



Research Paper

SUSTAINABILITY AND VALUE IN URBAN DEVELOPMENT: BUSINESS MODELS BETWEEN GREEN GROWTH AND DEGROWTH

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ABSTRACT

Urban sustainability is increasingly challenged by ecological degradation and social inequality, while dominant development models centered on economic growth have proven inadequate in addressing these issues. This paper examines the potential of socially innovative business models and the sharing economy as alternative approaches to sustainable urban development. Specifically, it considers whether these models can contribute to the Sustainable Development Goals (SDGs) when assessed through the lens of post-growth and degrowth thinking. Drawing on a conceptual and qualitative approach, the paper is based on an extensive review of literature in sustainable development, social innovation, and urban post-growth economics. The analysis focuses on how alternative business models reshape urban economic practices by reframing value creation and redistribution beyond profit-oriented logics. While these models hold potential, they remain vulnerable to being shaped by neoliberal agendas, which may limit their transformative capacity. The paper argues that their effectiveness depends on inclusive governance, ethical foundations, and institutional mechanisms that support long-term social and ecological priorities. Without these, such initiatives risk remaining symbolic. The study concludes that to support meaningful urban transformation, these models must be embedded within broader regulatory changes, public procurement reforms, and sustainability metrics that reflect non-financial forms of value.

Keywords: Urban Sustainability, Social Innovation, Sharing Economy, Business Models

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INTRODUCTION

The contemporary imperative to reconcile rapid urbanisation with sustainability goals demands a fundamental reassessment of prevailing economic logics that equate perpetual growth with poverty reduction. Increasingly, scholars contend that the pursuit of relentless growth by externalising ecological costs and exacerbating social disparities has rendered traditional paradigms of production and consumption environmentally and socially untenable (Banerjee et al., 2021; Mazarro et al., 2023). This critique has formed the conceptual scaffolding for the degrowth framework, which challenges the orthodoxy of the capitalist viewpoint on profit-driven development and advocates for a reorientation of economic priorities toward ecological integrity and collective well-being (Banerjee et al., 2021).

Within urban environments, where the majority of the global population now resides and where sustainability challenges are most acutely manifested, these reimagined economic models acquire heightened relevance (Predan & Černe Oven, 2023). Amid these mounting pressures, the discourse on urban sustainability has undergone a paradigmatic shift, emphasising business models grounded in social innovation and the sharing economy. These models depart from narrowly technocratic concerns with efficiency and competitiveness, advancing instead a systemic perspective that foregrounds ecological constraints, distributive justice, and participatory governance (Ibrahim & Sarkis, 2020).

Nevertheless, despite their transformative potential, such models remain vulnerable to appropriation by dominant, growth-centric ideologies, thus risking merely symbolic or incremental sustainability gains (Ibrahim & Sarkis, 2020). Evidence from empirical case studies, however, indicates that when these models are rigorously designed with attention to stakeholder inclusion and biophysical limits, they can act as critical levers for urban transformation (Helbing et al., 2024). Uber and Airbnb, for instance, once celebrated as disruptive innovations, have arguably reinforced neoliberal labour regimes and urban inequalities under the guise of "sharing" (Baldacchino & Saeverot, 2024).

The core problem addressed in this paper is the growing disconnect between the promotion of green growth-oriented sustainability models and their limited capacity to meaningfully address the ecological and social crises of contemporary urbanisation. Against this backdrop, this paper examines whether socially innovative business models and the sharing economy offer viable pathways toward achieving the Sustainable Development Goals (SDGs) in future sustainable urban environments, particularly within the framework of green growth. While these approaches have been widely promoted as engines of urban sustainability, their actual potential to address deep-rooted ecological and social challenges remains contested. By engaging with emerging debates around post-growth and degrowth, this paper questions the assumptions underpinning the green growth agenda and explores whether a 'beyond growth' perspective can offer a more robust foundation for rethinking urban economic organisation. Specifically, it considers how socially innovative business models and the sharing economy, if decoupled from the imperatives of perpetual economic expansion, might foster more equitable, resilient, and ecologically attuned urban futures.

