

2.2 Bridging Circular Economy and Social Entrepreneurship

E-module 2: (Social) Entrepreneurship and cooperatives in theory
September 2021



*“There is one and only one
social responsibility of business –
to use its resources and engage in
activities designed
to increase its profits”*

(Milton Friedman in 1962)

Think to yourself, explain:

- a) Do you agree with the quote? Why yes, why not?
 - b) What economy means to you?
- c) Do you know why the price of gas fluctuates so frequently?
- d) What is a good business idea? How can you support someone's good business idea?

Background: NOW

- In the last 50 years, humanity made amazing progress (research and innovation in various fields (food sector, health, technology, ...), improved our overall well-being, quality of living,
- However, we also raised some global challenges in society and environment.
- **New ways of organizing economic processes are needed.**



Background: NOW

- 50 years after a **systematically irresponsible economy**, we are facing climate change, ecosystems collapsing, health-risking pollution, unsustainable urbanization patterns, mass consumption beyond the planetary boundaries, global inequity, ...
- **Current economic system is not sustainable!**
- **Not for the people, nor for the planet.**
- **Sustainable practices must include people, planet and then profit.**
- **New ways of organizing economic processes with circular approach to the production, consumption and disposal phases.**

Watch the video and explain:

- How can we improve the society well-being?
- Why should we strive to achieve sustainable development goals?

<https://www.youtube.com/watch?v=o08ykAqLOxk>

The Sustainability Approach

- Since the 1980s, a new model for environmentally conscious business has emerged that combines financial opportunity with environmental and ethical responsibility.
- The concept of **sustainable development** and sustainable business proposes a radically new vision for integrating financial and environmental goals, compared to the growth model that preceded it.
- These three goals, economic, environmental and ethical sustainability, are often referred to as the "**Three Pillars of Sustainability**".



Sustainability Approach: Historical Perspective

- The concept of sustainable development dates back to a **1987 report by the United Nations' World Commission on Environment and Development (WCED)**, better known as the Brundtland Commission, named after its Chair Gro Harlem Brundtland.
- The Commission was mandated to develop recommendations for pathways to **economic and social development** that would not achieve short-term economic growth at the expense of **long-term environmental and economic sustainability**.



Think to yourself, explain:

- a) What can one person do, to become (more) socially responsible?
- b) Look at the SDG17: <https://sdgs.un.org/goals> and pick three, you personally want to solve the most?
- c) Why did you pick those three goals? Did you have trouble deciding which goals to prioritize?

Sustainable development definition

The Brundtland Commission offered what has become the standard definition of sustainable development.

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Earth overshoot day

= the day of the year from which society consumes more resources than the Earth can regenerate in one year.

- in 1998 it was September 30
- in 2019 it was July 29
- in France, it was **May 15 2019**
- in Slovenia, it was **April 26 2020**

→ importance of change in the linear economy approach!



Helping the regenerative capacity of the Earth

- Depletion of non-renewable natural resources → NO PLANET B
 - not to achieve the **level of scarcity of critical resources**;
 - optimize the use of resources and products by forming loops in the production and in consumption chains;
 - minimizing waste generation;
 - shorter supply chains, local activities, rehabilitation activities;
 - significant added value, performed by social enterprises → building responsible communities around the world.

Benefits of sustainability approaches

- Benefits of **economic sustainability**:

→ <https://www.youtube.com/watch?v=X6HDcubgxRk>

Assignment after watching: *How can we optimize “take-make-waste” approach?*

- Benefits of **social sustainability**:

→ <https://www.youtube.com/watch?v=o6lSuwJw0pk>

Assignment after watching: *Describe 5 principles of social sustainability as seen.*

- **“Business as usual” → bridging economic, environmental and social sustainability**

Circular Economy & Social Entrepreneurship

- “Business as usual” → **Circular Economy (CE) principles**
- “Business as usual” → **Social Entrepreneurship (SE)**



