from Business Model Components**

Source: Designed by author (Leximancer - software).

'Wordle' application created visual presentation 'word clouds' from business model definition text. Analysis is presented in (Figure 4.) showing words in different sizes depending on how many times particular word was used to describe term business model. (The clouds give greater prominence to words that appear more frequently in the source text).





Management literature and particularly strategic management offers many approaches to analyze value creation and value appropriation, such as Porter's (1985) value chain framework, Porter's (1980) five-forces competitive analysis framework, the resource-based view of the firm (Barney, 1991; Wernerfelt, 1984), Simon's (1976) theory of administrative behavior, and Andrew's (1980) Strength-Weakness-Opportunities-Threats model. Each school of thought has its own contributions, limitations, and gives its own interpretation and explanation of firms' value creation and value appropriation (Volberda & Elfring, 2001). It is essential to use more than one framework for the analysis to have better results. Therefore, value creation and value appropriation analyses may remain incomplete if a single lens is applied (Adner & Zemsky, 2006; Stabell & Fjeldstad, 1998).

### **Model and Business**

The key to understand what a business model is is the conceptualization of the term "model". The contemporary definition of it is as follows: a relatively separate layout that is as uncomplicated as possible and operates by reference to the original which can be, inter alia, a living creature, machine, or organization." On the other hand, W. Sadowski claims: "a model reflects the relevant part of the reality excluding the less important elements of that reality".

In order to present a full picture of the term business model, it is necessary to explain what "business" is, as well. In the opinion of W.G. Nickels a business is "any organization that aims to generate a profit as a result of delivering goods or services to the economic system. In addition word business or entrepreneurship - is in the scope of the modelling process.

We think that the model can be for example our planetary system, as the assumption. With the new knowledge it will be adjusted. However most often model is visual, schematic representation of a project. First: model is designed, and only then is mass production. Or another example could be 'architectural model': in the beginning it is usually presented in draft form, sometimes in a small scale or prototype form.

When we talk about business management the business model is a schematic view of the idea how the business operates, how the different business elements fit together and what potential synergy could be achieved that the entrepreneur has in mind. Similarly to Magretta (2002: 88) suggestions that: business models have two parts. "Part one includes all the activities associated with making something: designing it, purchasing raw materials, manufacturing, and so on. Part two includes all the activities associated with selling something: finding and

reaching customers, transacting a sale, distributing the product or delivering the service.” Generally speaking, business models define how the pieces of a business fit together (Magretta 2002). In other words business model is a big picture that captures a snapshot of the enterprise and communicates direction and goals to all stakeholders. Furthermore the model can be detailed: for example the financial business model. There are debates about what is the difference between 'business plan' and 'business model'. Some say that 'business plan' is more detailed and less flexible however 'business model' is more like a 'big picture' of company. However we don't see any reasons why one company cannot have one general business model that could consist of several detailed business models. We will leave it as an open question.

### **Type of research**

There might be some debate about the fact that we should have done the research differently. Instead of analysing existing definitions from the academic literature rather then focus more on practical research and do the survey of top managers to find their opinion about what is the business model concept. In other words explore the business model with an entrepreneurial lens.

We chose not to do that way because such research already exists done by Gerard George and Adam Jay Bock in 2009. They did discourse analysis of 151 surveys of practicing managers in India to better understand their conceptualization of a business model. (And afterwards they also did the same research only in much smaller scale in United Kingdom, to compare the results.) The survey asked two open-ended questions: “What is a business model?” and “What is your company’s business model?” They used sophisticated tool to investigate the data and their analytical knowledge to probe collected information. They have identified six groups that define the business model gathered from the answers of managers who participated in the survey:

*The business model is commonly described and reflects on (1) organizational design, (2) the resource-based view (RBV) of the firm, (3) narrative and sensemaking, (4) the nature of innovation, (5) the nature of opportunity, and (6) transactive structures.*

You can learn more about detailed analysis and results of Gerard George and Adam Jay Bock work in the article: 'The Business Model in Practice and Its Implications for Entrepreneurship Research'.

We believe that such type of research, as survey of top managers will give a very broad variety of answers that will make it difficult to identify one common vision of 'Business Model' concept. Moreover answers will vary depending on the industries in which managers are operating. Industry specifics will affect the notion of the concept. To narrow the research we have chosen to analyze the selected definitions from the academic literature.

In addition we chose the 'academic' lens approach in analysis of business model concept because we think that there has to be closer link between academic world and business world, only if this two parties work together innovative resolution could be found. There has to be stronger and more durable academe-business partnership. Academics need to be on-the-ground partners with business. It is important to develop better "theories" that explain successful and failed business models. As Mike Peng (2013) pointed: A business model is really a theory of what works in certain situations, under certain conditions. Business models are continually being "tested" and revised. Theory needs continually updating, especially when failure occurs.