The remainder of this paper is structured as follows. Section 2 reviews the relevant literature and theoretical underpinnings, beginning with a historical overview of sustainability-oriented business models and their evolution beyond linear and circular paradigms. It then discusses the conceptual terrain of the sharing economy and social innovation, before turning to the competing logics of green growth and degrowth. Section 3 outlines the methodology employed in constructing the conceptual framework. Section 4 presents and discusses the proposed model of a socially innovative business model for post-growth cities based on literature studies. Finally, Section 5 concludes by reflecting on the theoretical and practical implications and offering suggestions for future research.

LITERATURE REVIEW AND THEORETICAL FOUNDATIONS

Business Models for Sustainability: From Linear to Circular and Beyond

The concept of the business model has evolved significantly, moving from a narrow concern with firm-level efficiency and profitability to a broader, more systemic view of value creation. Traditionally, business models have been defined in instrumental terms, emphasising how organisations create, deliver, and capture economic value, often within a linear economic paradigm centred on extraction, production, consumption, and disposal (Bocken et al., 2018). Such models are typically optimised for short-term financial returns and often externalise environmental and social costs, measuring success primarily through growth, profitability, and shareholder value (S. Schaltegger et al., 2016).

In light of increasing pressures from climate change, inequality, and social discontent, there has emerged a new generation of sustainable business models that aim to integrate environmental, social, and economic goals into the core logic of the firm. This shift to sustainable practices highlights the importance of resource efficiency, life-cycle thinking, and stakeholder inclusion and is often aligned with principles of the circular economy that advocate for closed-loop systems and regenerative design (Martins et al., 2015; Scuotto et al., 2022). However, while these sustainable models represent an improvement over traditional approaches, critics argue they still tend to be reformist rather than transformative, remaining constrained by the same market logics that perpetuate extractive growth (Frankenberger et al., 2013).

A more radical alternative is found in the notion of the socially innovative business model, which expands the scope of value beyond firm boundaries and reframes innovation as a process for generating systemic social change. These models are not only concerned with ecological sustainability, but also with inclusion, equity, and co-created value among diverse stakeholders. They incorporate mechanisms for participation, transparency, and accountability, and often seek to redistribute rather than merely generate value (Clauss, 2017). Such models are arguably able to challenge existing institutional arrangements and offer tools for addressing marginalisation and inequality in economic systems (S. Schaltegger et al., 2016).

An important contribution to this discourse is the framework proposed by (Gasparin et al., 2021), which conceptualizes business models for social innovation as iterative and values-driven processes rather than fixed blueprints. As illustrated in Figure 1, the model is structured around four interrelated phases: development, prototyping, diffusion, and monetisation, which each of them embedded within a broader evaluative logic grounded in cultural, social, and economic values. Each stage is guided by a set of reflexive questions that prompt the designer to consider community needs, stakeholder relationships, mechanisms for capturing social and economic value, and questions of sustainability, equity, and governance. For instance, early stages involve identifying emerging cultural issues and defining direct beneficiaries, while later stages focus on resource distribution, economic structuring, and diffusion through social networks. Rather than prescribing a linear path, the model encourages a cyclical and participatory approach to business model development, supporting the creation of social innovations that are context-sensitive, inclusive, and ethically grounded.

