

Anthropological interpretation of the Business Model: myth, institutionalization and sharing

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Abstract : Using an anthropological interpretation, this essay presents the Business Model as a myth that has been institutionalized by a collective group of stakeholders. The myth allows them to become coordinated, especially when their number increases. What brings them all together is shared values and/or value-sharing.

Key words : Business Model, anthropology, Value Sharing

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Introduction

This essay offers an anthropological interpretation of the Business Model (BM) in the context of business creation. By referring to resource-based approaches (Penrose, 1959; Pfeffer and Salancik, 1978; Wernerfelt, 1984...) and stakeholder approaches (Barnard, 1938; Freeman, 1984; ...) within the paradigm of organizational emergence in entrepreneurship (Gartner, 1995; Verstraete, 2005; ...), business creation can be seen as the crystallization of both tangible and intangible resources provided by stakeholders, who expect compensation for their contribution to a dynamic launched by an entrepreneur (or several individuals who form an entrepreneurial team). The resulting coordination between them requires two prerequisites for the enterprise to become institutionalized: intelligibility and belief.

Intelligibility is essential for organization to emerge because it is most unlikely that potential partners will put up the necessary resources for a project if they do not understand it. The concept of BM appeared in the context of Internet start-ups, when partners demanded intelligibility from entrepreneurs. The novelty of the media, the related narrative and the profile of the creators justified the demand. This demanding approach from potential partners shows that the intelligibility of any project is nurtured by discussion in which the entrepreneur is the mediator, the spokesman and - one could even say - the conductor of an act that is sometimes partly improvised.

Belief derives from intelligibility in the sense that if the project is properly understood, one must believe in it to commit to it. In fact, since a project is constructed collectively, intelligibility and belief combine to produce a conviction about an artifact, the BM, which is the myth by which representations are constructed and shared. In order to make these business representations accessible, the BM must be able to be understood as an icon, particularly in terms of its components (Verstraete and Jouison, 2009, 2011; Osterwalder and Pigneur, 2010; Demil and Lecocq, 2010). The BM can thus be understood through an anthropological interpretation that throws light on how a group of stakeholders get together and commit to a project. For believers who do not necessarily know each other, the project is led by an entrepreneur who embodies the myth of the BM and who communicates the myth through a rite of passage: the pitch. The pitch takes on a sort of messianic dimension that consists in proposing a more or less new order (or innovation if novelty is the key element). In most modern societies, this movement must be institutionalized, including in the legal sense of the word, so that responsibilities and ownership are recognized, with an increasing requirement for the sharing of the value created or the shared values.

Approach

The business model: a myth for coordinating a set of resources and partners to create the business project

Harari's best-seller (2011) posits that the grouping together of a large number of individuals is a human specificity that led Sapiens to dominate other species. Within imagination, myths combine beliefs in a natural order, they shape desires that arise from the meeting of two ideologies (romantic and consumerist) to create a "market of experiences" and myths create inter-subjectivity that makes coordination all the more durable as the network comprises many individuals. Myths are fundamentally linked to a belief that conveys a message. They may be distinguished from legends (that have a historical dimension) and tales (that involve fictional content). All three constitute pure types whose variations are the subject of debate (Pottier, 2012). In fact, finding a definition that covers all types and functions of myths is rather elusive (Eliade, 1963).

According to Levi-Strauss (cf. the *Mythologiques* tetralogy: 1964, 1966, 1968, 1971), a myth recounts an origin, a present and a future by bringing together in a global narrative the answers to the singular problems of the space concerned, and sometimes goes beyond it when it is the prism through which everything is observed. In structuralist or even systemic thinking, myths allow speculation so that the order of the whole is maintained despite the difficulties that might be encountered more locally. A myth is a story that a community believes in regarding the origin, (here, the origin of the project), explaining things as they are and as they will evolve by implementing an expected strategy. We will limit ourselves to this conception, notwithstanding the fact that myths also present differences (cf. Pottier, 2012) according to whether they concern an ultimate future (eschatological myths), include a political dimension whereby the current order is challenged (messianic myths) or legitimized (dynastic myths), or establish a social contract (philosophical myths).

