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Integrating justice and collective value creation

Collaborative business model for just protein transition

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Abstract

Just transition is needed to ensure that the transition towards a low-carbon economy happens in a fair way. Collaborative business model through collective value creation can contribute to just transition across the boundaries of private, public and non-profit sectors within and outside the value chain. This paper integrates the concepts of justice and collective value creation with collaborative business model for just transition and presents an illustrative case of just protein transition.

Keywords

Justice, collective value creation, collaborative business model, just transition, food system

Introduction

Transition to low-carbon economy requires changes in business models on what value is created, how, and to whom, as every transition has its winners and its losers, both economically and in terms of social justice (Lennon et al., 2019). It is important to note, that transition is more about multiple social interests than individual (organizational) interests (Jonker et al., 2020). We argue that integrating the concept of justice into collaborative business model (CBM) and collective value creation (CVC) can increase the legitimacy, acceptability and effectiveness of low-carbon transition in the society. There is a gap in business model research addressing the dimensions and principles of justice. However, especially in CBM networks, trusting and reciprocal relationships with stakeholders are crucial. Harrison et al. (2010) argued that stakeholder management based on distributional, procedural and interactional justice can unlock additional potential and conditions for value creation process. Hence, justice and fairness are key considerations for stakeholder management (Bosse et al., 2009) and CBMs.

This short paper fuses justice and business model literature and aims to identify areas where justice perspective can influence value creation practices. An illustrative case, just protein transition in

Finland, is presented to show how the integrated framework of CVC and justice can be applied to food system transition. To the best of the authors' knowledge, this is the first attempt to integrate justice approach and CBM for transition. Its novelty is in proposing a practical way of connecting CBM literature with policy and business relevant justice literature.

Collective value creation for transition

Collective or multiple value creation for low-carbon transition requires extending the traditional business model from organization-centered business model towards value creation through collaborations in hubs, networks and chains. Firm-level construct of the business model and a firm-level unit of analysis are inadequate to respond to the challenges of low-carbon transition (Diener et al., 2021). In contrast, collaborative hub-level, network-level or chain-level construct of the business model is able to engage a wider spectrum of stakeholders and actors for transition. These actors may represent private, public or non-profit sectors and may be located within and outside the conventional value chain. Hence, participating actors can differ in type and in position in the value chain/ network (Jonker et al., 2020). For example, Mihailova et al. (2022) discuss the many roles of energy citizens in CVC for energy transition. In addition, CBMs need supportive regulative, financial and technical environment and governance frameworks (Hiteva and Sovacool, 2017). The blurring of the private-public boundaries and blending of corporate and social missions, however, requires successful collaboration and trust between the parties. Trust, defined as 'the mutual confidence that no party to an exchange will exploit another's vulnerabilities' (Barney and Hansen, 1994: 176), is an essential ingredient in CVC (Harrison et al., 2010).

Compared to conventional business models, CBMs are better suited for justice considerations, as they are inherently open for multiple stakeholders and values, which are necessary for just transition. Literature on integrated value creation highlights that value creation stems from resources exchanged in relationships within the value creation network (Norris et al., 2021). A stakeholder theory perspective on business models is useful in understanding the stakeholder value creation network and mutual stakeholder relationships in which stakeholders are both recipients and co-creators of value in joint value creation processes (Freudenreich et al., 2019). Value creation, defined as collaborative effort in relationships, can benefit the business and all its stakeholders by asking with and for whom value is being created (Freeman, 2010; Freudenreich et al., 2019). CBM actors can contribute to three central elements of CVC: (1) what value is created, (2) how it is created, and (3) how it is distributed. This is in line with the study of Freudenreich et al. (2019), who argue that the concept and analysis of value creation through business models need to consider different types of value created with and for different stakeholders and the resulting value portfolio.

Traditional business models focus on creating financial value for the focal company and its shareholders. CVC, where various actors create more than just financial value by expanding the range of values, emphasizes proactive value creation for society by finding solutions to social and environmental challenges and needs (Hiteva and Sovacool, 2017). It is associated with the creation of shared values (Porter and Kramer, 2011), which simultaneously creates societal value(s) and economic value for the value chain actors. Hence, extending the considered value range can be traced to social and environmental drivers, which can inspire participating organizations in a CBM to take greater responsibility towards society and nature (Foxon et al., 2015; Jonker et al., 2020).