### **Direction for Future Research**

This study opens pathways for future research on business models and entrepreneurship. We believe that concept will continue to develop rapidly in the different industries. We think that the field where 'Business Model' could improve and advance is social responsibility field. 'Value' for modern companies could not be solely profit maximization. As George (2009) suggests firms exemplifying value-structure dominance are rare, as commercial organizations likely take value structure for granted as a system that utilizes boundary-spanning transactions to generate profits that are recycled into organic growth or distributed to owners. True value-structure dominance would require that the firm's focus be primarily on the underlying mechanisms of value creation and capture. Rising economic and social inequality in the World may lead to certain crisis in the future that is why present situation is challenging company managers to think out of the box and focus not on old fashion way of finding compromise (choosing between profit and social responsibility) but more on modern way of doing business in the way of seeing the opportunity in creating synergy by focusing not only on profit but also on social needs. Many highly respected researches such as C. K. Prahalad, M. Yunus and others have addressed the issue of high importance of socially responsible business model development. Unlike traditional business, a social business operates for the benefit of addressing social needs that enable societies to function more efficiently. Social business provides a necessary framework for tackling social issues by combining business

know-how with the desire to improve quality of life. That it is the reason why we chose this specific field of management for further research.

### **Social Business Model**

We propose our own definition of 'Social Responsible Business Model'. To do that we used one of the definitions about the business model as the foundation and updated. We used the following business model definition as the starting point:

*“A business model describes the rationale of how an organization creates, delivers, and captures value (economic, social, or other forms of value)” Kaplan (2012)*

We chose this definition because we think it best of all describes what is the business model as it gives very clear and well comprehensible explanation of what is the business model and what is the purpose of it. However we think that this definition misses one important link to make it 'Socially Responsible Business Model' definition. Our proposal of a new definition would be:

*“A business model describes the rationale of how an organization creates, delivers, captures and distributes value (economic, social, environmental or other forms of value)” Jevgenijs Kurovs and Boriss Kurovs (2016)*

How company distributes the value that it has captured is essential question! Distribution of Value could be in the form of: investments in company's development, assistance for the state and society as well as protection of the environment. If the company management acknowledges from the beginning the importance of distribution of value for the purpose of improving quality of life of the stakeholders, then all the previous elements from the chain: creating, delivering and capturing value will involve socially responsible elements and principles on the strategic level apart from pure profit maximization. Objective of responsible company have to be sustainable plan of distributing certain part of the value that company has captured in the process effective and efficient value creation by the company and delivering it to the clients that in the end certain part of captured value will be refocused on fulfilling social needs. With the adjustments that we propose the definition corresponds to principles of triple-bottom-line (Economic-Social-Environment) first coined in 1994 by John Elkington that are still so essential and actual for the modern time companies.

### **Conclusion**

In *The New, New Thing*, Michael Lewis refers to the phrase *business model* as “a term of art.” And like art itself, it’s one of those things many people feel they can recognize when they see it but can’t quite define. Furthermore by rephrasing Votaw’s (1973) citation about corporate social responsibility we can say similar words about BM: the term “Business Model” is a brilliant one; it means something, but not always the same thing to everybody. We hope that with the help of our research analysis the term ‘business model’ has become little more understandable. It is essential to have clear understanding of what is the meaning of business model in communication with all stakeholders to make sure that everyone is on the same page.

We have attempted to clarify the concept through the analysis of the definitions. We have sorted the definitions from the oldest to the up-to-date to see how the concept has evolved and developed. We have identified key words that explain the concept, explored the cluster themes of key words in order to have better understanding of the concept. There is no doubt that concept will continue to develop and it will be adjusted in the process of development. The formation, growth potential, and success of new organizational forms are often credited to the development of novel business models, especially in turbulent industries (Franke, Gruber, Harhoff, & Henkel, 2008; Venkatraman & Henderson, 1998).

Moreover we identified the keywords that explain the concept of 'Business Model' and it is 'Value'. To confirm our theory: researchers have suggested that business models are critical constructs for understanding value creation (e.g., Amit & Zott, 2001; Chesbrough & Rosenbloom, 2002; Mahadevan, 2000)

Finally we proposed our own definition of ‘Socially Responsible Business Model’, as we believe ‘social responsibility’ field is essential for every modern company that is thinking about sustainable growth and development of the company. As Zhexembayeva (2011) correctly pointed out that existing situation is no longer just about doing business responsibly; it is about seeing social and sustainability challenges as opportunities for innovation and business development. In other words companies have to adopt smarter way to do the business.

