**Digital Disruption of the Value Creation Ecosystem-- How new business models emerge  
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**Objectives**

In this paper, we present the literature which conceives business models as a systemic, multifaceted phenomenon. This resonates with the explosion of creativity around entrepreneurship and innovation in the Digital Economy. There are many unanswered questions about early stage concept development at the ‘fuzzy front end’ of new technology development, where business models are considered and formed. Thus, we present an ‘emergence’ perspective, which brings a useful methodological conceptualisation to the picture that recognises the systemic context discussed above, while taking account of the key role of entrepreneurial agency in innovation overall.

**Prior Work**

We have extended our earlier work in a case study of an e-commerce model to highlight the potential contribution of the notion of emergence to this debate.

**Approach**

In theorizing emergence as a transition from ephemerality to stability, recognizing entrepreneurial agency and social context, we foreground the notion of business models as emergent, structural entities that may or may not persist over time as the surrounding context evolves, but which are nonetheless causal – attracting resources and organizational energy – at least for a time. From our earlier work, we have demonstrated that it is possible to identify and characterise ephemeral emergents providing we recognise that they are shifting discursive constructs that have different meanings to different stakeholders at different times. Thus although characterized as ‘one’ emergent business model, AAC had many associated, temporary properties, that were continuously shaped, re-shaped and strengthened.

**Results**

From a methodological point of view, our paper *firstly*, focusses the gaze onto particular constructs and activities at the time business model development is being carried out. The approach enables researchers to concentrate on the processes, interplays, choices and decisions that entrepreneurs enact in small firms in regard to the full panoply of potential innovations they consider. More typically research tends to focus, post-hoc, on successes (usually) or failures (occasionally). *Secondly*, we intrinsically operate at multiple levels of analysis, rather than reifying any one layer of analysis as the most significant (though of course, the focus on entrepreneurial engagement is the starting point).

**Implications**

Through Sawyer (after both Archer (1995) and Bhaskar (1975) an emergentist approach relates stratified approaches to ontology, thus enabling the dynamics of interplay between entrepreneurial agency and social change to be explored.

**Value**

From a practical point of view, entrepreneurs can learn how to organise for the emergence processes: for example, fostering a culture where low-level experimentation is encouraged. Studies of how entrepreneurial managers can observe, evaluate emergent business models in their practices would be of value therefore. Improvements in the practical management of emergents requires us to know more about the dynamics of how emergent complexes interact and also the normative aspects of ‘optimising’ strategies to address the “exploration vs exploitation” problem , (how many are desirable, economies of scale, when to persist and when not to.

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**1. Introduction**

The term ‘business model’ has been used in many ways in the business and management literature, drawing on many theoretical and conceptual approaches (Zott et al, 2011; Camison and Villar-Lopez, 2010; Casadesus-Masanell and Ricart, 2010). These range from quite simple expressions of how a firm will make money (Stewart and Zhao, 2000) through to far more powerful understandings that attempt to capture the full range of stakeholder relationships necessary to firm prosperity. In these wider systemic perspectives, the business model is, at heart, an integrating construct that can explain value creation in different contexts (Zott and Amit, 2010). Taking a broader system view brings actor independencies and interactions to the foreground of our understanding of business model development. Thus, value creation transcends business frontiers (Amit and Zott, 2001; Dyer and Singh, 1998; Chesbrough, 2003).

Several authors have examined the manner in which business models affect firm capacities to create and catch value, many works founded on the boundary-less nature of business models. Different perspectives include value chain analysis, innovation theory, transaction cost theory, the resource based view and strategic process approaches (Amit and Zott, 2001). Some studies stress industrial organization, resource based view and strategic process perspectives to explain how information and communication technologies create value Timmers, 1998; Hedman and Kalling, 2002). Other authors such as Chesbrough (2003, 2006) and Chesbrough and Rosenbloom, 2002) highlight open business model capacities in relation to the potential to create value across organizational boundaries. Transaction cost theorists emphasise structural and behavioural interactions (Zott and Amit, 2010; Amit and Zott, 2001; Tapscott, 2001; Tapscott et al, 2000).

Academic authors agree that the business model concept draws together multiple concepts around the creation of value (Zott et al). It allows the articulation of the activity system that firms use to create value for one or many market segments, with an ultimate goal of generating a flow of sustainable revenues (Dubosson-Torbay et al, 2002; Teece, 2010). It embraces the engagement of the human, material and financial resources that are brought to bear by the focal firm and other actors who aim to reach specific goals (Zott and Amit, 2010; Alt and Zimmerman, 2001).

