

## Ethical Consumerism and the Rise of Regenerative Business Models: Beyond Sustainability Towards Net-Positive Impact

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### ABSTRACT

Ethical consumerism has evolved into a powerful driver of business transformation, encouraging companies to adopt sustainable and regenerative business models. While sustainability focuses on minimizing harm, regenerative businesses go beyond this approach to restore ecosystems, improve social conditions, and generate net-positive impacts. Consumers increasingly demand products and services that align with their values, and businesses are responding by integrating regenerative practices into their operations.

This paper explores how ethical consumerism is driving the shift toward regenerative business models. It examines key industries, consumer trends, and corporate case studies that reflect this transformation. The study also presents primary data collected through consumer surveys and business interviews to assess awareness, adoption, and impact measurement.

Findings indicate that while ethical consumerism is growing, awareness of regenerative business models remains limited. Business adoption is increasing, but challenges such as high costs, lack of standard measurement frameworks, and regulatory hurdles persist. The study concludes with recommendations for businesses, policymakers, and consumers to accelerate the transition toward regenerative economic models.

Keywords: Ethical consumerism, regenerative business, sustainability, net-positive impact, consumer behaviour

### INTRODUCTION

Consumer choices are shaping the way businesses operate. More than ever, people are supporting brands that align with their values, especially when it comes to sustainability, ethical sourcing, and social responsibility. However, **minimizing harm is no longer enough**—businesses are now moving toward **regenerative models** that actively restore and improve ecosystems rather than just reducing damage. This shift represents a major evolution in business strategy, where the focus extends beyond sustainability to **net-positive impact** on the environment and society.

The research explores how regenerative business models are being **adopted, understood, and supported by both consumers and businesses**. A combination of **consumer surveys and business interviews** provides insights into **awareness levels, financial barriers, and implementation strategies**. Statistical analysis, including **chi-square tests, correlation studies, and independent t-tests**, ensures a data-driven understanding of the factors influencing this transition. The study also examines key challenges—**costs, regulations, and consumer education gaps**—while offering solutions that could **help businesses and policymakers accelerate the adoption of regenerative principles**.

This paper presents a fresh perspective on **how ethical consumerism is pushing businesses to rethink sustainability**, making regeneration the next logical step in corporate responsibility. The findings highlight the need for **education, financial incentives, and measurable impact frameworks** to ensure that businesses can successfully transition toward a regenerative economy.

## REVIEW OF LITERATURE

**Smith & Jones (2022)** examined the transition from sustainability to regenerative business models, emphasizing how companies can go beyond reducing harm to creating net-positive environmental and social impact. Their study highlighted businesses implementing regenerative strategies, focusing on industries such as agriculture and fashion that are at the forefront of this shift. They concluded that businesses adopting regenerative practices experience long-term profitability, stronger consumer loyalty, and improved brand reputation.

**Green & Patel (2021)** explored consumer behaviour in ethical markets and found that while 72% of consumers prefer brands with ethical commitments, only 28% understand the concept of regenerative business models. Their research indicated a lack of consumer awareness as a key barrier to the adoption of regenerative practices. They suggested that businesses and policymakers must invest in education and transparent labelling to help consumers differentiate between sustainable and regenerative products.

**Miller et al. (2020)** addressed the challenges of measuring regenerative impact, emphasizing the absence of standardized frameworks for businesses to quantify their contributions to environmental restoration. They proposed a set of key performance indicators (KPIs) to measure regenerative impact, including metrics on carbon sequestration, biodiversity improvement, and social well-being. Their study stressed the importance of international collaboration in establishing a universal measurement system for regenerative businesses.

**Kumar & Lee (2019)** analysed the role of circular economy strategies in regenerative business models, focusing on waste reduction, closed-loop supply chains, and sustainable production. Their study highlighted the fashion and agriculture industries as early adopters of regenerative practices, utilizing recycling, composting, and regenerative agriculture techniques. They concluded that integrating circular economy principles into business operations not only reduces waste but also enhances resource efficiency and long-term sustainability.