Actors' perceptions on fairness in value creation and distribution depend much on reciprocity, which can be understood as a universally accepted moral norm (Dunfee, 2006; Harrison et al., 2010). For example, a firm with low accounting-based profitability may create a lot of value but allocate most of it to stakeholders, society and the environment (Harrison et al. 2010). In the value creation process it is also important to discuss those who are left behind and the underlying moral and ethical implications of such distribution (Hiteva and Sovacool, 2017). Simultaneously, fair distribution of value across the network can increase trust and reciprocity between participants upon which just transition is built. We argue that the principles of justice can be useful in increasing trust and reciprocity between multiple actors of CVC. Additionally, justice approach helps identify alternative values and actors who are invisible, vulnerable or excluded.

Social justice, just transition and integration to collective value creation

While justice was initially associated only with nation states' activities, recent corporate responsibility literature proposes that organizations' responsibilities for justice go beyond regulatory compliance (and voluntary CSR). For example, corporate responsibilities to protect and even fulfil human rights (instead of merely respecting them) stem from the significant power of corporations (Mills and Karp, 2015). Corporations exercise power in public decision-making (lobbying) and via significant influence on some stakeholders, such as employees and their families, and communities involved in value chain activities. Justice in organizational activities can be urged for both normative reasons, i.e. legitimacy (it is morally unacceptable that corporations act unjustly), and instrumental reasons: distributional justice literature suggests that stakeholders' willingness to fully collaborate is related to their perception of the fair value they receive, relative to the value other stakeholders receive (Harrison et al., 2010).

From the competing notions of justice, we use the well-established idea of relational social justice. Social justice concerns how societies' basic structures impact on the equality of people (relative to given standards). We adopt a theoretical framework of relational social justice that conceptualizes justice comprising of three dimensions (Table 1). *Distributive justice* is about the fair distribution of benefits and burdens; *procedural justice* means equal participatory opportunities in decision-making; and *recognition justice* means institutional patterns that support equal socio-cultural statuses instead of value hierarchies that might marginalize certain groups due to their socio-cultural, ethnic, or other differences (Fraser, 2009; Schlosberg, 2007).¹ The framework is spatially extensive: actions can be just near yet unjust to distant people, like in the case of climate change (Schlosberg, 2007).²

¹ Management studies also speak of interactional justice, "fairness in the way that stakeholders are treated in transactions with the firm" (Harrison et al. 2010). Interactional and recognition justice have been used as synonyms referring "to recognizing the needs, values, and preferences of all stakeholders in a safe, fair, and non-discriminatory environment" (Kronenberg et al., 2020).

² The relational notion of social justice has also become well-established in the environmental contexts, because for example environmentally locally impactful industrial activities (such as the placement of hazardous waste stream materials or the placement of polluting factories) have often been carried out without the consultation of the local communities.

Dimension of justice	Focus	Examples in CVC
Distributive justice	The proportional distribution of benefits and harms	Fair distribution and value allocation; identification of non-financial values
Procedural justice	Opportunities to participate in decision-making; balanced power relations	Fair and respectful treatment of stakeholders in decision-making processes; less opportunistic use of power; increased trust and reciprocity
Recognition justice	Socio-cultural inclusion and respect in institutionalized practices	Identification of non-evident (non-visible, vulnerable, excluded) actors; respectful treatment of differences; increased trust and reciprocity

Table 1. Dimensions of justice, their focus and examples in CVC.

The three-dimensional framework has become common in just transition studies that concern how the transformation to low-carbon societies could be made as fairly as possible (e.g., Williams & Doyon, 2019; Newell & Mulvaney, 2015; McCauley & Heffron, 2018). Just transition acknowledges that while emission mitigation is crucial for avoiding dangerous climate change, mitigation itself will have transformative economic and socio-cultural impacts on societies that need attention in the course of transition. Just transition has widened from employment focus to involve any injustices that low-carbon transition may bring about (Kaljonen et al., 2021). This is crucial for food systems discussed in the demonstrative case, since required transformations are there significant and food is so culturally/socially embedded that food system transitions invoke difficult tensions and value conflicts (Kaljonen et al., 2021). Just transition is important both for legitimacy and sustainable development.