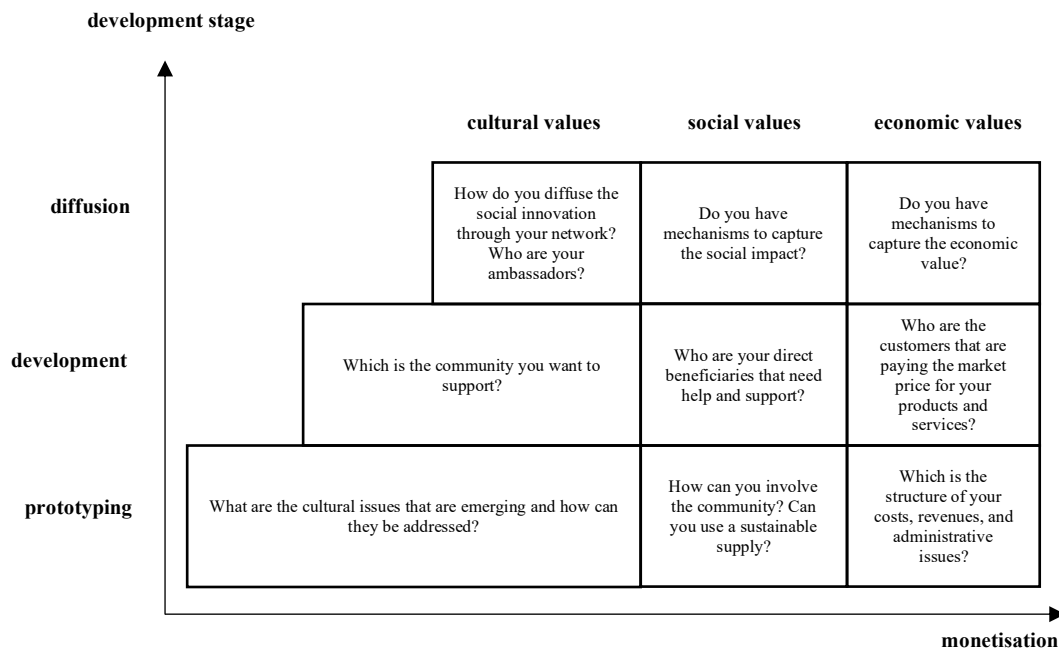


Figure 1. Business Model for Social Innovation
Adapted from (Gasparin et al., 2021)

While the insights offered by (Gasparin et al., 2021) provide a valuable foundation for advancing socially innovative business models, their framework requires contextualization within a broader sustainability critique. Though the model emphasizes participatory governance, ethical leadership, and value co-creation, it does not explicitly interrogate the economic growth paradigm or the systemic limits of market-driven expansion. Its structuring around development, prototyping, diffusion, and monetization reflects a logic of scalability and performance that remains compatible with green growth narratives, which assume that social and environmental objectives can be pursued without fundamentally rethinking growth itself. From a degrowth perspective, this reflects a reformist orientation, one that advances inclusion and accountability but still risks reproducing the structural conditions that underpin ecological degradation and inequality (Mazarro et al., 2023).

This concern is strongly reflected in the degrowth literature, which challenges the belief that we can solve ecological and social problems without rethinking our definitions of progress and success. From this perspective, business models like the one proposed by (Gasparin et al., 2021) require critical adaptation and examination. We must inquire whether they genuinely support deep social and environmental change or whether they still rely on business-as-usual assumptions that prioritise growth over sustainability. To address these concerns, the framework for fostering business model innovation for sustainability needs to go beyond traditional growth-oriented metrics. It should arguably focus on integrating capabilities for environmental and social objectives within the core of the business model framework, allowing firms to create sustainable impacts that genuinely align with social innovation principles.

The Sharing Economy and Social Innovation

The rise of the sharing economy marks a significant departure from conventional business models premised on individual ownership, exclusive access, and linear value chains. Instead, it promotes a paradigm of access-based consumption, resource pooling, and peer-to-peer exchange. From ride-sharing platforms to co-working spaces and tool libraries, sharing economy models aim to improve asset utilisation, reduce redundancy, and democratize access to goods and services. These arrangements have been widely celebrated for their potential to

foster inclusion, reduce environmental pressure, and empower consumers to become active participants in value creation (Hamari et al., 2015; Möhlmann, 2015).

However, the sharing economy's transformative potential is highly contingent on its institutional form and ownership structure. The sharing economy spans a wide spectrum from globally scaled, profit oriented digital platforms to small scale, community-led initiatives driven by social and ecological values (Maginn et al., 2018). Some examples, like community-owned energy projects or cooperative platforms, can help shift power, share resources more fairly, and support local communities. In contrast, corporate platforms like Uber and Airbnb are often critiqued for embodying extractive practices under the guise of "sharing," frequently exacerbating social inequalities and creating precarious employment situations (Cheng et al., 2021; Yi et al., 2020). As such, the sharing economy cannot be treated as inherently emancipatory. Its social and environmental impacts are shaped by governance, scale, and the alignment of business logic with broader social goals (Na & Kang, 2018).