## Appendix

### **Literature review of the business model concept**

Definitions of a business model:

*The business model is “a unique, historically evolved set of factors related to each other in a pattern.” It is “the concrete, functioning pattern of factors and their interaction which together determined and explained a company’s way to make money. ” Normann (2001), Normann (1977)*

*Business model is: “assumptions about what a company gets paid for” Peter Drucker (1994)*

*“Activity-system maps show how a company’s strategic position is contained in a set of tailored activities designed to deliver it. In companies with a clear strategic positioning, a number of higher-order strategic themes can be identified and implemented through clusters of tightly linked activities.” Porter (1996)*

*“... the business idea [model] is the organization’s mental model of the forces behind its current and future success.” Van der Heijden (1996)*

*The business model is 'an architecture of the product, service and information flows, including a description of the various business actors and their roles; a description of the potential benefits for the various business actors; a description of the sources of revenues' (p.2). -Timmers (1998)*

*“A business model is simply a business concept that has been put into practice.” Business concept: no formal definition. The examples refer to the holistic explanation of ‘how business is done’ within by firm.” Hamel (2000)*

*“An operating business model is the organization’s core logic for creating value. [...] Only the business model components that are part of the essential logic are included, so one company’s operating model may look dramatically different from another’s.” Linder & Cantrell (2000)*

*“A change model is the core logic for how a firm will change over time in order to remain profitable.” Linder & Cantrell (2000).*

*Business model: “the organization’s core logic for creating value” Linder and Cantrell (2000).*

*A business model is a unique blend of three streams that are critical to the business. These include the value stream for the business partners and the buyers, the revenue stream, and the logistical stream. (p. 59) Mahadevan (2000)*

*In the most basic sense, a business model is the method of doing business by which a company can sustain itself -- that is, generate revenue. The business model spells-out how a company makes money by specifying where it is positioned in the value chain.* **Rappa (2000)**

*Business model: "a description of a complex business that enables study of its structure, the relationships among structural elements, and how it will respond in the real world".* **Applegate (2001)**

*A business model is the method by which a firm builds and uses its resources to offer its customers better value than its competitors and make money doing so. It details how a firm makes money now and how it plans to do so in the long-term. The model is what enables a firm to have a sustainable competitive advantage, to perform better than its rivals in the long term.* (p. 3-4) **Afuah and Tucci (2001)**

*The business model depicts 'the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities' (p.511).* **Amit & Zott (2001)**

*"The holistic design of an organization's increasingly boundary-spanning economic exchanges can be described by the firm's business model. The business model can be thought of as the design of the overall structure ("gestalt") of the business, namely, the blueprint of how a firm conducts business. That is, the template of how a firm interacts and transacts with customers, partners and vendors. The design elements of the business model, which is centered on a focal firm, can be formally, and parsimoniously defined as the structure, content, and governance of transactions designed so as to create value through the exploitation of business opportunities."* **Amit & Zott (2001, 2004, 2002, 2007)**

*"An explicit Business Model makes it easy to communicate the understanding of a business"* **Gordijn & Akkermans (2001).**

*A business model refers to the core architecture of a firm, specifically how it deploys all relevant resources (not just those within its corporate boundaries) to create differentiated value for customers.* (p. 5) **Tapscott (2001)**

*The business model provides a coherent framework that takes technological characteristics and potentials as inputs, and converts them through customers and markets into economic inputs. The business model is thus conceived as a focusing device that mediates between technology development and economic value creation.* (p. 532) It "spells out how a company

*makes money by specifying where it is positioned in the value chain” (p. 533) Chesbrough and Rosenbloom (2002)*

*The business model is 'the heuristic logic that connects technical potential with the realization of economic value' (p.529) Chesbrough & Rosenbloom (2002)*

*Business models are 'stories that explain how enterprises work. A good business model answers Peter Drucker's age-old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?' (p.4). Margretta (2002)*

*“An organization’s business idea can be described as its success formula in the competitive game. ” Van der Heijden, Bradfield, Burt, Cairns, & Wright (2002)*

*The business idea [model] describes the organization’s competitiveness, on basis of the organization’s unique way of meeting a scarcity in society. Van der Heijden, Bradfield, Burt, Cairns, & Wright (2002)*

*Business Model is “the firm’s logic for creating and commercializing value.” Osterwalder (2002)*

*“a business model is really a set of assumptions or hypotheses” Osterwalder (2002)*

*“Business model investigation creates a full understanding of a business” Osterwalder & Pigneur (2002)*

*“Business models are a representation of management thinking and practices that help businesses see, understand and run their activities in a distinct and specific way.” Chaharbaghi, Fendt, & Willis (2003).*

*Business model: “It’s simply a way of organizing a company to permit it to serve its customers in an effective way.” Mitchell & Coles (2003)*

*“A business model is a unique configuration of elements, which consist of strategy, processes, technologies and the governance of the organization. This configuration has been created as to create value for customers and consequently to be able to compete successfully in a certain industry.” Jansen, Jägers, Steenbakkers, & Melger (2003).*

*“A business model is nothing else than the architecture of a firm and its network of partners*