The wider system concept is useful in that it allows the boundaries delineated by a variety of interlocking technical, technological, cost, innovation and risk factors to be explored in relation to the anticipation of value. It draws attention to the “boundary spanning” nature of business models (Zott and Amit, 2010). Zott and Amit stress the fact that organizations need to make connections with different business actors. Those connections permit a focal organization to rely on the resources and the capacities of third parties and allow it to capture external ideas and technologies. The concept of system also refers to an exchange relationship that is dealing less with the product than with the wider value created through a combination of pertinent resources and capacity. So the business model can be seen as a set of elements interacting with each other that permits in the end, the pivot firm to propose an offer and to create a value and generate revenues Zott and Amit, 2010). It comprises a set of interdependent activities which require the commitment of the firm, its partners, suppliers, customers, investors, collaborators, and other stakeholders. It can be seen as an ‘interest constellation’ in which an organization coevolves with selected organizations and individuals which can create, realize and develop (Voelpel et al, 2005). It facilitates access to resources and capacities needed to exploit the opportunities of the market and to develop and propose a value. In the same logic, other authors such as (McGrath and Gunther, 2010) and Zott et al. (2010) highlight the ability of such systems to bring up the resources required to configure or reconfigure a business model, which raises the question of interdependencies.

More specifically, the prism of the business model describes the roles of different actors and the relationships that can exist between the firm, distributors, customers, allies, investors, and other stakeholders. It permits the identification of the main product, information and money flow and determines the benefits of the business actors (Weil and Vitale, 2000). As a consequence the act of defining the business model leads to localizing the focal enterprise within a network of partners (Osterwalder et al, 2005) Hence, in order to better understand the business model concept, it is necessary to understand the system in which the firm is situated and to highlight the interdependencies engendered by the resources engaged by the business actors (Amit and Zott, 2001), Interdependencies between business actors are thus at the core of the concept of the business model. So far, so good. In this paper, the question that is explored is whether the advent of the Digital Economy, with its explosion of creativity and change has presented a challenge to our conceptualisations and operationalisations of business models. Why should this be so?

* *Firstly*, falling prices in a range of areas have lowered entry barriers to new forms of technological innovation: widespread access to broadband technologies; smartphones and tablets; social media; increasing availability of government datasets to the public.
* *Secondly*, traditional incubation pathways have been supplemented by free-form crowd-driven patterns of activity, often linked to social media, such as crowd funding (de Buysere et al, 2012) or the intricate multidisciplinary ‘barcamp’, or ‘unconference’ style events, which combine creative artists of all kinds and computer scientists, amplifying energy and result in the emergence of multiple value outcomes, including new creative projects, new educational opportunities (formal and informal), as well as ideas for commercialisation (Kemp et al, 2012).

As Normann (2001) predicted, the Digital Economy has liberated us from so many constraints of time, place, actor and constellation. Yoo et al (2012) point out how the Digital Economy has transformed what we think of as the horizontal and the vertical in terms of competitive space and sector. It is the interplay between all these phenomena that means that the development of new business models to monetize innovation are not always obvious, nor is the role of the entrepreneur. Currently of course, the climate of austerity presents a more challenging context, as does the more recent emergence of new funding paradigms for monetizing new innovation constructs. While a number of researchers have for some time discussed tools and approaches used in this space, such as voice of the customer (Griffin and Hauser, 1993) lead user techniques (von Hippel, 2012) open innovation (Chesbrough, 2003) technology roadmapping (Phaal et al, 2004). While these discussions are helpful, they do not provide explicatory or predictive devices that fully identify or explain the range of processes and structures in this region of development.

In response to these challenges, Silicon Valley practitioners such as Eric Reis (2012) and Steve Blank (2011) are questioning the relationship between the business model, the business plan and the new venture. Traditionally considered as part of the same whole, the focus now, through schema such as the business model canvas (Osterwalder and Peigneur, 2010) is on the ‘disposable’ business model, a set of testable hypotheses developed in advance of formal business planning, with a strong emphasis instead on community development and stakeholder engagement.

As a number of authors have pointed out (Markham et al, 2010; Boocock et al, 2009; Barr et al, 2009) there are many unanswered questions about early stage concept development at the ‘fuzzy front end’ of new technology development, where business models are considered and formed. In this paper, we present an ‘emergence’ perspective, which brings a useful methodological conceptualisation to the picture that recognises the systemic context discussed above, while taking account of the key role of entrepreneurial agency in innovation overall. It presents valuable insights for academics in entrepreneurship and innovation, those involved in business development and incubation, educators in new venture creation and practitioners.