To unlock the transformative potential of the sharing economy, it must be embedded within a broader commitment to social innovation, a concept that moves beyond technological novelty to encompass systemic change aimed at enhancing societal well-being. Social innovation refers to innovations that are social in both their ends and their means, as it involves participatory, inclusive, and context-sensitive processes that often emerge from grassroots initiatives, civil society actors, or hybrid public-private arrangements (Gruner et al., 2019). Rather than focusing solely on profitability or scalability, social innovation emphasises responsiveness to unmet social needs, collective problem-solving, and reconfigurations of roles and relationships across sectors.

In the context of business models, social innovation functions as both a design principle and a performance outcome. It informs how firms organise their operations (e.g., through stakeholder engagement, co-production, and ethical sourcing), as well as what they aim to achieve (e.g., reduced inequality, community resilience, empowerment). Thus, socially innovative business models tend to incorporate non-market logics, integrate multiple forms of value (economic, social, cultural, and ecological), and operate within complex networks of collaboration (Kumar et al., 2018). By shifting attention from growth to well-being, from ownership to access, and from competition to cooperation, the convergence of the sharing economy and social innovation opens a theoretical and practical pathway toward rethinking business models for sustainable urban development. However, this potential can only be realized if such models are critically decoupled from the growth imperatives that often shape their implementation.

Green Growth and Degrowth: Competing Logics

The sustainability discourse has become increasingly polarized around two competing paradigms: green growth and degrowth. The green growth approach is grounded in the belief that economic expansion can be decoupled from environmental degradation through technological innovation, market mechanisms, and improved efficiency (Lenaerts et al., 2022). It rests on a vision of technological optimism, wherein cleaner production methods, renewable energy, and smart infrastructure can reconcile continued GDP growth with planetary boundaries. In this framework, sustainability is pursued not by limiting growth, but by greening it. This aims for economic processes to be more resource-efficient and less polluting without fundamentally altering the system's underlying logics of accumulation and expansion.

While this paradigm has gained widespread institutional traction, particularly among policy-makers and international development bodies, it has been the subject of mounting criticism. Scholars have pointed out that empirical evidence for absolute decoupling at the scale and speed required remains weak or inconclusive (Keyßer & Lenzen, 2021). In many cases, apparent gains in efficiency are offset by rebound effects, wherein increased resource

efficiency leads to higher overall consumption. Moreover, green growth often perpetuates a technocratic, top-down vision of sustainability that sidelines deeper questions of equity, power, and structural transformation. This dynamic is also evident in reporting practices; for instance, (Ardiami et al., 2025) found that while firms benefit financially from economic and social sustainability disclosures, environmental disclosures tend to have a negative financial effect, suggesting selective alignment with profitability.

In contrast, the degrowth paradigm rejects the premise that sustainability can be achieved within a growth-driven economic system. Rooted in ecological economics and critical social theory, degrowth calls for a planned and equitable downscaling of material production and consumption, to reduce ecological impact and promote well-being, equity, and sufficiency (F. Demaria et al., 2013). Rather than viewing GDP as a proxy for progress, degrowth advocates for alternative indicators of prosperity that foreground care work, community resilience, and ecological integrity (F. Demaria et al., 2019; Weiss & Cattaneo, 2017). It emphasizes the redistribution of resources, shorter workweeks, localized economies, and democratic decision-making as key elements of a sustainable society (Hajiheydari et al., 2019). This paradigm offers a transformative critique of growth dependency, emphasizing the need for systemic change that values environmental sustainability and social justice rather than short-term profits and accumulation (F. Demaria et al., 2013; Yuan et al., 2024).

Degrowth does not reject innovation or organization. Instead, it reorients them toward collective flourishing rather than competitive accumulation (Cosme et al., 2017). Mainstream business models and even those identified as sustainable frequently cling to revenue expansion and market growth (Li & Kang, 2018; Oskam et al., 2018). Thus, for business models to effectively engage with degrowth, they must prioritize value redistribution, care, and stewardship, redefining success away from profitability toward long-term collective well-being (N. Bocken et al., 2013; Nosratabadi et al., 2019).

