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Strategizing for sustainability in a changing world: a dynamic capability approach

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On an evolutionary perspective, firms have been learning how to cope with sustainability issues and developing capabilities for sustainability purposes. The reasons can vary a bit – environmental and social responsibility, legitimacy, access to resources –, but integrating sustainability into the core business is the one key factor for a long-term strategy (Bocken et al. 2014; Richardson 2008; Boons & Lüdeke-Freund 2013). In this way, the combination of a strategy for sustainable innovations with dynamic capabilities enables firms to be prepared for addressing (new) customer needs, targeting the right markets (new and old ones), and managing suppliers and partners accordingly (Teece 2012). Dynamic capabilities as “the capacity of an organization to *purposefully* create, extend, or modify its resource base” (Helfat et al. 2007) provide competitive advantage to establish and sustain superior performance in the marketplace (Teece 2014). We understand ‘purposefully’ as making a deliberate strategy, choosing from a set of business models (Casadesus-Masanell & Ricart 2010) when firms are sensing, seizing and transforming opportunities in a rapidly changing environment (Teece 2014). The set of business models is meant to be alternatives of a specific strategy that seeks appropriating the eco-innovation’s value embedded in a product or service. This working paper develops a smooth and consistent framework for firms eco-strategizing in a competitive and heterogeneous business environment. Furthermore, we question why, when and how firms strategize to comply with sustainability issues and stakeholders’ expectations. The novelty here is to explicitly incorporate sustainability into a well-designed business framework for eco-strategizing (Figure 1). Although the framework is currently conceptual, it will be further developed and validated to be applied in any business environment.

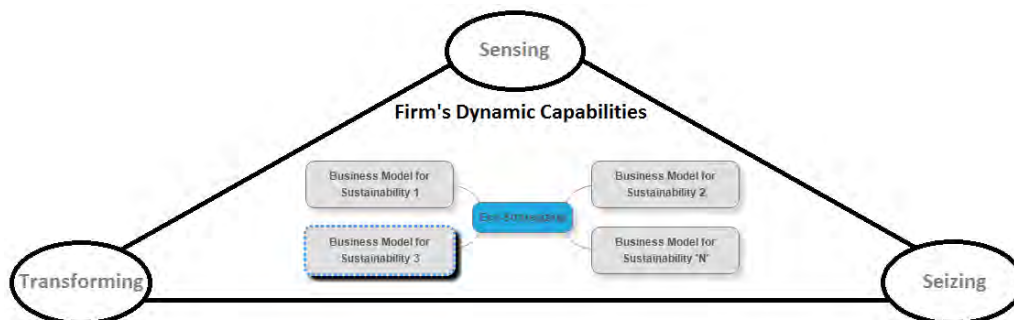


Figure 1 - Conceptual framework for eco-strategizing using dynamic capabilities for business model innovation

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