

# 11 Social and ecological entrepreneurship in a circular economy: the need for understanding transitional agency

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## Introduction

Recently, ideas of circling the economy and in particular on the resource and energy flows that sustain it have been brought, at least rhetorically, into the core of state policies (European Commission, 2015) and business (Geissdoerfer et al., 2017). Simultaneously, the research on the topic has seen a remarkable proliferation and a recent literature review found over a hundred definitions of the term circular economy (Kirchherr et al., 2017). There are plenty of reasons to be reflexive when emerging concepts become so dominant in the environmental and social debate that all actors must relate to them, perhaps especially whenever such terms seem inherently fuzzy and elusive, like in this case. In the research we envision on social entrepreneurship (SE), we ask whether the concept of the circular economy is consistent enough to trigger environmental challenges to be taken seriously and create agency for a transition towards a less resource-intensive and more sustainable economy or whether it implies ‘greenwashing’ of existing, unsustainable patterns of production and consumption.

Previous studies have demonstrated that the adoption of circular economy practices often becomes a side activity without generating any significant agentic energy towards more sustainable practices (Corvellec and Stål, 2017). For example, one of the world’s largest clothing retailers has built a take-back system which they state is based on circular economy principles, in which a returned bag of used clothes entails a voucher of 5 euros to buy new ones. However, and quite contradictory to the stated environmental ambitions, such voucher-based strategies encourage more consumption and thus fit perfectly in line with the unchanged core activity of these businesses: to sell large quantities of cheap clothes (Corvellec and Stål, 2017). Adopting a critical stance towards the concept of circular economy and how it has so far been used in different contexts, we argue that a focus on grassroots social entrepreneurs may implicate certain changes in circular economy-related research as well as entrepreneurship writ large. Combinations of these two research fields might furthermore provide fruitful trajectories going forward.

## Background

A significant tendency within previous research on circular economy has been its bias towards large technical systems, such as waste management and industrial actors (European Commission, 2015; Geissdoerfer et al., 2017). If all the grandiose visions of circular economy were ever to be realized, waste management systems and industrial actors would for sure have a role to play in that transition. This is not to say, however, that many of the interesting initiatives that challenge linear thinking should be allowed to go under the radar. On the contrary, we see great reasons to engage in research on agents addressing a circular economy transition from below, a movement that is driven by social entrepreneurs and loosely organized citizens. Research on grassroots initiatives is still in the early stages, as indicated, for example, by the open questions and qualitative methods which have dominated this research to date (Galkina and Hultman, 2016). The field is thus in need of new perspectives, questions and methods. Recognition of and research on such ideas and initiatives can furthermore inspire more sustainable consumption patterns and circular business models on a greater scale, and thereby contribute to reaching several of the UN sustainable development goals as well as national environmental objectives. Research could highlight what can broadly be termed green entrepreneurship, and more specifically study ecopreneurs and social entrepreneurs as central actors (Isaak, 2002; Hockerts, 2006; Schaper, 2010; Hultman et. al., 2016).

In this chapter, we argue that transdisciplinary critical scrutiny of circular economy initiatives has the potential to inform and expand the transformative potential of the growing field of SE. We argue that ecopreneurship and SE are interesting lenses by which to explore disruptive forms of organizational models aimed towards facilitating a circular economy that is truly circular, and that different initiatives (non-profit and commercial) and different forms of entrepreneurship should also be included in the spectrum of scrutiny. We propose that an intersectional perspective enriches the ways in which the relationship between these initiatives and their outside worlds can be exposed. For example, we suggest investigations into whether these initiatives address and reach out to certain users but not others, and how and where such demarcation lines are drawn. We see distinct merits in scrutinizing the power dynamics of ecopreneur/social entrepreneur initiatives and how institutions such as legislation, policy and cultural norms affect and frame these dynamics. This is important to explore in order to further understand these actors' spaces of operation and further encourage their transformative work. Thus, we are obliged to ask whether these kinds of initiatives and activities serve to sustain the unsustainable, or whether they can actually contribute to tilting the economy into a more sustainable trajectory.