**2. Background**

The Digital Economy revolves around entrepreneurial, innovative and often unorthodox collaborations, whereby numerous large, small and micro-businesses come together for the duration of a single project, then disband and form new partnerships for the next project. This diversity, fluidity, interconnectedness and potential range of novel new combinations for which there may be currently no precedent presents a challenge for researchers, educators and policymakers who want to not only know, but explain, and further, anticipate, what is going on, so that appropriate development and support mechanisms might be put in place. Inevitably then, our research designs must address multiple contexts and levels presenting an analytical challenge to management researchers (Pettigrew et al, 2001).

Within the entrepreneurship literature, multiple levels are implicitly constructed through the range of disciplinary domains (Fuller amd Moran, 2000; 2001) such as psychology (the individual), micro-economics (venture creation / the firm), evolutionary economics (evolution of populations of firms), systems (networks and groupings of firms), sociology (embeddedness of firms in social context), as well as macro-economic (industry level) and anthropological/cultural analyses. . Each specific focus explains an aspect of entrepreneurship, but only by somehow eliding alternative foci, which are de facto positioned as some distant other.

If we characterise entrepreneurship as ‘creative destruction’ effected by an entrepreneurial agent, then the multiple ontological layers described above are all implicated by entrepreneurial activity, i.e. acts of entrepreneurship impact across more than one level of analysis (Jack and Anderson, 2002; Phan, 2004; Spedale and Watson, 2013). Creative destruction assumes the pre-existence of a social structure, that is, the everyday habitual practices, rules, power and resources available to people in normal life. The actions of individual entrepreneurs must be related in some way to this existing structure, and at the same time disrupt and change the structure, resulting in the emergence of novelty in the form of new products, service, processes and modes of organising (including the formation of new ventures, and potentially, disrupting whole industries). Thornton (1999) proposes multi-level models (1994) as one of several approaches to better understanding entrepreneurship as a ‘class’, rather than a set of sub-disciplines and Phan (2004, p619) calls for multilevel theory building on questions of emergence, which has to “pay attention to the interactions among cognition, organization, and industry levels of analyses […].”and Spedale and Watson (2013) link these debates to the growing body of entrepreneurship research on context (Welter, 2011).

The power of entrepreneurial agency to effect changes in the macro-structure relative to the power that such structure exerts on entrepreneurial autonomy is a central issue, in line with one of the key aims of the social sciences, that is, to understand the (re)production of society.. Giddens’ (1984) duality of structure (structuration theory) is an important contribution to this question; social action changes structures, while social structures makes social action possible, a point also developed in the entrepreneurship literature (jack and Anderson, 2002). Institutional theorists too, for example, Tracey et al. (2010) take a multilevel approach to link the creation of new organisational forms to individual and institutional entrepreneurship. They conclude that the macro-meso-micro levels are ill-defined, but are interrelated, and that we cannot understand how an organizational form comes to be legitimated at the societal level unless we also understand how an organizational template is actually constructed and theorized and how individual actors frame problems and develop novel solutions. They also note that temporality is neglected in their argument, a weakness they acknowledge as significant where creative destruction is concerned.

Other authors have overtly placed methodology at the heart of understanding the interconnections between different levels of analysis, building on social constructionist approaches. Downing (2005) for example, uses a framework connecting narratives and dramatic processes to link organisations and entrepreneurial identities, and Anderson and Warren, (2011) contrast individual entrepreneurial identity to macro construction of entrepreneurial stereotypes in macro discourse. Corner and Wu (2013) connect the micro to the macro-level through the notion of dynamic capabilities.

Recognising the importance of interactions, and how we gain insight into them, can help bring coherence to our understanding of the business model as a systemic construct. In this paper, we take steps towards this aim by taking a deeper look at the concept of emergence in entrepreneurship, which inherently spans different levels of analysis as entrepreneurial acts effect changes in structure that impact at industry and organisational levels, that are mediated through the exchange processes captured in business models. Through this approach we help to reveal processes by which agency changes structure within an entrepreneurial context (i.e. innovation and new venture creation). Our particular emphasis is on characterizing the business model as an ephemeral emergent construct, which resonates with more recent perspectives on business model development.