- “Business as usual” → **bridging CE & SE**

Think to yourself, explain:

When you think about circular economy principles, can you propose an optimized solution (“using less or doing more”) that could benefit you:

- in a case of an everyday product use (e.g., *instead of disposing egg carton packaging, you can use it for growing microgreens in the winter on the window shelf*) or
- in a case of an everyday activity (e.g., *instead of throwing away the water you used for cooking pasta in, after cooling use it to water your indoor plants and save on the need to buy fertilizer as the pasta water contains some key nutrients, fostering growth and well-being of your greenery*)

*“What is a
circular economy world?”*

*No sh*t”*

TRANSFORMATION BEHAVIOUR IN EU

- In Europe, 90 % of raw materials used in manufacturing become waste before the product ever even leaves the factory;
- 80 % of products are thrown away in the first 6 months of their existence.
Source: *Girling (2015)*

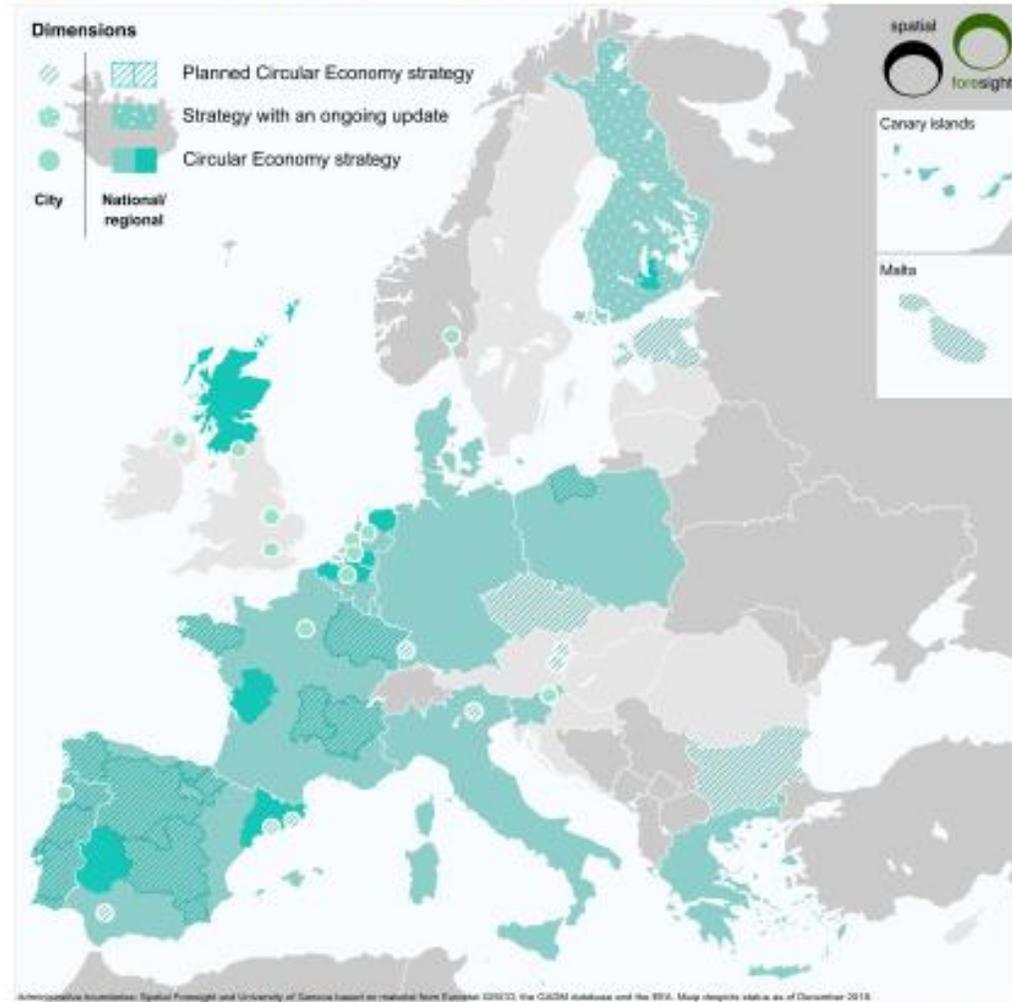
→ **Circular economy** is proposed a way of reducing consumption of new materials by **32 % by 2030** and up to 53 % by 2050