The tension between these paradigms raises a pivotal question for business model innovation: can business models be designed to reflect degrowth values, or are they inherently tied to logics of growth and accumulation? Most mainstream models, even those labeled sustainable, remain structurally linked to revenue expansion and market growth. Even socially innovative business models, which seek to embed inclusion, participation, and accountability, often operate under the assumption of scalability and financial viability within competitive markets. Therefore, to meaningfully engage with degrowth, it is crucial that business models must be reimagined not merely as tools for improving efficiency or extending market reach, but as platforms for redistributing value, fostering care and stewardship, and aligning organizational purpose with ecological and social thresholds. This requires a fundamental redefinition of success metrics, a shift in governance structures, and a reorientation toward long-term collective well-being over short-term profitability.

Table 1 summarises the contrasting premises of green growth and degrowth in relation to business models, comparing their core assumptions, values, approaches to innovation, business model orientations, and measures of success. While green growth is grounded in technological optimism and market efficiency within a growth-oriented framework, degrowth redefines prosperity through sufficiency, redistribution, and ecological stewardship. This contrast indicates that aligning business models with degrowth is not a matter of incremental adjustments but requires a fundamental reorientation of purpose, governance, and performance measures toward long-term collective well-being over market expansion.

Table 1. Green Growth vs Degrowth: Key Differences in Business Model Design

Dimension	Green Growth	Degrowth
Core Assumptions	Economic growth can be decoupled from environmental degradation through technological innovation, market mechanisms, and improved efficiency. Sustainability is achieved by greening existing economic processes.	Sustainability cannot be achieved within a growth-driven economic system. Requires an equitable reduction of material production and consumption to meet ecological limits and social needs.
Values	Technological optimism, cleaner production, renewable energy, smart infrastructure, and efficiency without altering the system's underlying accumulation and expansion.	Well-being, equity, sufficiency, care work, community resilience, ecological integrity, redistribution of resources, and democratic decision-making.
Approach to Innovation	Cleaner production methods, renewable energy adoption, efficiency improvements, and market-based sustainability solutions.	Innovation and organization directed toward collective flourishing, care, and stewardship rather than competitive accumulation.
Business Model Orientation	Maintain profitability through efficiency gains, reduced resource use, and expansion into markets for sustainable products and services. Scalability and market competitiveness remain central.	Redefine success away from profitability toward long-term collective well-being, value redistribution, and ecological stewardship. Market growth and scalability are not primary goals.
Measures of Success	GDP growth, efficiency gains, market share, and profitability.	Ecological sustainability, social equity, sufficiency, and community resilience.

RESEARCH METHODOLOGY

This paper adopts a conceptual and qualitative approach based on a review of relevant literature. It does not rely on primary empirical data, but instead builds its arguments through a critical engagement with existing studies in the fields of sustainable development, post-growth economics, and social innovation in urban contexts. This approach was chosen for two main purposes:

1. to critically assess the assumptions behind the dominant green growth narrative;
2. to explore alternative business models that may support the development of more sustainable urban futures.

The literature was selected purposively, focusing on works that:

1. examine the limitations of economic growth as a pathway to sustainability, particularly in cities;
2. discuss alternative models such as the sharing economy and socially innovative business practices;
3. are relevant to the achievement of the 2030 Sustainable Development Goals (SDGs).

Based on this literature review, the paper proposes an exploratory conceptual model of a socially innovative business model for post-growth cities. This model is intended to guide

further thinking and discussion among academics and policymakers concerned with sustainability and urban transformation.

RESULTS AND DISCUSSION

Rethinking and Reimagining Business Model Innovation: Navigating between Green Growth and Degrowth in Urban Sustainability

The urgency of ecological breakdown and persistent urban inequality demands rethinking sustainability strategies beyond incremental or technocratic fixes. Against this backdrop, this section reconceptualizes the socially innovative business model not as a linear response to green growth ideals, nor as a wholesale embrace of degrowth rejectionism, but rather as a flexible, values-driven framework capable of operating within and critiquing the tensions between the two paradigms. At the heart of this reframing is the need to move beyond traditional business model objectives tied to growth, efficiency, and profitability.