*for creating, marketing and delivering value and relationship capital to one or several segments of customers in order to generate profitable and sustainable revenue streams.”*

**Dubosson-Torbay, Osterwalder, & Pigneur (2002), Osterwalder & Pigneur (2003)**

*“... a business model is the method of doing business by which a company can sustain itself -- that is, generate revenue. The business model spells-out how a company makes money by specifying where it is positioned in the value chain.”* **Rappa (2004)**

*“A business model is a framework for making money. It is the set of which activities a firm performs, how it performs them, and when it performs them as it uses its resources to perform activities, given its industry, to create superior customer value (low-cost or differentiated products) and put itself in a position to appropriate the value.”* **Afuah (2004)**

*A business model is “simply described as its ‘way of doing business’ or its ‘business concept’ so that it can sustain itself.”* **Voelpel, Leibold, & Tekie (2004)**

*“A Business model may be defined as an abstract representation of some aspect of a firm’s strategy.”* **Seddon et al. (2004)**

*A business model is a 'concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets' (p. 727). [...] It has six fundamental components: Value proposition, customer, internal processes/competencies, external positioning, economic model, and personal/investor factors.* **Morris et al., (2005)**

*“We define the business model of a firm as a system manifested in the components and related material and cognitive aspects.”* **Tikkanen, Lamberg, Parvinen, & Kallunki (2005)**

*Business model is: “The particular business concept (or way of doing business) as reflected by the business’s core value proposition(s) for customers; its configured value network(s) to provide that value, consisting of own strategic capabilities as well as other (e.g., outsourced/allianced) value networks and capabilities; and its leadership and governance enabling capabilities to continually sustain and reinvent itself to satisfy the multiple objectives of its various stakeholders (including shareholders).”* **Voelpel, Leibold, Tekie, & Krogh (2005)**

*We define a business model as a representation of a firm's underlying core logic and strategic choices for creating and capturing value within a value network. (p. 202) Shafer et al. (2005)*

*At its heart, a business model performs two important functions: value creation and value capture. First, it defines a series of activities that will yield a new product or service in such a way that there is net value created throughout the various activities. Second, it captures value from a portion of those activities for the firm developing the model. (p. 108) Chesbrough (2006)*

*Business model 'consists of four interlocking elements, that, taken together, create and deliver value' (p. 52). These are: customer value proposition, profit formula, key resources, and key processes. Johnson et al., (2008)*

*"A business model is a set of planned activities (sometimes referred to as business processes) designed to result in a profit in a marketplace" Laudon and Traver (2008).*

*A business model is an "abstract representation of an organization, be it conceptual, textual, and/or graphical, of all core interrelated architectural, co-operational, and financial arrangements designed and developed by an organization presently and in the future, as well as all core products and/or services the organization offers, or will offer, based on these arrangements that are needed to achieve its strategic goals and objectives." Al-Debei, M. M., El-Haddadeh, R., & Avison, D. (2008)*

*'A business model is [...] a reflection of the firm realized strategy' (p. 195). Casadesus-Masanell & Ricart (2010)*

*'A business model articulates the logic, the data and other evidence that support a value proposition for the customer, and a viable structure of revenues and costs for the enterprise delivering that value' (p. 179). Teece (2010)*

*In short, a business model defines how the enterprise creates and delivers value to customers, and then converts payments received to profits. (p. 173) Teece (2010)*

*Generally speaking, the concept refers to the description of the articulation between different Business Model components or 'building blocks' to produce a proposition that can generate value for consumers and thus for the organization. (p. 227) Demil and Lecocq (2010)*

*A business model can be viewed as a template of how a firm conducts business, how it delivers value to stakeholders (e.g., the focal firms, customers, partners, etc.), and how it links factor and product markets. The activity systems perspective addresses all these vital issues [...]. (p. 222) Zott and Amit (2010)*

*[...] a business model is the design of organizational structures to enact a commercial opportunity. (p.99) [...] three dimensions to the organizational structures noted in our definition: resource structure, transactive structure, and value structure. (p.99) George and Bock (2011)*

*“A business model describes the rationale of how an organization creates, delivers, and captures value (economic, social, or other forms of value)” Kaplan (2012)*

*A business model is the conceptual structure supporting the viability of a business, including its purpose, its goals and its ongoing plans for achieving them. Margaret Rouse (2013)*

*A business model is the plan implemented by a company to generate revenue and make a profit from operations. The model includes the components and functions of the business, as well as the revenues it generates and the expenses it incurs. Investopedia (2016)*

*Business model is: a plan for the successful operation of a business, identifying sources of revenue, the intended customer base, products, and details of financing. Oxford Dictionary (2016)*

*Business model is: a description of the different parts of a business or organization showing how they will work together successfully to make money. Cambridge Dictionary (2016)*

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