Source: *Ellen MacArthur Foundation and McKinsey Center for Business and Environment (2015)*

→ **European Circular Economy Stakeholder Platform** (2019): 33 circular economy strategies developed in EU cities, regions and countries since 2014. In addition at least 29 more are under development.

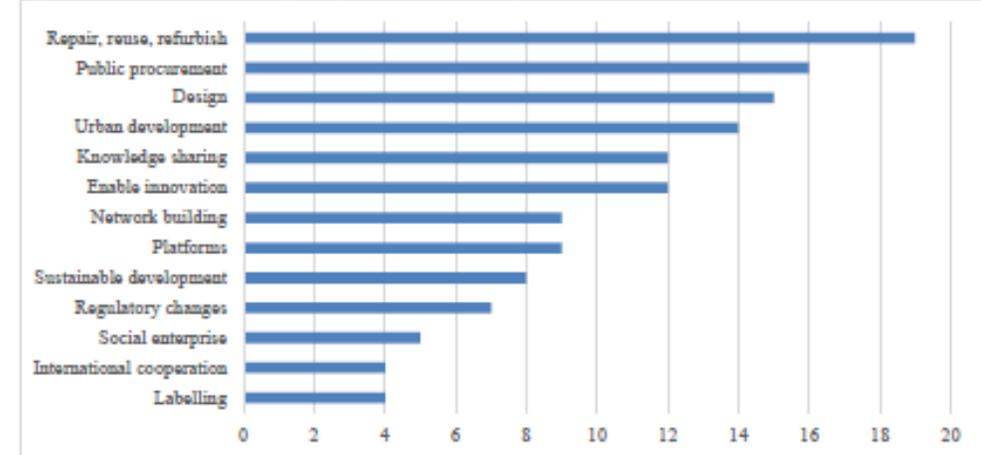
TRANSFORMATION BEHAVIOUR IN EU

Map 2.1 Overview of existing and planned circular economy strategies in Europe



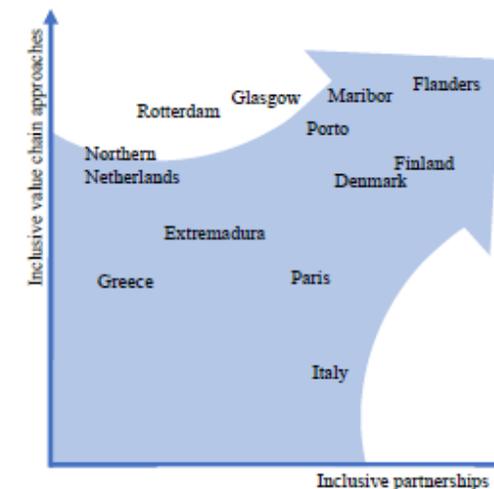
Source: Spatial Foresight, 2019 based on the strategies collected for this study and information from stakeholders about upcoming strategies.

Figure 3.2 Horizontal topics by incidence in strategies



Source: Spatial Foresight, 2019 based on a review of 33 circular economy strategies

Figure 3.4 Inclusiveness of circular economy strategies



Source: Spatial Foresight, 2019

Think to yourself, explain:

- a) What social responsibility means to you?
- b) Do you remember a case of socially irresponsible business? And what were the negative consequences for consumers or community, environment?
- c) How is socially responsible business different to the before case given?