If the BM is a myth, then stakeholders may be seen as believers, including scholars who have understood the project, followers who are prone to mimicry, grail-seekers (sometimes "unicorn"-seekers), and opportunists, etc. They are brought together by a message whose intelligibility concerns both to the project itself (its origin, its present and the conjecture that the myth allows) and the meaning of their sphere of action. The latter restricts their representation, in that their frame of reference allows them to see the elements that legitimize or prohibit the narrative. This frame of reference is part conventions that influence their behavior, particularly in situations of uncertainty, where their action is influenced by their idea of how another individual in their community would behave if placed in the same situation.

The institutionalization of the myth through the emergence of a convention

The conventionalist perspective is based on an institutionalist theory that takes its source in a 1989 special issue of the "Revue Economique". Although it was mainly developed by economists and sociologists, it has philosophical underpinnings. For example, Dupréel (1925) claims the following: *"The convention establishes a correspondence between its authors, creates agreement, ensures that the combination of their conduct, instead of being a sum of disparate elements, constitutes an organized whole, in fact a unified activity. This is the essence of the convention: it coordinates a series of activities, involving material facts and psychological conditions, into a single common rule that also determines the conduct or attitude of the participants."* (p. 285 and 286). However, the latter must know what to do in a situation of uncertainty, as in the case of an ex-nihilo company creation. To this end, *"within each social space (a sports club, a company, etc.), there are perceptible criteria that allow a newcomer to understand it and behave in accordance with the systems on which this particular social universe is based."* (Verstraete, Jouison and Néraudau, 2018, p.97). The conventionalist perspective can shed light on the institutionalization of the myth insofar as it applies a symbolic structure to a rational void. According to Gomez and Jones (2000) it thus corresponds to Levi-Strauss' definition of structure. Starting from an idea, i.e. the original concept, the BM is built from the entrepreneur's interactions with the owners of the resources necessary to the project. It is therefore essential to create value for the protagonists in exchange for the value they bring. In ethical entrepreneurship, this initial exchange becomes a form of sharing when the project is sufficiently rewarded/remunerated by a market, whether this is expressed by customers or by beneficiaries in the case of a non-profit project.

Key insights

Sharing value

Remuneration by the market is a form of reward for the value provided to it. It may be seen in quantitative terms (e.g. a company's turnover) but also qualitatively, e.g. user satisfaction, quality of relationships, memberships, etc. This also applies to entrepreneurial projects in the associative sector, in social economy and, more generally, social entrepreneurship, where most projects do not have shareholder governance. Value goes beyond the archetype of the entrepreneurial phenomenon, i.e. company creation, as it also concerns intrapreneurial projects, company takeovers, etc. Value sharing thus consists first and foremost in optimizing relationships with partners by sharing both quantitative and qualitative gains/benefits. (A question arises when there is a deficit or a loss. Since they have taken greater risks, the answers provided often serve as arguments for the initiators of the project to reap greater reward in case of success.)

The genesis of the stakeholder theory is part of an ethical approach (Freeman, 1984) warning about the vagaries of capitalism that may occur when the management of a company is driven solely by the quest for financial benefit on the invested capital. The idea here is not to give in to a political ideology on how to distribute wealth, but to consider that sharing the created value is the core of the relationships that a company should strive to maintain with its partners in order to be sustainable and profitable. This perspective is in line with the concept of corporate social responsibility, which directly questions value-sharing (Porter and Kramer, 2011), particularly when a company wishes to correct any negative influences it may have on society. Societal issues affect companies because they are responsible for certain social ills. The aim is thus to eliminate these negative influences whenever they occur. Corporate governance tends to reject the shareholder perspective and proposes *"a definition and measurement of the created value, in line with the firm's pluralist vision, allowing a better understanding of the mechanisms for creating and sharing value in relation to corporate governance theory"* (Charreaux and Desbrières, 1998, p. 73). This "value-sharing" dimension is explicitly included in certain BM concepts, for example when it is defined as follows: *"a convention for the Generation, the Remuneration and the Sharing of value"* (Verstraete, Jouison-Laffitte, 2011b, p.42). Within the Sharing of value dimension, the authors identify three components (like the other two dimensions of their model): stakeholders, conventions and the ecosystem, each participating in the emergence of the myth of which the BM is held to be a representation.