## Circular economy, social entrepreneurs and ecopreneurs

Today, growing movements of concerned citizens and innovative entrepreneurs question how as well as what we consume, and instead strive to enable new, innova-

tive forms of consumption based on circular economy models of bio-based and renewable resource use. In different ways, these actors use creative strategies to limit the leakage of resources and emissions, thereby keeping resources ‘within the economy whenever possible’ (European Commission, 2015). Social entrepreneurs include, for example, entrepreneurs who want to ‘make a difference’, philanthropists who invest in companies with such ambitions, and non-profit organizations that use strategies from the business community to reach out to larger audiences with their initiatives (Mair et al., 2006). When connected to environmental issues Hultman and others have argued that the concept of ecopreneurship has evolved towards its ‘second phase’, in which society and businesses are open to more radical initiatives in terms of ambitions to change and modes of operation (Hultman et al., 2016). The underlying motives for such a new phase are the mounting problems and the proven inability of the linear economy to come to grips with significant issues including climate change, pollution and resource depletion. Schaper describes some characteristics of actors that he labels ecopreneurs: ‘they have the ability to identify a feasible business opportunity, their activities have an overall positive effect on the environment, and they see the move towards a more sustainable future as valuable’ (Schaper, 2010: 8). In a sense, they act on Elisabeth Shove’s (2012: 72) argument that many modern societal ‘needs’, which are seen as non-negotiable, have relatively short lifespans and do change rapidly.

The two conceptual categories of ecopreneurs and social entrepreneurs cover a wide range of stakeholders; to some extent they overlap with each other. A shared problem for ecopreneurs and social entrepreneurs is that their businesses rarely have explicit market advantages or advantages for the user in terms of lower prices and higher performance (Karakaya et al., 2014). These entrepreneurs most often suffer from a lack of profitability and low returns, but their activities bring environmental and social benefits by, for example, keeping mineral resources in the ground through reuse and recycling practices. This lack of profitability is of course not a consequence of their business model per se, but a combination of this model and how the societies subsidize, for example, fossil fuels and extractive industries (Hultman et al., 2016). For example, the fossil fuel sector as well as the mining sector receives higher subsidies and political support than the renewable fuel sector (IEA, 2011) and metal recycling sector (Johansson et al., 2014), respectively. Hence, fossil practices are institutionally rewarded, while regenerative practices are intuitively punished. Another example is seen in how mobility innovations such as bike and car pools face difficulties to become established solutions, due to how urban infrastructure planning is performed, the inaptitude of political decision making and the norms and values embedded in fossil-driven motorization (Hanson, 2010; Wangel et al., 2013).

Changing existing consumption patterns and creating innovative business models have been recognized as vital steps towards circular economy (Soper, 2008; Bradley and Hedrén, 2014; EPA, 2015). This suggests that research on circular economy should focus its efforts, not on downstream waste management solutions, but rather upstream on product life cycles, and the consumption and production phase of products (Johansson and Corvellec, 2018). A possible approach to investigate the

transition towards circular economy is to critically analyze entrepreneurial activity in different sectors in need of change. Here, we will use the Swedish context in order to illuminate how to choose areas of interest for analysis. Sweden is interesting due to its high ambition regarding sustainable development, for example related to transport (Hysing and Isaksson, 2015), food (Swedish Government, 2017) and waste management (Johansson and Corvellec, 2018).

The Swedish EPA repeats the well-known fact that production of animal products, including dairy, is more resource intensive than plant-based alternatives (EPA, 2015). Consumption of animal products carries a significant part of every country's total contribution to climate change (Peters et al., 2010), and replacing these products with plant-based alternatives can lower the emission of greenhouse gases (GHGs) significantly. For example, replacing dairy milk products with oat-based alternatives means a reduction of one third of the GHG emissions (Dahllöv and Gustavsson, 2008). Similarly, the reuse and redistribution of food through food banks can potentially reduce the ever-increasing food wastage, which affects the climate in an order of magnitude that is comparable to the total American and Chinese GHG emissions (FAO, 2013). In terms of climate impact, transportation is the most emission-intensive sector in a country like Sweden (Minx et al, 2008). This sector's emissions come almost exclusively from the burning of fossil fuels, and a transition towards other less fossil intensive modes of transportation would thus contribute to significant emission savings.

The Swedish Environmental Protection Agency asserts that consumption patterns are difficult to change, since a high level of consumption is a strong societal norm and associated with desires and identity formation (EPA, 2015). While we acknowledge such structural difficulties, we would also like to emphasize the inspirational potential of alternative consumption initiatives from ecopreneurs and social entrepreneurs with high levels of transitional agency (cf. Soper, 2008). The extent to which such agents contribute to sustainability is poorly understood. They offer products and services that require less resources and/or are free or more affordable than conventional products or services, and they play an important role in disseminating visions of sustainable futures to their users and consumers. Still, it is important to reflect upon who is targeted by their activities, the possibilities of ecopreneur initiatives to reach significantly larger audiences, and the role of policy in enabling or hampering the spreading and deep scaling of initiatives and practices that may contribute to the circular economy.