Entrepreneurship is premised on the notion that novel entities or constructs ‘emerge’ from the relationships between individual and the environment. Hence, ‘emergence’ has provided a substantial conceptual underpinning for entrepreneurship studies, both explicitly (Gartner, 1985; 1993; 1995; Katz and Gartner, 1988; Gartner et al, 1992; Busenitz et al, 2003; Lichtenstein and Mendenhall, 2002; Lichtenstein et al, 2006; and implicitly, for example in the context of bricolage (Baker and Nelson, 2005) legitimizing behaviour and trust building (Delmar and Shane, 2004; Tornikowski and Newbert, 2007; Welter and Smallbone, 2006) the role of identity creation for entrepreneurship (e.g., Down, 2006; Fletcher, 2003; Warren, 2004) effectuation and causation mechanisms (e.g., Sarasvathy, 2001) opportunity recognition (e.g., Eckhardt and Shane, 2003; Shane and Eckhardt, 2003; Srasvathy, 2003) and entrepreneurial action in context (Spedale and Watson, 2013) In all cases the implicit meaning of ‘emergence’ in these studies is a description of the appearance of something new or different.

In perceiving organizational emergence as a process of “how organizations make themselves “known”, Gartner (1993, p. 234) paved the way for more recent research focusing on legitimating behaviour of nascent entrepreneurs and its connection to organizational emergence (e.g., Tornikowski and Newbert, (2007) or firm survival (e.g., (Delmar and Shane, 2004) In this regard, Aldrich (2000) suggested that successful new entrepreneurs are more likely to be those who can build networks of trust, which assists them in creating legitimacy within the market. He refers to an earlier, unpublished paper by Gartner and Low (1990) who argue that ‘organizations emerge when entrepreneurs are successful in achieving an understanding among the trusting parties – potential customers, creditors, suppliers, and other individuals and organizations – that things will work out’. With regard to organizational emergence, the above research illustrates how activities undertaken to obtain trust and legitimacy can reduce venture failure and enhance venture creation. Thus what emerges is a set of transactions or intentions between parties, sustained by trust, and mediated through a business model that codifies interaction.

Another stream in the entrepreneurship literature, which implicitly uses the notion of emergence, draws on cognitive approaches, for example in analysing opportunity recognition processes. Here, several studies have explored how opportunities ‘emerge’, discussing whether opportunities are ‘out there’ (Davidsson, 2003) or whether they are ‘enacted’ as individuals make sense of information and their actions, thus retrospectively ‘discovering’ and ‘recognising’ opportunities (gartner et al, 2003; Fletcher, 2006) In this sense the enterprise emerges as a recognised pattern. Sarasvathy (2008) suggests that studying opportunities might add knowledge on how value in society is created, thus drawing attention to an outcome of entrepreneurial activities, which often is neglected in narrowly focusing the emergence debate on venture creation. In this ‘outcome’ sense the enterprise emerges as value constructed around a business model. Other studies concentrate on how opportunities are discovered, evaluated and exploited (e.g., Eckhardt and Shane, 2003; Shane and Eckhardt, 2003) which these authors see as central to the process of venture creation, although such an approach focuses largely on the early stages of organizational emergence (Hindle, 2004).

Lichtenstein et al. (2007) argue that there has been too much emphasis on what emerges and when rather than on the process of organising for emergence. These authors moot (p. 238-40) that organisational emergence should instead be examined “at a more general level by examining patterns of new venture creation activities, rather than focusing on specific organising activities themselves”. They suggest that interdependent patterns of wide-ranging entrepreneurial activities, rather than individual acts such as creating business plans, are significant in initiating processes of emergence which produce novelty, which is consonant with Ries and Blank’s emphasis on the fluid business model development phase that occurs prior to the business plan..

Of course, the power to achieve a particular stated goal is limited for any small firm or collaboration, particularly in the Digital Economy which is a heterogeneous environment dominated by influential incumbents. Entrepreneurs have to act on contingency, where strategy is what is possible in an environment where the future is unpredictable e.g. Sarasvathy, (2001) and often dominated by large firms and fast-moving technological and industrial standards that co-evolve in complex non-linear ways (Garnsey and Heffernan, 2005). Entrepreneurs must constantly organize and re-organise for novelty in anticipation of industry change, particularly in high-velocity industries where uncertainty is high. Hearn et al (2006) argue for ‘value creating ecologies’, where value creation is not a readily understood one-way process, as implied by the value chain, but instead involves systemic processes of reiteration, feedback and co-creation on the part of consumers as well as producers, where the lines between production and consumption are increasingly blurred. The constant adaptation of business models is central here, as Lichtenstein (2006) shows. In each of four high technology business start-ups the business model had to be changed several times before becoming stable, relative to an unstable and unpredictable environment.

