

Entrepreneurship in the Circular Economy: Towards innovative business models

Abstract

Today's economy functions in a linear system, so we take things out of the ground (natural resources), we make something out of it (products) and then we throw it away (waste) and at a very fast pace and on a global scale. In this system, we put in a lot of labour (intellectual and physical), energy and resources into products and services that become worthless in months or sometimes, days. This system does produce value but also loses it at the end of a product's life.

As companies, organisations and governments aim to achieve long-term sustainability, there needs to be a fundamental change in how our current systems of production and servicing are designed. Most businesses and organisations today operate in a linear economy, which consists of a take-make-use-dispose approach. Independent environmental studies conducted by university researchers and corporations point toward a problem in how today's methods of production and levels of consumption are unsustainable moving forward. Raw materials are dwindling and climate change is negatively affecting almost all parts of the globe.

A major paradigm shift is necessary in order to continue progressing sustainably in the long term reminding ourselves that our reference point will always be our life time. A circular economy offers that solution in a world where we move from a focus on waste and externalities to a world where we have zero waste and we are capturing value from resources. Preventative versus curative if you will. In contrast to today's larger linear economy, a circular economy represents a great opportunity to transition into a dynamic business model that will be more robust and resilient in the years to come. The real question is do we have a choice and the answer is we have always had a choice in how we think and act.

This dissertation project looks into researching how different businesses, specifically startups, can successfully commercialise circular business models to reduce waste and costs to increase revenues and profit. It looks at various aspects involved in both the opportunities and challenges faced in the transition to a circular economy.

Academic and industry reports have been reviewed as a frame of reference in order to get a broad sense and also deeper understanding of different models and cases of circular business endeavours. Furthermore, a qualitative method of research was chosen in the form of two semi-structured interviews. These were conducted to gain more insight and feedback from industry professionals and practitioners. One interviewee is directly involved in the implementation of various circular economy projects in the Netherlands while the second interviewee has worked in the sustainable fashion industry in both Europe and the United States over the last nine years.

The findings and results of this research project show five main circular business model domains: circular supplies, resource recovery, products as a service, sharing platforms and product life extension. The dissertation outcomes also discuss various barriers that a company faces in the implementation of a circular economy.

Keywords: Business models, circular economy, entrepreneurship, innovation, sustainability, systems design