

A SHORT STUDY ON THE CIRCULAR BUSINESS MODELS

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ABSTRACT

A circular business model explains how a company develops, delivers, and captures value for a wide range of stakeholders while reducing environmental and social costs. The Circular Economy is gaining ground as an alternative paradigm for reducing resource depletion, waste, and emissions in academics, industry, and policymaking. Business models are a powerful tool for implementing the notion at the organisational level. Circular business models help to reduce natural resource extraction and usage, as well as the production of industrial and consumer waste. They reflect the critical actions needed to make the transition to a more resource-efficient and circular economy. The pattern of product and material flows across the economy is altered by circular business models. They can lessen the negative environmental consequences of the extraction, use, and final disposal of natural resources and commodities by doing so. This is due not only to advances in material productivity at the facility level, but also to more fundamental shifts in production and consumption patterns. Renewable energy generation and the manufacturing of raw materials from scrap, for example, do not exploit natural resource inputs as efficiently as they could.

Keywords: Business Model, Economy, Policymaking, Revenue.

INTRODUCTION

A circular economy method assures that materials are kept in productive use for as long as feasible, in a high-value state. It focuses on changing corporate and economic processes to eliminate waste from our daily lives. Business models based on the circular economy can: provide new commercial opportunities, contribute to business growth and sustainability, generate new revenue, transform a company's relationship with its customers, and protect our economy from resource shortages and rising material costs (McCarthy et al., 2018). The major corporate goal of circular enterprises is no longer profit maximisation or cost-cutting through increased efficiency in supply chains, factories, and operations. Rather, they focus on rethinking and restructuring Product-Service-Systems from the ground up to assure business viability and market competitiveness in the future. Circular businesses are deeply involved in the product usage phase; instead of selling physical products, they generate revenue by providing services; they rethink traditional producer-consumer relationships, value creation activities, and value chain structure; and ecological and social factors complement the overall business culture and philosophy (Turner et al., 2015).

The transition to a circular business model is an example of a major shift that necessitates a new way of thinking and conducting business. The following typology of circular business models has been identified as a way to put the concept of circularity into practise. It should be highlighted that the categories here mentioned do not necessarily represent whole business model innovations, but rather fundamental parts of circular business strategy. They each have their own

particular qualities, but there are no clear distinctions between them. They can be utilised individually or in tandem to help businesses attain tremendous natural resource productivity (Bakker et al., 2014).

Hire and Leasing, Performance/Service System, Incentivised Return, Asset Management, Collaborative Consumption, Long Life, and other circular economy business models are examples. It is predicated on providing resource inputs that are 100% renewable, recyclable, or biodegradable in order to maintain circular production and consumption processes. The value proposition emphasises the replacement of fossil, essential, and scarce materials. Without owning physical objects, access and performance is concerned with offering the capabilities or services to satisfy users' needs. The value proposition comprises the provision of Product-Service-Systems, which are a collection of products and services designed to provide customers with functionality. Extending product value is concerned with maximising product residual value and offering high-quality, long-lasting products that are designed for durability, reparability, upgradeability, and modularity (Moreno et al., 2016). Repairing, improving, and refurbishing, remanufacturing, or remarketing products preserves or even improves the value of things that might otherwise be lost due to waste. It encourages venues for collaboration between producers and consumers, whether people or groups, by bridging the gap. The value proposition focuses on enabling interaction between various but interdependent entities, as well as bringing supply and demand together (Stahel, 2007).

CONCLUSION

Consumers and corporations can both benefit from circular business strategies. These models help customers reuse, refill & share, donate, or repurpose and recycle old materials into new ones, reducing waste. The emphasis appears to be on stakeholder alignment for sustainability, whereas the Circular Economy prioritises financial benefits for businesses and reduced resource use and pollution for the environment. Both studies conclude that a circular economy can be achieved in both regions if the three conditions (design out waste and pollution, keep products and materials in use, and regenerate natural systems) are met: first, companies and consumers must be made aware of the issue, for example through increased public relations efforts.

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