Drawing inspiration from both critical sustainability and degrowth literatures, this approach reconceptualizes business models as relational and value-distributing mechanisms, prioritizing sufficiency, well-being, inclusivity, and ecological care. The business is thus not merely an economic actor but a civic institution embedded in broader social, political, and environmental systems (Mazarro et al., 2023). However, evidence from empirical studies suggests that institutional mechanisms often fall short of transforming core business logics. For example, (Anita & Fatmasari, 2024) demonstrate that although governance features like board independence and gender diversity improve sustainability performance, they fail to strengthen the link between sustainability and financial outcomes, revealing the structural limits of governance-led transformation.

In this paper, the de-growth induced business model builds on (Gasparin et al., 2021) but pushes it further by critically interrogating its implicit growth assumptions. While Gasparin's model outlines inclusive governance and value co-creation as core tenets, it does not explicitly challenge the underlying logic of market scalability and expansion. The adaptation presented here explicitly embeds degrowth-informed principles, such as resource limits, social provisioning, and alternative success metrics, into each element of the model. This approach allows for richer alignment with urban sustainability imperatives that seek justice and ecological balance, not just greener versions of growth.

Social innovation plays a double role in this reimagined model: first, as a mechanism for co-creating inclusive and context-sensitive solutions; and second, as a normative orientation that reshapes what is valued and how value is produced and shared. In this context, social innovation challenges the assumptions of efficiency and competitiveness by centering non-market rationalities: care, reciprocity, solidarity, and commoning (Banerjee et al., 2021). It encourages business models that are rooted in cooperation rather than competition and in communal ownership rather than capital accumulation.

Instead of asking how business models can achieve impact within existing market structures, the question becomes: how can they transform these structures in pursuit of sustainability and justice? This transformative ambition requires new governance structures. The proposed model, therefore, emphasizes democratized, participatory governance, shifting away from hierarchical or technocratic control toward more horizontal, community-based decision-making. These mechanisms not only ensure inclusivity and legitimacy but also build social capital, reduce power asymmetries, and foster collective resilience (Ibrahim & Sarkis, 2020).

To make this model explicit, Figure 2 presents a degrowth-informed socially innovative business model, developed from the synthesis of prior literature. The model consists of five interconnected phases, each grounded in ecological care, sufficiency, and justice values:

1. Sensing & Care: reframes opportunity identification by prioritizing participatory ecological and community needs assessments, ensuring activities remain within planetary boundaries (T. Hahn & Tampe, 2020; Mohr & Metcalf, 2018; Ryan et al., 2023).
2. Co-Creation: embeds democratic governance so that communities directly influence production methods, resource allocation, and strategic decisions (N. Bocken et al., 2019; Dentoni et al., 2021; T. Hahn & Tampe, 2020).
3. Commoning: centres on collective ownership and resource sharing, drawing on examples such as tool libraries and community-supported agriculture to redistribute value (Antikainen & Valkokari, 2016; N. M. P. Bocken et al., 2015; Drupsteen & Wakkee, 2024).
4. Regeneration: aligns value creation with ecological restoration and local socio-economic resilience, replacing growth-oriented KPIs with measures such as biodiversity gains, local economic multipliers, and reduced inequality (Boons & Bocken, 2018; Böttcher et al., 2024; Joyce & Paquin, 2016; Mohr & Metcalf, 2018).
5. Values Integration: ensures that ecological care, sufficiency, and justice remain embedded in organizational practices via mechanisms such as participatory budgeting and ethics committees (Dentoni et al., 2021; Lüdeke-Freund, 2020; Tan & Nielsen, 2025).

These phases are iterative rather than linear, allowing for continuous feedback and adaptation, and creating the conditions for business models to operate as platforms for institutional and cultural transformation rather than mere vehicles for market growth.