Definitions of nature, environmental problems, human and non-human subjects, and ideals for sustainable human–nature interaction, do not simply reflect a reality of material conditions, but are also embedded in social relations (e.g. Feindt and Oels, 2005; Robbins, 2012). What is regarded as environmentally sustainable behavior is highly contextual and closely tied to social relations based on, for instance, income level, gender, age, and ethnicity, and also contingent on which environmental issue you focus on – problems like toxic leakages, GHG emissions, and waste issues, for example, require different kinds of actions. This means that

there might be conflicts of interest among different environmental issues. As certain types of behavior are broadly recognized as environmentally sustainable with reference to certain environmental issues, they also become entangled with the formation of subjectivities that might be in conflict with other matters of environmental and social sustainability.

## Advancing SE within circulating economies

What is to be considered a legitimate environmentalist subject is a matter of negotiation and varies over time and space (see Agrawal, 2005; Bradley, 2009). Recent studies in Sweden (see e.g. Bradley, 2009) suggest that the ability to be regarded as an environmentally friendly subject requires sustainable literacy in the form of certain environmental knowledge along with certain gender, class and ethnic features. Unfortunately, social structures such as these are often black boxed in research on the circular economy. We therefore argue for the engagement of intersectionality as a useful theoretical perspective that can help identify and analyze how social dynamics play out and affect and influence consumers as well as the activities of ecopreneurs and social entrepreneurs.

Intersectionality has evolved within feminist theory, as a sensitive tool for understanding power dynamics. It serves to shed light on how various structures of power based on categories like gender, race, class and age cannot be separated from each other, but always interact in all relations and encounters (de los Reyes and Mulinari, 2005; Kaijser and Kronsell, 2014). Relevant research questions when addressing transitional agency of social and ecological entrepreneurship can beneficially be divided in two sets.

The first of these deals with their possible contribution to the circular economy. For example: What are the expected environmental impacts of these initiatives? What capacity do they have to influence the level of consumption and the transition towards circular flows in the economy? Also, it is possible to go beyond the activities as such and look at the institutional configuration of their operations: Which existing public policies and instruments hinder or help these initiatives? What kind of policies and instruments can be envisioned to help these initiatives arise and grow?

The second set of questions relates more to the visions and outreach of these initiatives: How do ecopreneurs/social entrepreneurs translate ideas of circular and bio-based economy into practice? How do they envision their contribution to a more sustainable economy? Also, which audiences are the respective initiatives targeting, or omitting? How may their strategies be developed in order to reach a wider range of users and consumers?

To further advance the assessments of these initiatives and strengthen their potential to contribute towards sustainable consumption in a Swedish context, we suggest

that interdisciplinary approaches that combine life cycle analysis (LCA) with ethnographic studies including in-depth interviews, on-site observations, workshops and document analysis provide a useful trajectory going forward (Bribián et al., 2011). However, the environmental impacts of SE are complex. For example, repair activities of a bike kitchen may not primarily lead to avoided car traffic, but rather to prolonged life span of bicycles, and thus to fewer bikes being produced. How the activities of social entrepreneurs and ecopreneurs may change consumption patterns in practice thus needs to be mapped through in-depth interviews with both entrepreneurs and users, and through on-site observations.

## Some final words

We argue that studying examples of how social entrepreneurs and ecopreneurs can contribute to social change and more sustainable production and consumption patterns by generating knowledge and expertise on the conditions in which these actors operate, and what kinds of public efforts can support and empower them. Support through policy instruments needs emphasis since such instruments are a key tool to achieve government-defined targets such as the UN sustainability goals as well as national environmental quality objectives. Existing research indicates that researchers' cooperation and dialogue with private and public actors is important to contribute to a process of change (Gawell et al., 2009). The results generated through research of this kind should therefore also aim to help to raise awareness of and knowledge about the various initiatives and highlight their role as encouraging transformative agency. By involving initiatives from key sectors, the results from these types of studies might serve as inspiration to other social entrepreneurs and ecopreneurs, but also form the basis for policy instruments and target public entities such as municipalities, county councils and other authorities.

### NOTE

1 All authors contributed equally to this work.

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