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Abstract: Organizations inform stakeholders about their current and future activities, processes, created value, strategic intentions, and other information that may influence the established relationships. Organizations choose to communicate with stakeholders by different means and in varied ways. The annual report represents a way of communicating between companies and their stakeholders, and it is offering comprehensive information about how companies operates and creates value. The business model is an emerging concept in management literature and practice. The concept describes the logic by which a organization creates, maintains and delivers value for its stakeholders. Through annual reports organisations can communicate to stakeholders information about their business models. We investigated how information about business models is explicitly communicated through annual reports, and how this information is referring to stakeholders. Our paper aims to reveal which stakeholders are more often mentioned when organizations are communicating about business models through annual reports. This approach shows the attention degree given by organizations to stakeholders. We perceived this from a strategic point of view, as a strategic signal. Thus, we considered if the stakeholder is mentioned more frequent in the communicated message it has a greater role in communication strategy about business model. We conducted an exploratory research and have realized a content analysis. The analysed data consist in over a thousand annual reports from 96 organizations. We analysed the informations transmitted by organizations through annual reports. The annual reports were for a time period of 12 years. Most of the selected companies are multi-business, and are operating in different industries. The results show the stakeholder's hierarchy based on how often they were mentioned in the communicated messages about business models through annual reports. Based on our results the communication strategy about business model is focused primarily on delivering messages about external stakeholders. The most attention is given to customers, followed by suppliers and partners.

Keywords: business model, stakeholders, business model innovation

JEL classification: M19

1. Introduction

The business model term is becoming increasingly used among academics and practitioners. It is an emerging concept in management and strategy literature, with accelerated growth after the year 1995 (Ghaziani and Ventresca, 2005; Zott et al. 2011).

The concept became popular in e-business research, and researchers used it to

explain how the new business, based on the internet created value (Timmers, 1998; Rappa, 2001). Nowadays, the concept is largely used to explain how value is created for every business. The idea that every business organisation has an business model is shared among many researchers (Chesbrough, 2007; Gambardella and McGahan, 2010).

Despite the fact that the business model concept is widespread in management and business vocabulary, there is no widespread shared definition among researchers (Lecocq et al., 2010; Zott et al. 2011), and some times the concept is used without a clear definition (Chesbrough, 2007).

The business model concept is defined in various ways by different authors, but the common idea, shared by many researchers is that the business model helps to explain how organizations creates, delivers and captures value (Amit and Zott, 2001, Johnson et al. 2008; Teece, 2010; Osterwalder and Pigneur, 2010).

According to Casadesus-Masanell and Ricart (2010) the business model concept is used by strategy scholars to describe the logic by which the organizations creates, distributes and captures value for stakeholders.

Every business model consist in more interconnected elements, that, taken together, creates, delivers and captures value. In the business model literature there are several opinions about which are the business model components.

There are some commonalities about business models components proposed by various authors (Rappa, 2001; Brousseau and Penard, 2006; Bonaccorsi et al., 2006; Johnson et al. 2008; Pigneur and Osterwalder, 2010): value proposition, revenue stream or incomes, cost structure, partners, clients, capabilities and processes.

Organisations communicate to stakeholders information about their business models. This information can refer to one or more business model components and it may be addressed to one or many stakeholders. Organizations choose to communicate with stakeholders by different means and in varied ways: presentations, press releases, meetings, annual reports, commercials etc. For example, organizations can express a new value proposition to its customers through a product and/or service presentation or advertise it through different marketing channels.

In our paper we studied how information about business models is explicitly communicated in annual reports. We have chosen the annual report because it offers comprehensive information about companies. The annual reports are primarily intended to give shareholders information about the company's activities and financial performance, but also include relevant informations about and for other stakeholders.

2. Methodology

Our paper investigated how information about business models is explicitly communicated in annual reports, and how this information is referring to stakeholders. We have analysed the messages about business models and which had explicitly mentioned one or more stakeholders. The messages were interpreted as strategic signals and we highlight the assign attention given by organizations to each stakeholders when communicating messages about the business model. From the strategic point of view, as a strategic signal, we considered that if a stakeholder is mentioned more frequent in the communicated messages, than it has a bigger

role in the communication strategy about business model. Thus, our paper aims to reveal which stakeholders are more often mentioned when organizations are communicating about business models through annual reports.

The analysed data consist in 1124 annual reports from 96 organizations. The annual reports are for a time period of 12 years (between 2000 and 2011 inclusive). We chose the top 100 companies from Fortune 500 (of year 2011), and then selected only those for which we have obtained a number of over 8 annual reports. Most of the selected companies are multi-business, and are operating in different industries. We conducted an exploratory research and have realized a content analysis. We considered paragraphs as the context units and sentences as the recording units. First we have selected the annual reports in which the "business model" term was mentioned explicitly, and then, all the paragraphs that contained this term were chosen for analysis.

