

Concluding Remarks

Abstract This chapter is a final reflection which also highlights the specific contribution that this enquiry brings to the academic literature, its limitations and implications for practitioners wishing to implement circular economy-driven business model innovation.

Keywords Research contribution · Research limitations
Research implications

5.1 RESEARCH CONTRIBUTION

This work brings some specific contribution to the literature at the intersection between the CE and BMs from a Management Studies perspective and this is significant given the limited contribution to the CE that has come from business disciplines to date (Moreno et al. 2016), particularly in the academic literature.

To begin with, this book offers a preliminary, more systematic conceptualisation of the CBM, which to the best of this author's knowledge, is almost inexistent in the relevant literature. Therefore, the proposed conceptualisation can be considered as a stepping stone towards both theory building at the intersection between the CE and BMs, and conceptual clarity in CE-related literature where divergence and confusion on the terminology in use exist. This conceptualisation has been built by bridging academic and practitioner literature on the CE that to date have rather developed in

silos with limited cross-fertilisation. Recommendations for future studies wishing to further develop the conceptualisation of the CBM presented in this book have also been provided in relation to the research method, size of companies and industry/sectors to investigate. Forthcoming research could also investigate organisations that have attempted to implement CBMs but have not succeeded. Studies of this type might help to identify organisational, market and policy barriers that have hindered the exercise of corporate agency and from which lessons can be drawn from policy and practical perspectives. Calls for increasing the practical relevance of Management Studies and overcoming the rigour versus relevance ‘tribes’ within the field have been expressed (Gulati 2007; Reed 2009). By contributing to academic clarity and practical relevance simultaneously, this book also addresses crucial concerns in the Management discipline. In addition, Management literature has given considerable more attention to constructs like resources, capabilities and competitive advantage than to BMs, despite their relevance for business leaders (Baden-Fuller and Morgan 2010). Therefore, conceptualising CBMs around ‘value’ and linking them to opportunities to improve competitive advantage complements the prevailing perspectives in the Management literature.

This book also contributes to the theoretical dimension of CBMs currently mostly neglected within the CE literature. It has done so by explaining the rationale for adopting CBMs using theories in the strategic management (natural-resource-based-view of the firm) and institutional (neo-institutional theory) literature. In addition, it reflects on how the conceptual framework could be advanced as a consequence of extending it in the realm of CBMs and the extent to which the implications of CBMs are source of tensions for the theoretical framework used. Recommendations to further elaborate the theoretical dimension of CBMs have been also offered in relation to both alternative theories, and institutional contexts within which to assess the influence of regulative, normative and mimetic pressures in favouring the transition towards the CE.

5.2 IMPLICATIONS FOR PRACTITIONERS AND RESEARCH LIMITATIONS

BM innovation is a key building block in the transition towards the CE. Therefore, it is important to provide some direction about what a CBM is in the first place. In this respect, it is hoped that the conceptualisation

of the CBM offered here clarifies the nature and the scope of CBMs cutting across the divergent constructs populating the CE literature. It is also hoped that this conceptualisation provides some guidance for business leaders in making sense of an emerging model that holds huge potentials for the future prosperity of our market-based economy and of corporations within this. The conceptualisation of the CBM is recalled here from Chapter 3: *Circular business models are business models wherein enhanced customers' value is produced as a result of more comprehensive 'circular offerings' (e.g. products as services; greater convenience; dematerialised products; superior product durability and ecological performances; product upgradability; take-back schemes) and 'circular relationships' (access over ownership, e.g. leasing, renting, sharing). In circular business models, diffused forms of value are created, local/regional supply chains are implemented, maximisation of resources value across the activity system is pursued, boundaries spanning relational competences for the adaptation or development of 'circular' resources and capabilities are developed, and idiosyncratic value capture mechanisms are observed.*

BM innovation is attracting the interest of the business community with the changing competitive arena that business leaders are now confronting demanding a shift in the ways through which value is created and captured. If creation and appropriation of value is the language of business, constructing the conceptualisation of the CBM around the theme of value, i.e. value proposition, value creation and delivery, and value capture, is appropriate to catalyse the attention of business leaders. However, there are some practical implications that management practitioners have to deal with once they have mastered the sense of CBMs, which are correlated to the 'level of circularity' they wish to pursue. Will minor, moderate or major levels of circularity be pursued? Each of these strategic orientations will result in varying degrees of impact for value creation, delivery and capture. What does the pursuit of circular offering mean for current and prospective value propositions? How far should managers go in stretching their relational capabilities? What level of restructuring will be required in the supply chain? Which circular strategy or combination of circular strategies are to be followed to maximise resource value in the activity system? For instance, which measure or how many measures in the ReSOLVE (Regenerate, Share, Optimise, Loop, Virtualise, Exchange) framework (EMF et al. 2015) will be implemented? How can untapped sources of revenues be spotted?

