

Regenerative Business Models: A Conceptual Framework

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Abstract

The current economic system is degenerative, exploiting people and the environment through unsustainable practices, which has significantly weakened the planet's regenerative capacity. With six planetary boundaries now exceeded, businesses need to move beyond sustainability toward regenerative business models. Unlike sustainability, which focuses on minimizing harm and maintaining balance, regenerative business models seek to create net-positive impacts by actively improving planetary health and societal well-being. Originally rooted in biology, the concept of regeneration remains underexplored in the context of business models. The fundamental components, principles, and characteristics of regenerative business models are still undefined. Although an increasing number of companies have established regenerative strategies, it is unclear if truly regenerative business models exist.

This paper aims to address this gap by integrating concepts from multiple disciplines to develop an initial conceptual framework of value exchange systems for regenerative business models. This paper argues that regenerative business models require value exchange activities that generate net-positive impacts on the firm and stakeholders (including the natural environment and society), and leave the planet, society and economy system healthier over time. The framework introduces two new components, i.e., value enhancement and value replenishment, as important activities for value regeneration. The framework suggests that a regenerative business model describes a firm's value proposition, how the firm creates and delivers value for its stakeholders in a way that continuously enhances stakeholders' well-being, and how the firm captures value from its stakeholders in a way that replenishes firm's resources and capabilities to improve planetary and social health.

Extended abstract

Introduction

The current economic system follows a degenerative model – we take, dam, enslave, frack, drill, poison, burn, cut and kill – exploiting people and the environment (Kawken, 2021). As a consequence, the planet's regenerative capacity has been significantly weakened (Dasgupta, 2021). With six of the nine planetary boundaries now crossed out of the safe operating spaces, the risk of irreversible environmental changes has massively increased (Richardson *et al.*, 2023). These challenges highlight the urgent need for companies to move beyond sustainability toward regenerative business (Das and Bocken, 2024). Unlike sustainability, which focuses on minimizing environmental and social impacts while maintaining economic benefits, regenerative business models seek to create net-positive impacts by actively improving planetary health and societal well-being (Konietzko, Das and Bocken, 2023).

The concept of regeneration originates from biology and has been applied in fields such as agriculture, medical science, ecology and environmental science (DeWitt, 2008; Schulte *et al.*, 2022). However, it remains at an early conceptual stage in the context of business models. A search of "regenerative business model" in academic search engines (such as Scopus) and Google resulted in a limited number of literature and practical articles. Many examples and cases provided in existing articles are not significantly different from sustainable or circular business models, except for those highly relevant to regenerative agriculture and forestry. This highlights the lack of clarity regarding the definition of a regenerative business model, and its components, principles and characteristics.

This paper aims to address this gap by exploring the concept of regenerative business models and advancing the understanding of their value exchange. Due to the interdisciplinary nature of this concept, this paper adopts Jabareen (2009)'s method, integrates concepts from multiple bodies of knowledge and develops a conceptual framework for regenerative business models. The framework aims to provide a foundation for further exploration and practical implementation of value exchange activities for regenerative business models.

Expected Outcome: A Conceptual Framework of Regenerative Business Models

Business model describes a firm's value proposition, how the firm creates and delivers value for its stakeholders and how it captures value from them (Richardson, 2008; Zott, Amit and Massa, 2011). In essence, business model is about the logic of value exchange between a firm and its stakeholders (Evans *et al.*, 2017). This paper argues that in a regenerative business model, the value exchange activities need to generate net-positive impacts on the firm, its stakeholders (including the natural environment and society), and leave the planet, society and economy system healthier and more resilient over time. To achieve this, the

paper proposes new components – **value enhancement and value replenishment** – as important activities for value regeneration. Figure 1 illustrates an initial conceptual framework for a regenerative business model, offering a structured approach to redefine value exchange systems in a way that aligns business practices with planetary and societal well-being.