Then, we identified from those paragraphs the sentences containing explicitly the "business model" term, and also those that had a direct reference to a stakeholder. We have taken into consideration the following stakeholders: banks, clients, suppliers, partners, shareholders, employees and the government. Aiming to identify the references to stakeholders, we searched for the following terms (both singular and plural): "customers", "clients", "users", "shareholders", "banks", "suppliers", "government", "partners", "employees" and "stakeholders".

We calculated the frequency of those sentences that contained both the "business model" term and a direct reference to stakeholders. The frequencies were calculated for each stakeholder.

Also, we calculated the frequencies of all sentences (from paragraphs) in which were explicitly mentioned the stakeholders, regardless of the explicit message about business models. The frequencies were calculated for each stakeholder.

After, we searched to see if the messages from the analysed paragraphs and sentences were correlated.

3. Results and Discussions

Organisations communicate to stakeholders information about their business models through annual reports. From the strategic point of view this information can represent a strategic signal. All stakeholders have a role in the business model, they help creating value and also capture a part of it. We assumed that if a stakeholder is mentioned more often in the explicit messages about business models, then the strategic signal is more powerful, and we had interpreted as a bigger role for that stakeholder in the communication strategy about business model. Thus, we wanted to hierarchize stakeholders based on how often they are mentioned in messages about business models.

We identified the sentences containing explicitly the "business model" term, and in the same time, a direct reference to a stakeholder.

The results (Table 1) highlight the attention given by organizations to each stakeholder when communicating messages about the business model.

Table 1: Stakeholders - frequency of occurrence in explicit messages (in phrases) about business models

Stakeholders	Frequencies (intersection of business model term and stakeholders reference – in phrases)	Percent (%)
Client/Customer/User	165	55.37
Supplier	32	10.74
Partener	32	10.74
Shareholders	22	7.38
Government	19	6.38
Bank	16	5.37
Employees	11	3.69
Stakeholders	1	0.34
Total	298	100.00

In our analysis we summed up the frequencies of the following terms: "clients", "customers" and "users". We are aware of the differences between the meaning of the terms, especially for e-businesses in which users are not similar with clients. However, we made only one dimension for clients/customers/users based on value proposition perspective. The value proposition is one of the key components of a business model. It is a bundle of products and/or services and it represents the benefits that a company offers to its customers. A user can be viewed as any entity who uses or consumes a good or service to obtain a benefit or to solve a problem and who may or may not be the purchaser of the item. So, because users benefit thanks to organization's value proposition, we included them among customers. In table 2 we present the frequencies for each term ("client", "customer", "user") that composed the client/customer/user dimension.

Our results show that most often the explicit messages about business models contain a direct reference to customers. Based on our results we consider, from strategic point of view, that customers have an important role in the business model.

Table 2: Clients/customers and users - frequency of occurrence in explicit messages (in phrases) about business models

Stakeholders	Frequencies (intersection of business model term and stakeholders reference – in phrases)	Percent (%)	Frequencies (stakeholders reference – all sentences in the paragraphs)	Percent (%)
Client	38	12.75	72	11.04
Customer	116	38.93	219	33.59
User	11	3.69	30	4.60
Total (Client/ Customer/User)	165	55.37	321	49.23

Also, according to Osterwalder and Pigneur (2010:20) “customers comprise the heart of any business model”, and also the business model can be designed around a well defined customer need.

The well known importance of the customers is that they have the ability to influence the firm's ability to generate incomes. From the business model perspective, the customer can be viewed more than just an actor that influence the organisations' revenue stream.

In the business model literature, customer is a frequently considered as one of the key components of business model. Beside that, many other business model components are close related and influenced by this important component.

For example, in great proportion, the value proposition is shaped after customer characteristics and needs. Based on the chosen value proposition, the companies are using various key resources, key processes. Also strategic relationships are shaped to serve the assumed objectives, and so on.

Beside the fact that the customer is viewed as an important component in business models because it is important for designing firm's value proposition, according to Plé et al. (2010), the customer is considered as a resource for the business model. The customers can participate at the innovation or production process of a firm. Based on the authors' research (Plé et al., 2010), the customers can contribute with the following inputs: relational, physical, mental, emotional, financial, temporal, and behavioral.

Our results show that second, after customers, the explicit messages about business models frequently contain a direct reference to supplier and partners. They also have an important role in the firms' business models. These stakeholders are treated in the business model literature as components of the business model.