*“Social entrepreneurs
are not content just to give a fish
or teach how to fish.*

*They will not rest until they have
revolutionized the fishing industry”*

(Bill Drayton)

Bridging social entrepreneurship with circular economy

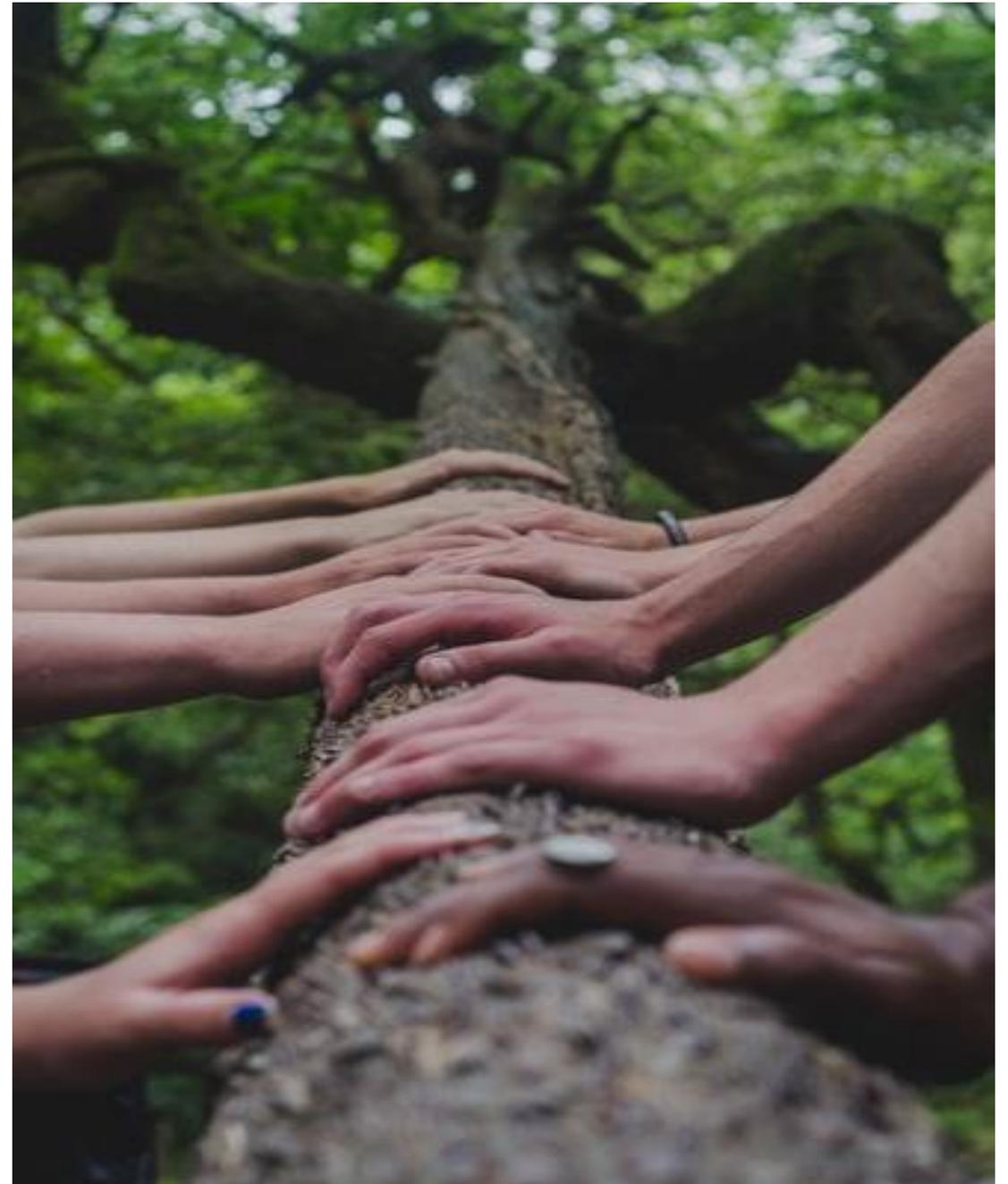
- a) conceptualized business strategy;
- b) design innovation with social and environmental benefits;
- c) stakeholders' engagement.