Because achieving a low-carbon, climate resilient society is a non-economic value and many companies are engaging in climate mitigation, just transition framework offers a good platform for integrating justice considerations and CVC. However, justice requires clarification regarding whom/what should be given consideration (and how) in low-carbon transitions for the sake of justice (Tribaldos & Kortetmäki, 2022). Because promoting justice and low-carbon transition both contribute to the social value creation in CBM activities, integrating these perspectives seems a well-made match. However, just transition also complexifies emission mitigation demands and raises new questions (Kaljonen et al., 2021; Williams & Doyon, 2019). We suggest that the CVC endeavors would benefit from a **just transition tool**, based on the principles for just transition (Tribaldos & Kortetmäki) but adapted fit to the CBM context. The tool would help the network participants discuss and clarify the values and goals of collaboration from the just transition viewpoint and risks that need to be taken into account.

A framework-based just transition tool for CBMs could help:

Foster trustful and reciprocal collaborative relations by suggesting principles for fair collaboration. Make different actors visible in the CVC network, fostering the recognition of non-paid work and nature's contributions.

Promote more balanced collaboration prospects between network members by helping identify vulnerable groups and power and resource disparities.

Clarify values that are created by the CVC and for whom. The latter question is also important for distributional justice.

Bridge social and environmental responsibilities.

Just protein transition through collective value creation

To illustrate our framework-based tool for transition, we apply it to protein transition in the Finnish food system. Dietary change or transition has been recognized as one of the transition pathways towards low-carbon food system in Finland, in addition to land use change and technological changes, and protein transition as a part of dietary transition constitutes eating considerably less animal-based and more plant-based and alternative sources of protein (Paloviita, 2021). Dietary transition widens the justice considerations in transitions to basic needs, food security and nutrition (Kaljonen et al., 2021). Justice approach can pave the way for just protein transition by helping identify actors of value creation network and multiple values to be created and distributed.

Protein transition requires CVC related to plant-based proteins and less commonly known protein sources, such as microbe-based proteins, fungi-based proteins, underutilized fish species and insects. In Finland, CBM called “protein cluster” was launched in 2020 by Ministry of Agriculture and Forestry, the Finnish Cereal Committee and VTT Technical Research Centre of Finland to promote the functioning of Finnish plant and alternative protein value chains (Lampinen et al., 2021). Collaborative value creation network of the protein cluster includes participants at different levels. The primary level contains the most important actors in the entire value chain from the field to the table, from farmers to consumers. The secondary level has parties supporting or promoting the activities, such as decision-makers, associations and financiers. Participants of the tertiary level cross sectoral boundaries and shape the general market, such as investors, authorities, government and health actors. According to the first workshops of the protein cluster, the greatest challenge identified was the lack of trust between actors (Lampinen et al., 2021).

We next provide the preliminary version of the just transition tool for CBMs and discuss, with examples, how it could help promote more trustful and reciprocal relationships in the context of protein transition (Table 2). Due to the very limited space here, our exploration is by no means comprehensive but aims to shed light on how the tool highlights different viewpoints to just transition via CVC in protein transition.

General principle	Examples of action principles for trustful and just CBMs for low-carbon transition
Right to vital goods	The possibility of people to achieve food and nutrition security is supported.
Just supply chains and fair livelihoods	Established food chain relations are reciprocally agreeable.
	Collaborative networks are designed so that different sized actors are able to participate in them.
Procedural justice	Collaborative processes are sufficiently transparent, inclusive, and provide a fair opportunity for different voices to be heard.
Respectful pluralism and esteem recognition	Traditional, indigenous, and local knowledge is respected and given a voice.
	Contributions by different professions and by genders are recognised and esteemed.
Non-discrimination	People are not discriminated on ethnic, gender, or age-related grounds.
Global fairness	Activities respect the participatory control over, and access to, productive resources elsewhere in the world.