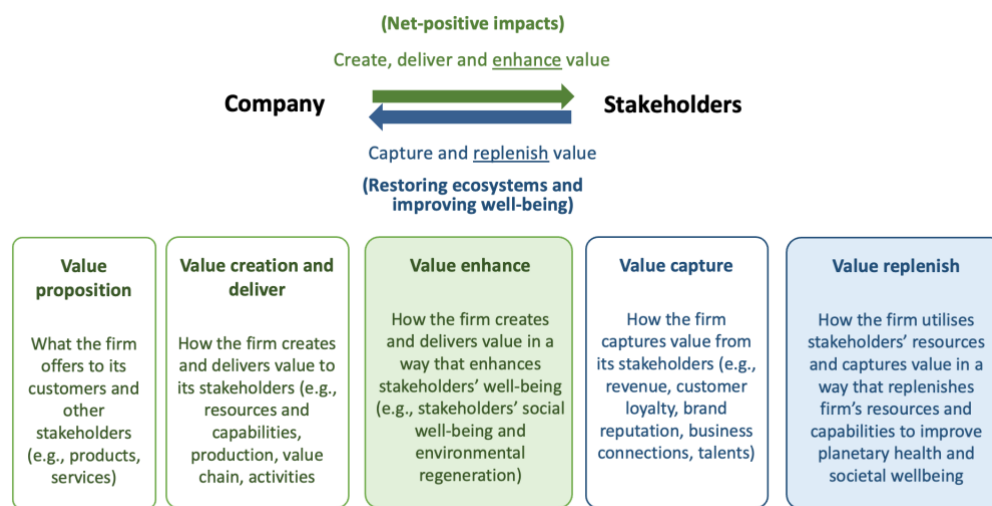


Figure 1. A conceptual framework of regenerative business models

Value enhancement focuses on continuously improving the value delivered to stakeholders in a way that positively impacts their well-being. The value enhancement activities include environmental regeneration (e.g., restoring ecosystems, regenerative agriculture, carbon sequestration) and improving social well-being (e.g., community engagement, improving health and safety, equity and inclusion, investing in local economies) for stakeholders. These activities can be either integrated into the design of the value proposition or implemented alongside value creation and delivery activities.

Value replenishment focuses on actively engaging stakeholders and capturing value from stakeholders in a way that restores and replenishes the firm's resources and capabilities to improve planetary health and societal well-being. For example, value replenishment activities include collaborating with local communities to regenerate ecosystems, such as replanting forests and rehabilitating degraded lands.

The proposed framework suggests that a regenerative business model describes a firm's value proposition, how the firm creates and delivers value for its stakeholders in a way that continuously enhances stakeholders' well-being, and how the firm captures value from its stakeholders in a way that replenishes the firm's resources and capabilities to improve planetary health and societal wellbeing. The expected outcome of a regenerative business

model is that the planet and society are better off because of this value exchange. This framework provides a foundation for further exploration and practical implementation of regenerative business models.

Potential Regenerative Practices

Although an increasing number of companies have established regenerative strategies and claimed to be regenerative, it is unclear whether a truly regenerative business model has existed. This is partly due to the complexity of the measurement systems particularly those relevant to societal well-being. However, these challenges should not stop the exploration of regenerative practices and hinder the transition towards a more regenerative business model. Table 1 provides a few business examples of current sustainable practices and their potential regenerative practices.

Company	Current Sustainable Practices	Potential Regenerative Practices
Interface	Carbon-neutral flooring production	Carbon-negative flooring that sequesters CO ₂
Patagonia	Sustainable materials, repairing programs	Investing in large-scale ecosystem restoration projects
Nespresso	Recycling used capsules	Regenerative coffee farming to restore soil health (already implementing)
Tesla	Producing electric vehicles	Repairing the roads while driving through (imaginary)

Keywords

Regenerative business models, business model innovation, regeneration, sustainable business models, regenerative

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2025-06-26

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<https://doi.org/10.33112/tyeu6589>

Yang M. (2025) Regenerative Business Models: A Conceptual Framework. In: Proceedings of the 10th International conference on new business models, NBM 2025, 24-26 Jun 2025, Reykjavik, Iceland, pp. 970-974