→ social enterprises have a business model far more inclusive, responsible and beneficiary for local communities

→ circular economy principle: respecting the environmental boundaries

→ competitive advantage and cost efficiency of the company are ensured

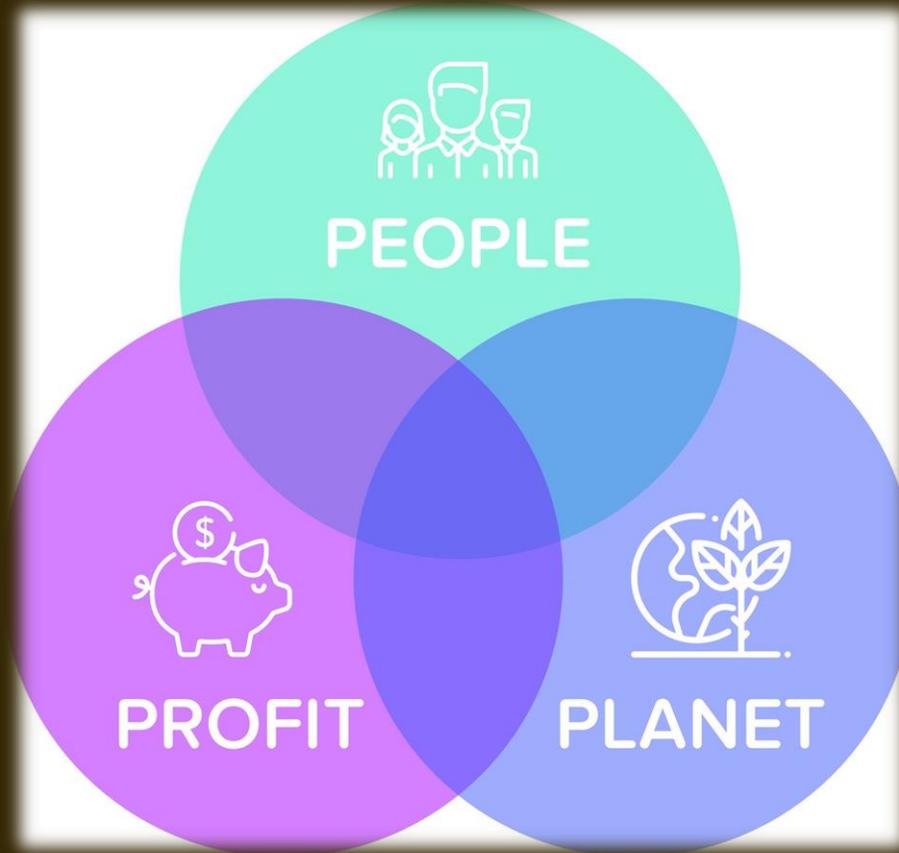
Source: *Stratan (2017)*



CORE BUSINESS MISSION

- A social core of a business mission,
- a base of the earliest entrepreneurship theories,
- a company can more easily **implement sustainability approaches due to their value propositions,**
- more easily fulfill the corporate social and environmental responsibilities nowadays.





Explain the above figure: How does a CE/SE business include those three fields in a responsible way and why is this beneficial to the business?

BUSINESS SYNERGY

- **Characteristics of a social business:**

- mission leaders,
- emotional charge,
- change agents,
- opinion leaders,
- social value creators,
- high accountability

→ assuring them a greater impact within the micro or macro community.

Source: *Abu-Saifan (2012)*

- Applying circular economy principles → **synergy throughout their business**
→ inclusion of all the stakeholders from the specific value chain.

- **To extract more value from the same product in all phases of its lifecycle**
= **“THINK IN CASCADE”**

COMMON BENEFITS

Social enterprises using circular economy principles

→ benefits in different ways:

- cost savings,
- new forms of revenues,
- driver of change and transition,
- long term competitiveness,
- resource conservation,
- driver for sustainable development,
- customer interest and new customer attraction,
- raw material security, etc.