	Activities for decarbonisation do not undermine fair livelihood opportunities for distant actors.
Ecological integrity	Soil, water, and air health and quality are protected or improved.
	Biodiversity is protected or increased.
Justice to nonhumans	The inherent value of nonhumans is respected, and they are treated respectfully.
Capacities	Developing individuals' skills for transition activities is supported.

Table 2. General principles of justice and examples of action principles for CBMs for low-carbon transition.

Just supply chains and fair livelihoods are central issues in creating new, low-carbon protein value chains. How do new protein value chains impact on farmers? A minimum condition for just transition is that the new value chains do not worsen the profitability of farming that has been identified indecent; oftentimes, improving the status of farmers can be demanded. Improvements can be economic or non-economic, helping farmers build capacities for climate mitigation and adaptation, increase livelihood security, or otherwise support their well-being and the recognition of their work. This could be addressed in a CBM by involving farmers or farmers union as key stakeholders for identifying priorities and values related to livelihoods or power disparities in supply chains.

Procedural justice concerns collaborative relations and ethical stakeholder management. CBMs necessitate transparency and dialogical relations, treating diverse views respectfully and examining dominant value patterns critically. For example, trustful collaboration requires openness to different visions, so that the dominant socio-cultural views do not ignore, disparage, or exclude the visions represented by other parties in the collaborative network. Respectful consideration also calls for rethinking network actors: for example, the protein cluster represents 'the usual suspects' as constituting the protein transition networks, but just transition tool asks whether there are actors who should be made visible, or actors whose contribution to the CVC should be better recognized. This urges openness to the diversity of values and goods that can be created by protein transition activities. Alongside economic goods and emission mitigation, created values may concern health benefits, biodiversity protection, food culture renewal, capacity building for actors, accessible innovations, and increased inclusiveness – just to name few. This could be addressed in a CBM by involving public health organizations and nutrition experts as key stakeholders for identifying values related to health and wellbeing of diverse populations.

Capacity building is integral to CBM: collaboration itself is purported to yield something greater than its parts alone. In Finland, obstacles to protein transition include the lack of processing facilities, socio-cultural factors, misconceptions downplaying the benefits of novel products, and insufficient research and innovation. In the traditional business models enterprises have focused solely on fostering their own capacities to increase competitive advantage; CBM changes this perspective. One key for mutually beneficial capacity building in protein transition is more open knowledge exchange between different types of actors. Collaboration between companies and research groups exemplifies such collaboration, and research groups are often also skilled in promoting a more inclusive participation in the CBMs. This could be addressed in a CBM by involving

a broad set of civic organizations and community groups as key stakeholders for identifying concerns related to socio-cultural values.

Discussion and conclusion

This article contributes to new business model research by applying a theory of social justice to CVC in a business model. This study revealed the potential of integrating the principles of social justice into CVC for low-carbon transition. Addressing different dimensions of social justice in CVC can ultimately increase trust and reciprocity between participating actors. Including distributional justice in CBM promotes fair distribution and allocation of value across the value network. As genuinely fair distribution of tangible and intangible value among stakeholders is difficult, procedural justice can compensate the potential unfairness of value distribution by emphasizing the fair decision-making process and respectful treatment of stakeholders. Recognitive justice, in turn, helps identify excluded, vulnerable and non-visible actors, who are affected by the low-carbon transition but are not initially included in the value network construct. Social justice perspective combined with a stakeholder theory perspective on business models emphasizes business models as devices that organize and facilitate trustful and reciprocal stakeholder relationships and fair value exchanges.

Strengthening the link between justice and CBM can accelerate transition to low-carbon economy by increasing acceptability and legitimacy of radical change among stakeholders of business model transformation. Successful involvement of key stakeholders, development of a collective vision and creation of a joint transition agenda for CBM depend much on perceptions of fairness among CBM actors. Hence, the participatory design of CBM can be strengthened by justice considerations. Development of support among stakeholders for transition can benefit from a just transition tool presented in this paper. Our illustrative case of protein transition highlights the importance of the principles of justice in dietary transition towards plant-based and alternative protein sources. We hope that the insights in this paper will contribute to more ethical value creation in CBMs, which highlight the active contributions from and engagement of stakeholders to transition through fair CVC processes.

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