Goldstein (1989) defines emergence, within the context of complex systems, as “the arising of novel and coherent structures, patterns and properties during the process of self-organization in complex systems" (p49). Drawing on a range of complexity science literature he proposes that emergent phenomena have the common properties of: radical novelty (unpredictable nor deducible from lower or micro-level components); being coherent (appearing as integrated wholes with some sense of identity of over time); a macro level (in contrast with the micro-level locus of their components); dynamical (evolving over time) and ostensive (able to be recognised) (See also Bedau (1997 p376).

Sawyer (2004) drawing on Archer (1995) develops what he refers to as the Emergence Paradigm, introducing novel causally bi-directional (top-down and bottom-up) structural elements between the layers of social structures and interaction (between individuals); specifically “Emergents” at two level: ephemeral emergents and stable emergents (See Figure 1). Methodologically, this approach brings an emphasis on ontology. The interactions between structure and agency produce ontological effects that carry meaning and affect practices. These emergent ontological properties (emergents) may persist (stable) or may disappear (ephemeral).



Methodologically, this approach brings an emphasis on ontology. The interactions between structure and agency produce ontological effects that carry meaning and affect practices. These emergent ontological properties (emergents) may persist (stable) or may disappear (ephemeral). . From this perspective entrepreneurship is conceptualised as a dynamic dualistic process, which itself produces emergence precisely because of its embeddedness into society and its interactions with society. Entrepreneurship creates emergent properties, some of which become significant and structural (nexuses of products, business models and organizational relationships and processes), though many are ephemeral. An analytical question resulting from this approach is why some emergent properties persist and become structural and why some appear ephemerally and disappear, or remain nascent. Another related analytical question is what power in inherent in an emergent property whether ephemeral or sustained, and whether this power is an explanation of its structural sustainability, that is, whether it becomes an ongoing part of everyday taken-for-granted practices.

Elsewhere we have described in detail how the conceptualization discussed in the previous section related to an e-commerce business model in the airline services industry. The airline industry has seen considerable digital disruption and disintermediation in its value ecology in the last two decades. Deregulation and structural change at the supranational level (the Single Market in Air Transport in the EU for example) combined with systemic transformation of value chains through new technology have stimulated entrepreneurship in the industry to a degree that patterns of consumer behavior have changed on a continent-wide basis (the growth of no-frills carriers such as Ryanair and Easyjet for example. From 2000, the authors were involved with an entrepreneurial niche services company(FD) that has survived for 25 years due to its ability to successfully develop novel business models, co-creating niche ventures with large incumbent players (for example, major airlines and airport partners), one of which we term here, AAC.

Reflecting on our earlier work on FD, (Fuller and warren, 2006; 2006; 2008) in relation to innovations, the firm did not go through formal ‘stage gate’ or ‘waterfall’ style processes of development. Instead, a climate of constant low-impact experimentation prevailed where many new strategic options were generated, which might be characterised as emergent: chimeric structures, initially at the level of a mental model, with further development into potential business models occurring later (in this case. These were constantly assembled, disassembled, reassembled and annealed in line with evolving need. Lichtenstein et al (2006) and Corner and Wu (2013) also observe similar non-linear behaviour patterns in firms.

With respect to Sawyers ‘Circle of Emergence’, the ‘stable’ structural nature of economic systems provided a constraining framework (firms have to affiliate with certain industry regulatory systems and associations, make profits, pay staff etc.). There was however a dynamic between the instability of the industry, however, created mainly by new technology, deregulation and therefore greater competition, and the constant innovation of FD, under the drive of its entrepreneurial CEO to co-evolve new business models in rapidly changing niches. Within that milieu, some emergents were more stable than others and became part of the businesss. AAC became stable whereas others were not developed to fruition. (for instance). Nonetheless, even ephemeral and unstable structures that did not persist, exhibited ontological status as recognisable features in the firm and had causal power in terms of attracting resource and attention – at least for a time - as the firm sought to survive and grow.

From these earlier studies, we conceive a business model, *firstly,* as an emergent (or emerging complex) that has an identity, and even at the level of a mental model, it is an ontological structure with a degree of causality. It is part of what meaningfully exists and begins to have an effect in the firm: it attracts and amplifies energy and resource.