Source: *Stratan (2012)*

- **Overall social benefits;**
- **product stewardships;**
- **reinvestments;**
- **resource economizing.**



Think to yourself, explain:

- a) Why do some business do not want to apply circular economy principles today?
- b) Why do some business do not want to apply social entrepreneurship principles today?

CHALLENGES ADDRESSED

- In the case of Australia, where existing **social entrepreneurship initiatives try to improve consumption and waste handling** in more circular mindset, they face difficulties:
 - ➔ Government's assumption that innovation in emerging recycling industries will be **driven by the corporate sector based on profit motives;**
 - ➔ not including environmental externalities;
 - ➔ lacking standard support in legislations for social enterprises;
 - ➔ competition with profit-based and business-like companies;
 - ➔ **endangerment of their non-profit status** when tackling product stewardship, since they should **facilitate labor-intensive and low-profit activities**
- Conclusion: **social enterprises do not get enough recognition, nor endorsement.**
Source: *Lane (2018)*

JOINT COLLABORATIONS

- **In case of the Dutch Ministry of Defence (MoD) and a local social enterprise known as Biga Groep (Biga Group)**

→ **“ecological potential of circular economy for social good”**

- **MoD’s goal:** extending the life cycle of uniforms and personal items

- Innovation → in partnership with private sector

- Biga Groep, a social enterprise that employs people with occupational disability and new immigrants