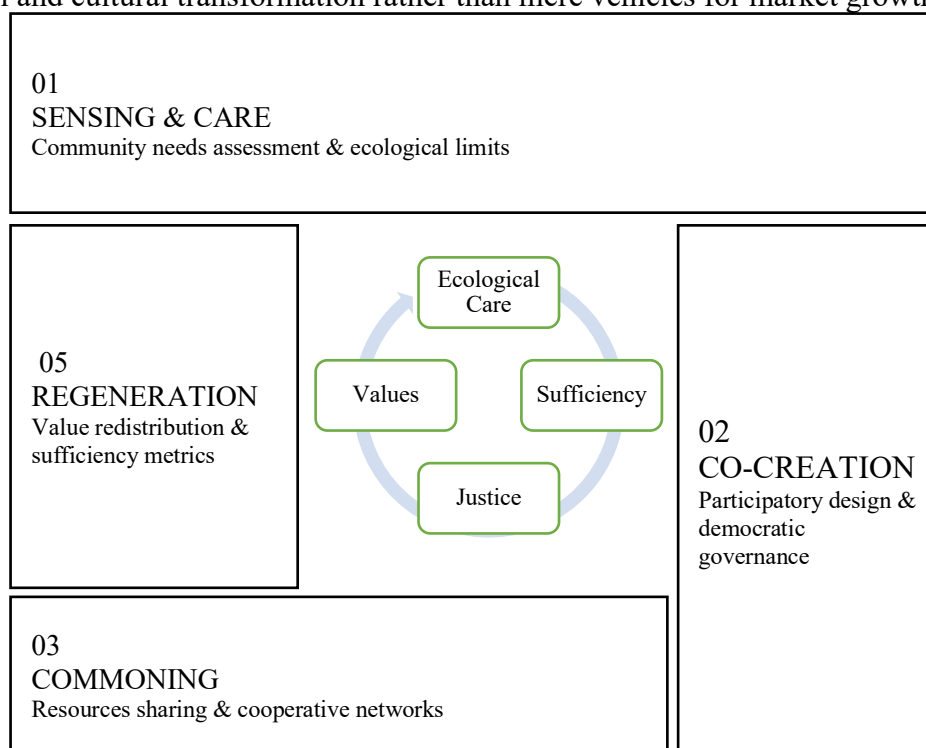


Figure 2. Proposed Model for Degrowth-based Business Model (Literature Review-based)
Source: Authors' Own Work

Participatory budgeting processes, neighbourhood forums, and citizen assemblies can also play crucial roles in embedding democratic accountability into business models operating in urban spaces. An equally important axis of transformation concerns value and performance

metrics. Rather than defaulting to growth-oriented key performance indicators (KPIs) or financial metrics, the model advocates for the development of pluralistic value frameworks, recognizing ecological regeneration, community cohesion, mutual aid, and cultural enrichment as meaningful indicators of success (Helbing et al., 2024). As (Renaldo et al., 2024) demonstrate in the context of marine sustainability, aligning innovation with systemic ecological goals requires both institutional reconfiguration and participatory governance, key elements echoed in socially innovative business models for post-growth cities.

This aligns with recent advances in sustainability accounting and alternative valuation practices that seek to de-centre profit as the dominant evaluative lens. It also demands institutional infrastructure, such as urban commons registries, social impact dashboards, or public-interest accounting standards, that can support organizations in tracking and communicating these expanded value propositions. Furthermore, the model's orientation toward cross-sector collaboration responds to the institutional fragmentation that often hampers urban sustainability efforts. Drawing on examples from urban commons, cooperative housing, or community-supported agriculture, the model positions partnerships between civil society, public bodies, and mission-driven enterprises as vital infrastructures for experimentation and systemic change. These networks not only scale social innovation but also re-localize economic practices in line with degrowth ideals of provisioning, resilience, and autonomy. Such collaborations facilitate the redistribution of knowledge, capabilities, and risk, enabling the pooling of resources and capacity across institutional boundaries (Baldacchino & Saeverot, 2024).

By integrating degrowth into the very fabric of business model design, not as a static ideology but as a dynamic set of principles, this model accommodates both critical pragmatism and radical imagination. It acknowledges that while many urban institutions may remain entangled in green growth rhetoric, socially innovative models can function as transitional forms, helping shift dominant narratives and practices toward post-growth futures (Broto & Dewberry, 2016). These models can provide the discursive and organizational space in which new imaginaries of prosperity, productivity, and value are debated and tested in real-world conditions.