*Secondly*, we would argue that an emergent is considered as ephemeral until it becomes a recognised part of a changed organisational structure. Entrepreneurship produces the ‘novel’ emergent properties that we can recognise; coherence between their emergent and the existing structures requires the entrepreneur to mobilise external power towards stabilisation, for example as funding, client buy-in, or employee risk-taking. Hence legitimacy and other ‘intangible’ factors are necessary. If this does not occur, the emergent will not persist. The emergent is deemed stable, in business model terms, when it is able able to reproduce itself through transactions. *Thirdly*, the emergent is a social construct. Until it has persisted and become part of the business, it is a temporal vision of a possible future consisting of interlinked, multilevel constructs that resonate as linkages between past, present and future business models, relating the creation and capture of value. The emergent business is a novel entity that encapsulates what is currently possible (in terms of lock-in and resource availability) in anticipation of future value.

**3. An Agenda for the Digital Economy**

We began by presenting the literature which conceives business models as a systemic, multifaceted phenomenon. This resonates with the explosion of creativity around entrepreneurship and innovation in the Digital Economy. In addition, the existence of an unprecedented ecosystem replete with hardware, software, interdisciplinary scholars and practitioners, and burgeoning amounts of data has turned up the clock speed to such an extent that business models are not only complex and embedded, they are also ephemeral, according to authors such as Blank and Ries: sets of hypotheses to be tested and discarded in co-creative environments until a critical moment for launch is reached. In this paper, we have extended our earlier work on an e-commerce model to highlight the potential contribution of the notion of emergence to this debate. In theorizing emergence as a transition from ephemerality to stability, recognizing entrepreneurial agency and social context, we foreground the notion of business models as emergent, structural entities that may or may not persist over time as the surrounding context evolves, but which are nonetheless causal – attracting resources and organizational energy – at least for a time.

From our earlier work, we have demonstrated that it is possible to identify and characterise ephemeral emergents providing we recognise that they are shifting discursive constructs that have different meanings to different stakeholders at different times. Thus although characterized as ‘one’ emergent business model, AAC had many associated, temporary properties, that were continuously shaped, re-shaped and strengthened. From a methodological point of view, our paper *firstly*, focusses the gaze onto particular constructs and activities at the time business model development is being carried out. The approach enables researchers to concentrate on the processes, interplays, choices and decisions that entrepreneurs enact in small firms in regard to the full panoply of potential innovations they consider. More typically research tends to focus, post-hoc, on successes (usually) or failures (occasionally). *Secondly*, we intrinsically operate at multiple levels of analysis, rather than reifying any one layer of analysis as the most significant (though of course, the focus on entrepreneurial engagement is the starting point). Through Sawyer (after both Archer (1995) and Bhaskar (1975) an emergentist approach relates stratified approaches to ontology, thus enabling the dynamics of interplay between entrepreneurial agency and social change to be explored.

From a practical point of view, entrepreneurs can learn how to organise for the emergence processes: for example, fostering a culture where low-level experimentation is encouraged. Studies of how entrepreneurial managers can observe, evaluate emergent business models in their practices would be of value therefore. This resonates with the perspectives from Ries and Blank [29][30], who see business models as sets of hypotheses or testable assumptions, not as static phenomena which are then subjected to the rationality of business planning (which if course must still take place for funder audience, but likely much further down the line). Improvements in the practical management of emergents requires us to know more about the dynamics of how emergent complexes interact and also the normative aspects of ‘optimising’ strategies to address the “exploration vs exploitation” problem , (how many are desirable, economies of scale, when to persist and when not to.

To put it more simply, we note that it may be possible to detect three particular types of activity taking a creative idea into a successful enterprise, i.e. (1) where the pattern is first produced; (2) where a stable emergent (as a business model) is taken to market) and (3) some intermediary activity that stabilises the ephemerality of the emergent pattern by articulating its anticipated value to a particular industry, economy, firm, society or other context that is systemically interconnected.

In conclusion, this paper takes a closer look at ‘business models’ through the concept of emergence. In doing so, we hope this will help us to understand more about the structures of these different value creating processes in the context of the Digital Economy and how they are different from traditional business models: at least we know better what we are looking for.

For inroads into further research we fully recognise that we need to explore more deeply the theoretical linkages between our approach with other relevant literatures, for example, strategy, dynamic capabilities, organisational identity, entrepreneurial identity, complexity science, sense making and opportunity recognition. We therefore offer a particular perspective into a wider area of social science research which enables improvement in the understanding of entrepreneurship and the mechanisms by which business models arise, recognizing the particular challenges – and opportunities of the Digital Economy.

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