→ **the MoD saves €8 – 10 million annually**

Source: *Tse et al. (2018)*

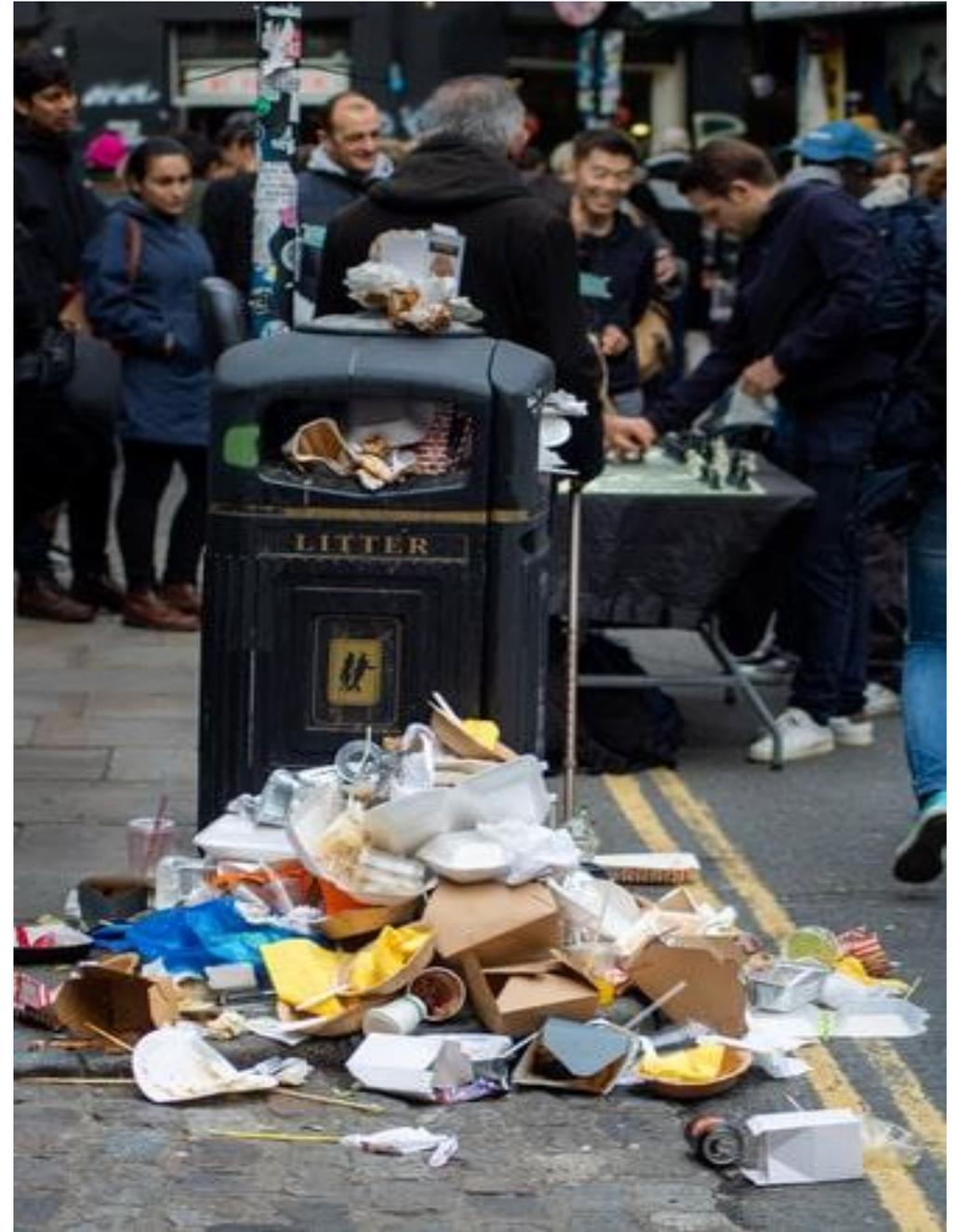
FOOD WASTE EXAMPLE

- **FAO:** about one third of food for human consumption is lost along the value chain

- In France, it is estimated that 30% of fruits and vegetables are not marketed (aesthetic defects)

→ closing the loops in order to fight the food waste

→ restaurant Simone Lemon: menu is using “out-of-shape” fruits and vegetables, usually set aside, and by charging dishes by weight



GOOD EXAMPLES - AUSTRALIA

- **Substation33**
- since 2013 as an **electronic waste recycling centre**;
- a **workplace for volunteers and employees** to gain confidence and skills for the **transition to sustainable employment**;
- an **Innovation Lab**, designed and developed a number of products for commercial, social and educational purposes

- In 2019, got the Awards Australia Community Group of the Year Award as well as the Banksia Foundation Ministers Award of the Environment.
- Tony Sharp, the founder got the Social Enterprise Champion of the Year title at the Social Traders Conference and Green Collect and the 2019 Social Enterprise of the Year award.

Source: <https://substation33.com.au/>

“Most important things in the world have been accomplished by people who have kept on trying when there seemed to be no hope at all”

(Dale Carnegie)

LITERATURE USED

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STUDENT WORK AT HOME

A. INDIVIDUAL WORK (2h)

Find and explain three good practice examples by your choice (companies, famous entrepreneurs) – look through their website, social media profiles, interviews and try to detect their added value.

B. GROUP WORK (2h)

In small groups of 4, think of your hometown opportunities and prepare a local plan for a circular business, highlighting social and environmental aspects of the activity, using an impact map.

C. E-EXERCISE (1,5h)

Watch video + write an A4 explanation, how and why the transition benefits the society in comparison to the current economic system:

<https://www.youtube.com/watch?v=GAyuLxWSR6k>

IMPACT MAP: PLAN FOR A LOCAL OPPORTUNITY

This activity maps spheres of influence in a certain environment/society to realize a circular / socially responsible business idea, initiative, project ...

PERSONAL SPHERE OF INFLUENCE (family, neighborhood, social media, social groups)	PROFESSIONAL SPHERE OF INFLUENCE (workplace, standards, associations)	BUSINESS IDEA (describe the idea – what will you innovate, how and why)	EXISTING RESOURCES (what do you need, where will you get it)	ACTION PLAN (describe the steps of your business coming to life)



TRAIN-CE-FOOD project

<https://trancefood.si/en/home-english>

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