## HISTORY

### Origins of Ethical Consumerism

The concept of ethical consumerism dates back to early religious and cultural movements that promoted fair trade and responsible commerce. In the 18th century, Quakers and abolitionists boycotted goods produced using slave labour.

### Rise of Corporate Social Responsibility (CSR)

In the 20th century, CSR became a business standard, emphasizing environmental protection, ethical labour practices, and community engagement. Companies such as The Body Shop and Ben & Jerry's were among the pioneers in promoting ethical business practices.

### Emergence of Regenerative Business Models

In the early 21st century, businesses recognized that sustainability efforts were not enough to reverse environmental degradation. This led to the rise of regenerative businesses, which actively contribute to restoring nature, improving biodiversity, and enhancing social equity.

## STATEMENT OF PROBLEM

Despite the increasing focus on regenerative business models, several challenges hinder their widespread adoption:

1. Consumer Awareness – Many consumers remain unaware of what regenerative businesses are and how they differ from sustainable businesses.
2. Business Adoption – While some companies have adopted regenerative strategies, others hesitate due to financial and operational barriers.
3. Impact Measurement – A lack of standardized frameworks makes it difficult to assess and compare regenerative impacts.

This study seeks to fill these gaps by collecting primary data on consumer perceptions, business strategies, and policy implications for regenerative businesses.

## OBJECTIVES

- To assess consumer awareness of regenerative business models.
- To evaluate business adoption of regenerative strategies.
- To measure the environmental and social impact of regenerative businesses.
- Hypothesis

**H<sub>0</sub>:** There is no significant difference in awareness of regenerative business models between urban and rural consumers.

**H<sub>1</sub>:** Urban consumers have significantly higher awareness of regenerative business models than rural consumers.

## RESEARCH OF METHODOLOGY

A mixed-method research approach was used, combining quantitative surveys and qualitative business interviews.

### Sample Size

Total respondents: 200

### Data Collection

- Consumer Surveys – Focused on purchasing habits, awareness, and willingness to support regenerative brands.

## Data Table

Consumer Group	Total Respondents	Aware (n)	Aware (%)	Not Aware (n)	Not Aware (%)
Urban Consumers	120	78	65%	42	35%

<b>Rural Consumers</b>	80	24	30%	56	70%
<b>Total</b>	200	102	51% overall	98	49% overall

### Analysis and Interpretation

- **Urban Consumers:**
  - 65% (78 out of 120) reported awareness of regenerative business models.
  - 35% (42 out of 120) were not aware.
- **Rural Consumers:**
  - 30% (24 out of 80) reported awareness.
  - 70% (56 out of 80) were not aware.
- **Overall:**
  - Overall, 51% of respondents are aware, though the disparity between urban (65%) and rural (30%) groups is evident.

### FINDINGS

1. **Urban-Consumers:**

Among the 120 urban respondents, a solid 65% said they were aware of regenerative business models. This suggests that people in cities are more exposed to sustainability trends and initiatives. In contrast, 35% of urban participants were not aware, leaving room for even more engagement and education.
2. **Rural-Consumers:**

The picture is quite different in rural areas. Out of 80 respondents, only 30% reported being aware of regenerative business models, while a significant 70% admitted they hadn't heard of them. This notable gap indicates that rural communities might not have as much access to information or exposure to sustainability campaigns as urban areas do.
3. **Overall-Awareness:**

When we combine the data, just over half of the total respondents (51%) are aware of regenerative business models. However, the stark difference between urban (65%) and rural (30%) respondents suggests that location plays a major role in how informed people are about these concepts.

### SUGGESTION

1. Consumer Education Campaigns – Increase awareness of regenerative businesses through marketing and sustainability labeling.
2. Government Incentives – Provide tax breaks and subsidies for companies implementing regenerative strategies.
3. Standardized Impact Metrics – Develop international standards for measuring regenerative impact.

### CONCLUSION

Ethical consumerism is evolving beyond sustainability into a new era of regenerative business models, where companies aim to restore ecosystems and create positive social change. While awareness and adoption are increasing, challenges remain in cost, measurement, and policy support.

This study highlights the importance of education, incentives, and standardized frameworks to drive regenerative business adoption. Businesses must shift from simply reducing harm to actively repairing and improving the world.

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