Importantly, this re-conceptualization remains sensitive to context. In the contexts where urban economies grapple with deeply rooted structural inequities, socially innovative models must address not only ecological sustainability but also redistributive justice, postcolonial dynamics, and cultural specificity. These models must be adaptable, grounded in local knowledge, and driven by the communities they seek to serve (Predan & Černe Oven, 2023). Recognition of informal economies, traditional ecological knowledge, and indigenous governance structures is vital in ensuring that the model does not replicate extractive or colonial modes of sustainability governance.

To this end, we argue that the socially innovative business model must be approached not as a plug-and-play toolkit but as a contextual heuristic, a flexible, evolving framework through which local actors can navigate the shifting terrain of urban sustainability. It provides a set of principles, not prescriptions, enabling adaptation to varied political, economic, and ecological conditions. It invites policymakers, practitioners, and researchers to consider how business models might act not merely as tools of economic organization but as platforms for institutional and cultural transformation. The socially innovative business model proposed here is both a conceptual and strategic response to the impasse between green growth optimism and degrowth radicalism. It foregrounds relationality, equity, and ecological care as organizing logics and repositions business model innovation as a critical site for contesting the terms of sustainability itself, not as a technocratic exercise, but as a political and ethical reimagination of how cities can thrive within planetary limits.

CONCLUSION

This paper has critically examined the potential of socially innovative business models and the sharing economy as transformative pathways toward urban sustainability, interrogating the underlying tensions between green growth and degrowth paradigms. While mainstream sustainability discourses continue to endorse green growth as a viable means to achieve the Sustainable Development Goals (SDGs), mounting evidence suggests that such approaches often fall short in addressing the root causes of ecological degradation and social inequality. In contrast, degrowth-oriented thinking invites a more radical reconfiguration of urban economic organisation, foregrounding the need to decouple well-being from GDP-driven expansion and to embrace alternative metrics of prosperity rooted in sufficiency, equity, and ecological limits.

The findings from this conceptual exploration highlight that socially innovative business models, when grounded in inclusive governance, ethical value creation, and systemic social innovation, can offer compelling alternatives to conventional growth-centric logics. These models, especially when embedded within the sharing economy's more democratic and cooperative frameworks, hold promise for catalysing just and sustainable urban futures. This paper adopts a post-growth position, recognising that while some efficiency-oriented practices associated with green growth may remain useful, the long-term direction for sustainable urban economies must prioritise degrowth principles such as sufficiency, redistribution, and ecological care. However, their transformative potential is highly contingent on how they are institutionalised. Without a conscious departure from extractive economic models and technocratic efficiency paradigms, such innovations risk being co-opted by dominant neoliberal agendas and reduced to tokenistic interventions.

From a theoretical standpoint, this paper contributes to the ongoing debate on the future of sustainable urban development by bridging insights from sustainability-oriented business models, the sharing economy, and degrowth literature. It highlights the importance of reframing urban economic practices not merely as technical fixes but as political and ethical choices with profound implications for justice, inclusion, and planetary boundaries. The convergence of social innovation and post-growth thinking offers a fertile ground for constructing business models that prioritise communal well-being over market competitiveness, ecological care over efficiency, and resilience over scalability.

Practically, policymakers, urban planners, and social entrepreneurs should start designing and supporting models that are not only environmentally sound but also socially embedded and democratically governed. Urban developers should also apply post-growth principles by reducing material intensity in projects, prioritising adaptive reuse of existing spaces, and embedding cooperative or community ownership structures. City governments may start reforming procurement rules, subsidies, and planning regulations to favour locally owned, inclusive, and ecologically restorative initiatives. Then, social entrepreneurs should design ventures where value redistribution, care, and sufficiency are primary goals, using profitability only as a means to sustain these purposes rather than as the central measure of success.

Through this paper, we suggest that future research may engage in a more deep empirical case studies of socially innovative and post-growth-oriented initiatives across diverse urban contexts. This will allow a better understanding of the phenomenon based on practical case. Moreover, interdisciplinary dialogue among scholars of accounting, economics, urban studies, and sustainability is also crucial to advance a more integrated and critical understanding of how business model innovation can contribute to cities that are not only smart or green but fundamentally just and livable.

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