Both suppliers and partners contribute at the creation and capture value. Companies create partnerships and nurture good relationships with supplier in order to reduce risks, optimize activities, and have access to resources.

Our analysis reveal that the other stakeholders: shareholders, banks, government and employees have relative small and close scores. We consider that the

communication strategy about business models is more focused on external stakeholders: customers, suppliers, partners, government, and banks. And from this external stakeholders, more attention is given on the ones that have a greater role in creating value.

The shareholders are the receivers of the messages. The annual report is primarily addressed to shareholders, and they are informed about relationships with other stakeholders. We believe that this could have a negative effect on frequencies relating to shareholders. Also, the employees are very important internal stakeholders, however, because the communication strategy about business models is more focused on external stakeholders these results are explicable.

The results also show that the explicit messages about business model are focused on each stakeholder, and are referred very rarely in the same time to all stakeholders. This means that organizations have clear messages related to each stakeholder in part.

We analysed the importance given by organizations to stakeholders in those phrases that explicitly contained the business model term and, also, in all phrases from selected paragraphs (the paragraphs that contain the "business model" expression). The purpose was to see if the analysed phrases contain the same strategic signal as selected paragraphs, from the perspective of communicated messages which mention stakeholders. We considered that if we obtained similar percentage frequencies, the messages are correlated, and a unitary signal was transmitted about stakeholders. The result (table 3) show the frequency of all phrases (referring to stakeholders) from the selected paragraphs. The result show that the stakeholders' hierarchy remain much the same from the point of view of strategic signal interpretation.

Table 3: Stakeholders - frequency of occurrence in paragraphs about business models

Stakeholders	Frequencies (stakeholders reference – all phrases in the paragraphs)	Percent (%)
Client/Customer/User	321	49.23
Supplier	78	11.96
Partner	76	11.66
Government	50	7.67
Shareholders	46	7.06
Employees	46	7.06
Bank	29	4.45
Stakeholders	6	0.92
Total	652	100.00

We consider that the strategic signals highlighted from both analysed phrases and paragraphs are much the same. Pearson's correlation test indicate a strong positive correlation ($r = 0.996$, $p = 0.000$).

The results (table 4) show that the difference (procentual) between frequencies obtained from the analysed phrases and paragraphs does vary a little, but not significant. The biggest frequency difference appears for customers about six percents. This can be interpreted that the messages are more targeted in phrases on customers than in the rest of the paragraphs. However, the difference does not change the hierarchy, and does not affect the meaning of the strategic signal.

Table 4: Stakeholders - frequency variation (procentual)

Stakeholders	Percent (intersection of business model term and stakeholders reference – in sentence)	Percent (stakeholders reference – all sentences in the paragraph)	Difference (Percent)
Client/Customer/User	55.37	49.23	6.14
Supplier	10.74	11.96	-1.22
Partener	10.74	11.66	-0.92
Shareholders	7.38	7.67	-0.29
Government	6.38	7.06	-0.68
Bank	5.37	7.06	-1.69
Employees	3.69	4.45	-0.76
Stakeholders	0.34	0.92	-0.58
Total	100.00	100.00	0.00

4. Conclusions

We investigated how information about business models is explicitly communicated through annual reports, and how this information is referring to stakeholders. The paper reveals which stakeholders are more often mentioned in explicit messages about business models through annual reports. This information was investigated from a strategic point of view, and it was perceived as a strategic signal.

Thus, we assumed that if a stakeholder is mentioned more frequent in the communicated messages, it has a greater role in organization's communication strategy about business model. We do not exclude the importance of any stakeholder and their vital role for organizations. But, we consider that the importance given by organizations through communication is different.

The annual report is primarily addressed to shareholders, and they are informed about other stakeholders, we think that this could have a negative effect on frequencies relating to shareholders, and their role could be more important.

Organizations are using clear messages related to each stakeholder, and are referring very rarely, at the same time, to all stakeholders.

Our results show that the communication strategy about business model is focused primarily on delivering messages about external stakeholders. Utmost attention is given to customers, followed by suppliers and partners.

This paper represents a exploratory and preliminary study in explaining how stakeholders are viewed from the business models perspective. We have analysed

only explicit messages about business models (with reference to stakeholders) communicated through annual reports annual reports. For more insightful findings, other communication materials from other communication channels could be investigated in future research. Our results show the characteristics of a generic communication strategy, because we had analysed all messages express by all organizations, together like single unit. More research will be done in the near future to see if this characteristics differ throughout the years or from one industry to another.

Acknowledgements

This work was co-financed from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013; project number POSDRU/107/1.5/S/77213 „Ph.D. for a career in interdisciplinary economic research at the European standards”.

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