CE-driven BM innovation will inevitably confront managers with potential challenges. To begin with, it is open to question which organisational structures are most suited to succeed in the implementation of CBMs. For instance, are SMEs more likely to attain successful outcome compared to larger firms? Some studies suggest SMEs have a fairly limited familiarity and comprehension of environmental issues (Tilley 1999) and they do not get involved with actions that do not relate directly to their survival (Hunt and Auster 1990). However, it is also noted that SMEs are suited to pursue radical innovation (Klewitz and Hansen 2014) because of their enhanced flexibility (Etzion 2007), and they can engage not only with reactive but also with environmentally proactive strategies (Aragón-Correa et al. 2008) and are involved in the implementation of BM innovation for the attainment of broader environmental and social goals (Clinton and Whisnant 2014). Secondly, driving and enacting a major turn in corporate strategies such as in the case of BM innovation is time demanding. Therefore, in the case of large organisations, potential sources of temporal tensions could arise given the time orientation of ‘quarterly capitalism’ (Barton 2011, p. 86), wherein companies set their objectives and evaluate their performances in the very short term. This aspect has implication for academic research also where the conflicts deriving from managing organisations in accordance with broader corporate objectives are mostly framed in terms of financial versus environmental/social goals, with the temporal aspect almost neglected (Hahn et al. 2015; Slawinski and Bansal 2015). Thirdly, and once more in relation to large organisations, can organisational ‘loose coupling’, i.e. high degree of institutional separation (Weick 1976, p. 1), be a source of hindrance in the process of BM innovation? If so, how can this be moderated? Crossing internal boundaries to enable value creation and capture would become relevant and consequently, internal, boundary-spanning relational capabilities would need to be developed alongside external and network-oriented ones. Fourthly, given the existence of some fundamental barriers to the development of CBMs, e.g. the lack of EU-wide standards concerning secondary raw materials quality especially for plastics (EC 2015), could corporate agency suffice to overcome these barriers? What could this mean for BM innovation? Is, for instance, the set-up and control of own materials supply chains necessary to guarantee quality and thus reliable and consistent sources of secondary raw materials?

Alongside its suggested contributions, there are also some limitations in this enquiry that future studies could address. As emphasised

throughout this book, this enquiry offers a preliminary conceptualisation of the CBM. CE thinking is an emerging concept and so it is not yet in widespread use though gaining increasing attention worldwide. Therefore, this book does not give a definite answer in relation to how CBMs look like and can be conceptualised. Nonetheless, it offers some guidance from which future studies may depart to complement this research. This book has also focussed solely on the corporations in a CE and it has not considered the wider, system-level implications of the CE model. Moving to a CE requires more than just business involvement. It can be assimilated to sociotechnical transitions defined as ‘a combination of technical, organizational, economic, institutional, social-cultural and political changes’ (Van den Bergh et al. 2011, p. 2) and these are complex, developing over the long term and involving many players (Geels 2011). Shrivastava (1995) makes a pertinent point when he argues that ‘companies are only one of the many wheels of sustainability’ (p. 937). Thus, BM innovation can be considered as one of the ‘many wheels’ of the sociotechnical transition towards a CE. Consequently, this is a further area of enquiry that other scholars in other disciplines (e.g. product design, policy, energy and materials innovation) and not exclusively in Management Studies can contribute to.

5.3 A FINAL REFLECTION

What follows is a reflection infused of a personal note, which further clarifies this book perspective on how to approach environmental problems.

This author research interest was born while preparing the research proposal for my doctoral degree. At that point in time, I was introduced to ‘Mission Zero’, the transformational corporate sustainability programme initiated by Ray Anderson, the founder of Interface Carpet. Renowned for having set the ambitious aim of becoming the first company to have zero net negative impact upon the natural environment, Interface’s story inspired pretty much the rest of this author’s academic training providing motivation for researching on innovative business practices that address environmental and societal challenges. Inspiration comes from positive narratives and can be powerful. Positive narratives can be more effective than the ‘doom and gloom’ rhetoric to catalyse action for an economy that is in harmony with the natural world. Therefore, this book, fuelled by the original inspiration that this author has personally experienced and leveraging on the thoughts expressed

by other scholars, has sought to engage the reader in a positive outlook about the future prosperity of humanity on planet Earth.

The positive narrative that circular principles are putting forward with regard to the relationship between economy and ecology, focuses on reintegration of the economy within ecology (EMF et al. 2015), which is in itself inspiring. In addition, it is complemented by an empowering attitude towards corporations since the radical transformation of current linear-operating BMs is a crucial constituent of the CE. By contrast, ‘doom and gloom’ approaches either lack proposals, or these are unachievable or unrealistic. The CE thinking and its related initiatives are emerging. However, in the light of its empowering attitude, positive narrative and of the reasons discussed in the previous sections of this book, it gives hopes in believing that ‘business as unusual’ wherein the ‘bottom line’ interest is achieved while ecological and social concerns are not simply minimised but significantly overcome, is possible within a market-based economy.

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