From the interweaving of myths to the rite of passage of the start-upper: the pitch

A venture capitalist draws on the conventional register of his profession to define his attitude towards the start-up, but he also learns as it progresses. Using the benchmarks he is familiar with, he evaluates the entrepreneur (his behavior, narrative, track record, etc.) and weighs up the financial forecasts (the method used to estimate turnover, the ability to produce it, the compliance with accounting standards, etc.). Conventions that are specific to the venture capital business are part of the BM, since ignoring them could lead the partner to abandon the project¹. This integration of partners' conventions to the project is not only a sign of empathy but also a sign of respect for the customs and practices of the stakeholders. It allows the subject to be fully understood by the other

¹ While this applies to projects involving venture capital, the principle applies to all project partners to a differing degree depending on the power of the stakeholder.

party and contributes to the interweaving of myths, whether in written or oral form. It is also multiform, because the purpose varies according to the audience and the moment in time (Tétu, 2015).

The myth is apparent in both the oral form that conveys it and the written form that gives it its initial substance. In addition to its theoretical, analytical and referential underpinnings, the myth comprises content that the layman studies, judges and eventually supports by demonstrating his understanding of and belief in the project. Only then is he likely to provide the tangible or intangible resources that are requested of him. As a written support, the business plan plays this very role. The pitch has become the oral "rite of passage". Rituals are *"incarnate devices, whose performative nature creates communities and allows them to resolve their conflicts. Through ritual action, institutions demonstrate their objectives, values and social norms. Practical ritual knowledge is thus created and constitutes a presupposition of the performativity of the ritual action. This knowledge indicates how to behave appropriately within institutions... Insofar as they are staged and body representations, rituals generally carry more weight than simple speeches."* (Wulf, Gabriel, 2005, p.11). Therefore, the pitch may be seen as an incarnate utterance offered to observers, i.e. possible stakeholders. Through rituals, *"the human being showcases himself, sets the scene for his relationship with others and creates social interaction."* (ibid. p. 12). The pitch is a rite of value sharing or, rather, of sharing values (Hatchuel, 2005).

Discussion and conclusions: Value is the Grail

It is on this note that we conclude this essay, because the intelligibility, belief and institutionalization of a project take on their full meaning in the mythical dimension of the BM and, during its ritual presentation, in the promise to share value(s) with stakeholders who come from various ecosystems and who are used to multiple conventions (inherent to their profession, the territory of the project, etc.). Stakeholders who have become coordinated will doubtlessly be more or less respectful of the "text", i.e. their commitment in return for the promise made to them. The term 'value' with all its different meanings (object of exchange, desire, tendencies, reference... Comte-Sponville, 1998) is the cornerstone of many definitions of the BM (Amit and Zott, 2001; Chesbrough and Rosebloom, 2002; Magretta, 2002; Betz, 2002; Voelpel et al. 2001; Verstraete and Jouison-Laffitte, 2009; Demil and Lecocq, 2010; Baden-Fuller and Morgan, 2010...). The sharing of value(s) does not simply consist in taking the profits made by a company and sharing them among stakeholders. When it makes profit, a company can of course distribute dividends to shareholders and bonuses or salary increases to its employees. Our idea is not to exclude these possibilities from the notion of value-sharing, but to incorporate the notion of the rewards expected by the other partners (customers, suppliers, etc...) and more generally by the ecosystem in which the project goes hand in hand with (symbiosis). These rewards are expressed in quantitative and/or qualitative terms and may include emotional dimensions. This is often the case when a BM is conceived for a project whose purpose is not financial, e.g. in the context of a non-profit association or a public service. While our experience shows that the BM is useful for this type of project, it should be noted that the very presence of the word "business" in the expression is an issue for some actors of these projects. Our contention is that the BM is in fact a model of creation, remuneration and sharing of value or even shared values. This refers to a more ecological conception of entrepreneurship, an issue discussed elsewhere (refs).

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