

## Chapter 6

# Redesigning Business Models With Circular Economy: An Insight on Italian Enterprises

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### ABSTRACT

*In the last decades, circular economy has become a key in the academic and managerial studies. While there are plenty of contributions on circular economy like environmental strategy, a less developed line of studies is that analyzing circular economy as a new way of doing business. In this context, Italy has initiated the necessary reforms for the transition to the circular economy in 1997, but it is only in 2017 that it has adopted a work plan on that. The chapter presents the evidence of a CAWI interview investigating if the Italian firms are adopting the principles of circular economy and if this affects their competitiveness and business performance. The research contributes to the understanding of this new paradigm by getting into detail with the motivations that drive Italian enterprise to adopt the principles of circular economy, the actions they are taking to be circular economy-oriented, and the possible relationship between the adoption of the circular economy principles and their business performance.*

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## **INTRODUCTION**

In recent decades, there has been a growing attention of the academic and managerial world to issues related to circular economy (Pearce and Turner 1989; Andersen (2007; Ellen MacArthur Foundation, 2013; Su et al. 2013; Ghisellini et al. 2016; Lieder and Rashid, 2016; Geissdoerfer et al. 2017). Circular economy refers to those business models that go beyond the traditional linear approach of production, consumption and disposal of the product, to move towards circular models, where the disposal phase is in particular replaced by the recycling/reuse of products and materials with the goal of transforming waste in a resource for a new production cycle (EMAF, 2013). In Ghisellini et al. (2016: 766) circular economy is “a regenerative system in which resource input and waste, emission, and energy leakage are minimised by slowing, closing, and narrowing material and energy loops. This can be achieved through long-lasting design, maintenance, repair, reuse, remanufacturing, refurbishing, and recycling”.

The minimization of wastes and their impact on the environment are key issues in this type of economy. As a matter of fact, the circularization can be activated along the entire value chain to create closed loop value (Wells and Seitz, 2005; Guide and Van Wassenhove, 2009; Stindt and Sahamie, 2014; Govindan et al., 2015), influencing the choice of resources and materials that are used in production, the eco-design concept (Bakker et al., 2014), as well as the procurement of raw materials, the production and re-manufacturing processes, distribution, consumption models, disposal techniques, recycling and re-use of products, and as a new frontier, the development of secondary raw materials (Italian Ministry of the Environment, 2017).

Due to the importance of circular economy, a growing number of countries are launching specific laws on it. For instance, Germany was the first in Europe with a law on circular economy, passed in 1996. In 2000, Japan adopted a law to promote circular economy, while China introduced the circular economy model in 2008-10, moving from waste recycling to more efficient production, distribution and consumption models. The US Environmental Protection Agency (EPA) adopted the “SMM Sustainable Materials Management” approach to the sustainable management of materials, trying to prolong their life cycle. The United Kingdom has a specific programme called the “Waste and Resource Action Programme”, which started in 2010. In addition, the UK model of industrial symbiosis - “NISP, National Industrial Symbiosis Programme” – has involved more than 15,000 British enterprises from 2003 to 2013, and more than 25 countries have adopted it (Italian Ministry of the Environment, 2017). France has passed a law on energy transition for green growth in 2015, stating that they will adopt a national strategy for circular economy every 5 years. The Netherlands set an ambitious national target in 2016 with the goal of becoming a 100% circular economy by 2050.

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