

# A STUDY APPROACHES ON CIRCULAR ECONOMY ON BUSINESS MODEL ENVIRONMENT

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## ABSTRACT

*As governments, industry, and academia pay more attention to the circular economy and sustainability, business model innovation for circularity and/or sustainability is becoming increasingly important for enterprises to maintain their competitive edge. A variety of business model innovation initiatives have been presented to suit circular economy or sustainability concepts. Despite the fact that they have primarily been treated separately as two distinct knowledge fields, there is a potential to capitalise on synergies at the junction of both streams. Start-ups are in charge of establishing new business models geared toward CE. Business Model Innovation for the Circular Economy has become a popular topic of study. However, there is still a scarcity of empirical research in the fashion sector and start-ups.*

**Keywords:** Circular Economy, Model, Environmental.

## INTRODUCTION

The circular economy framework for human production and consumption is a viable alternative to the old linear paradigm of "take, make, and dispose." 'Design out waste and pollution, "retain products and materials in use," and 'regenerate natural systems' are all principles of the circular economy. Circular economy creates important ecosystems such as soil, air, and water bodies. Cleaning, products like fertile farmland, pollination, and clean drinking water are all provided by these ecosystems. The circular economy develops a more sustainable model of production and consumption in which raw materials are retained in production cycles longer and can be reused, resulting in significantly less waste. Circularity is concerned with resource cycles, whereas sustainability is concerned with people, the environment, and the economy as a whole. Circularity and sustainability are part of a long line of visions, concepts, and ideas that are related (Bortoloni et al., 2021).

The Circular Economy (EC) has risen to prominence as a strategy for ensuring long-term sustainability. CE aims to alter the structural logic of economic activity from a restorative perspective. It posits that businesses no longer operate in a linear production and consumption system, but rather in a circular economy in which considerations of sustainability are critical in determining company performance and interactions with other social and economic actors. Companies must reconsider their business models (BMs) in this setting, aligning them with the circularity principles. CE adoption takes shape through business model innovation, much as BM refers to the methods organisations use to increase market performance based on new ideas and technologies (BMI).

Both the way businesses function and the way consumers engage and react have been disrupted by innovation. It has the capacity to lead the essential shifts in corporate behaviour toward systemic environmental preservation, resulting in positive economic consequences and the sharing of superior ecological, social, and economic value across domains. As a result, BMI4CE (Business Model Innovation for the Circular Economy) is a path to circularity. The BMI4CE analysis is necessary for identifying the major features of BMs in order to achieve a higher level of circularity than incumbent enterprises and to assist sectors in their transition to CE (Agyemang et al., 2018).

Linear vs. circular business models; linear business models are founded on the following logic: use natural resources, manufacture things for consumers, and then dispose of the trash. Circular business models support a circular economy by following to the circular economy's three guiding principles: eliminate waste and pollution, keep products and materials in use, and regenerate natural systems (Korhonen et al., 2018).

Circular economy vs. circular business models; Understanding how firms establish a value chain will help you better comprehend the relationship between a circular economy (large picture) and circular business models (the little picture). The circular economy is not a single enterprise. The circular economy, in other words, is not a single vertically integrated corporation (Camacho-Otero et al., 2018).

Companies build a value chain, which connects suppliers and customers. This network can be constructed in one of two ways: as a straight route between natural resources and landfills (linear economy) or as a perpetual value cycle with zero waste (perpetual cycle of value) (circular economy). Main Circular Business Model Principles: Source products and materials from the economy rather than ecological reserves, add value to current products and resources to create value for customers, and provide valuable inputs for businesses other than your customer.

Circular value chain coordination through data, circular product design, use, reuse, share, and repair, collecting & reverse logistics, sorting & pre-processing are some examples of circular business concepts. Start-ups with a focus on sustainability with many business model ideas, generate money; make a profit while doing good for society: Default pricing: a product with a mark-up, a revenue plan based on subscriptions or rentals, and a platform-based business model (Prieto-Sandoval et al., 2018).

## CONCLUSION

The first benefit of a circular economy is environmental protection, as waste and greenhouse gas emissions are reduced, recycling is systematised, and planned obsolescence is eliminated. The circular economy also makes it possible to reduce reliance on resource importation (raw materials, water, and energy). In a nutshell, a circular economy is a closed-loop cyclical system that reduces waste. Moving to a paradigm like this might minimise waste, increase resource productivity, and help manage resource shortages. It may also aid in lowering the production's environmental impact.

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