

The alignment of Circular Economy Business Models (CEBM) with the strategies of small and micro enterprises operating in Malta



MCAST

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Problem Statement

The study investigates how small and micro enterprises operating in Malta are aligning their strategies to circular economy business models. It focuses on a unique context where this alignment is taking place – that of a small island state.

Research Approach

- The study is qualitative in nature and applies grounded theory, which builds its propositions from the ground of primary data gathered and analysed, the researcher's understanding being informed by literature and experience (Byrant & Charmaz, 2019; Corbin & Strauss, 2015; Charmaz 2015).
- This methodological stance is suitable because research data from Malta is scarce: – available studies focus on larger economies and do not analyse the contextual conditions shaping these firms' unique environment.

Project Overview

Circular economy is currently receiving attention as a way for nations to improve their economies sustainably and to attain the 17 SDGs set by the UN Agenda 2030. This is proving to be challenging for certain countries, such as small island states like Malta, a micro-state, insulated from Europe, with lack of natural resources, expertise and skills, limited biodiversity and an economy dependent on micro-firms.

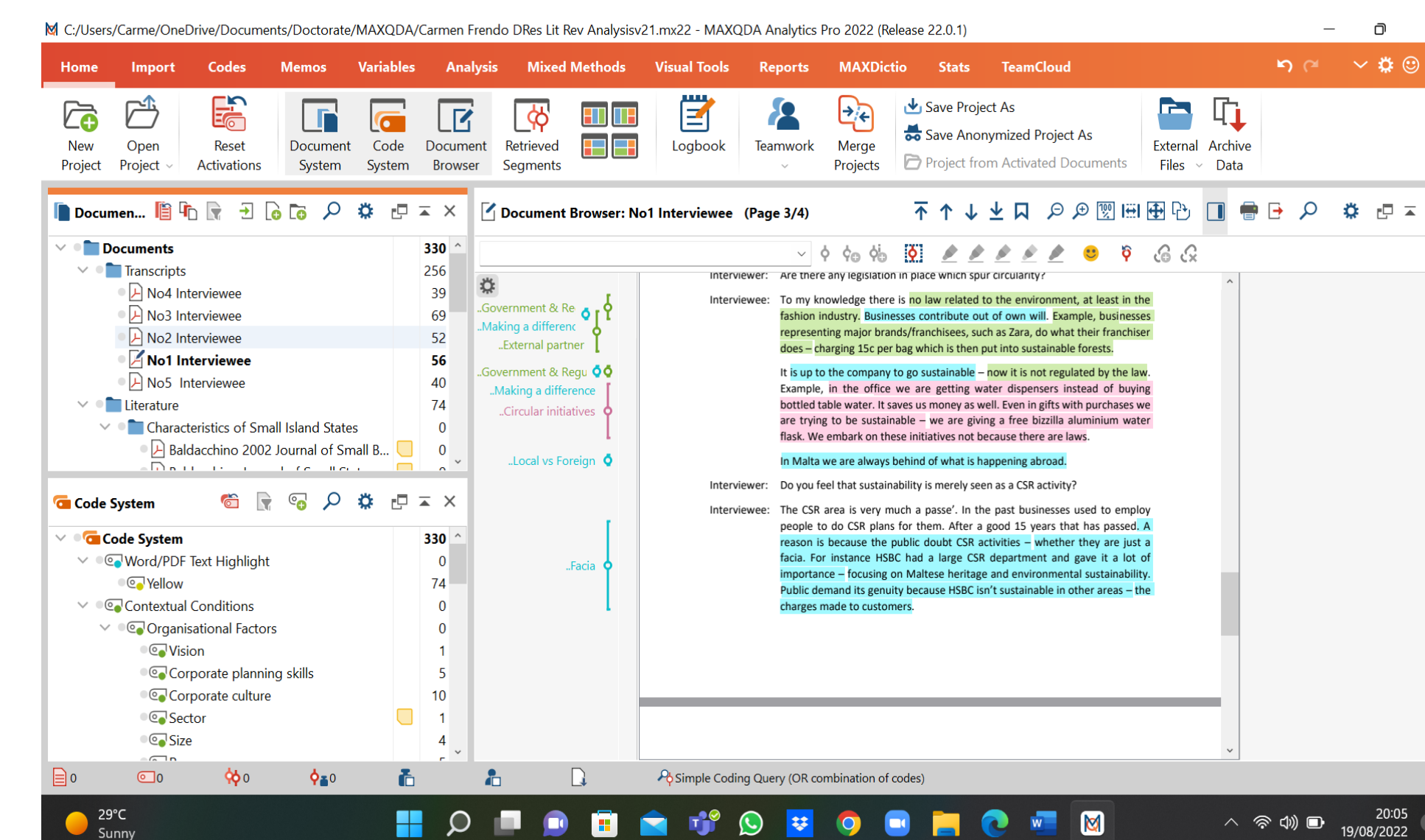
This study aims at understanding the implementation of circular practices of these businesses and how they are aligning circular business models to their business strategies. Interpretative, in-depth interviews are being carried out with owners-managers until theoretical saturation is to be reached.

Preliminary findings following interviews with 5 owners-managers in the service, logistics, manufacturing, retail and wholesale sectors postulates an early conceptual model showing how a set of contextual conditions influences the alignment of CEBM with the strategies of businesses in Malta. Factors influencing CEBM adoption include owner-manager's personal traits, organizational factors and external factors. Personal characteristics such as information and knowledge, inclination and interest, mind-set and attitude to CEBM are important influences on the CEBM-strategy alignment process. Common alignment paths pursued by firms in the circular economic shift are mapped.

The study offers recommendations to owners-managers and policymakers to accelerate the shift to a circular economy. Further, recommendations for future research has been made to academic researchers. The study adds significantly to existing knowledge and academic literature.

Methodology

- Grounded Theory:**
- A qualitative methodology which builds theory from data with a constructivist approach is adopted (Corbin & Strauss, 2015).
 - Open coding and constant comparison analysis are used to create an abstract conceptual framework (Birks & Mills, 2015).
 - Sampling is approached in three instances – convenience sampling, purposive sampling; theoretical sampling.
 - Data analysis is carried out using MAXDA2022 software package.
 - Interviews will continue until theoretical saturation is reached.



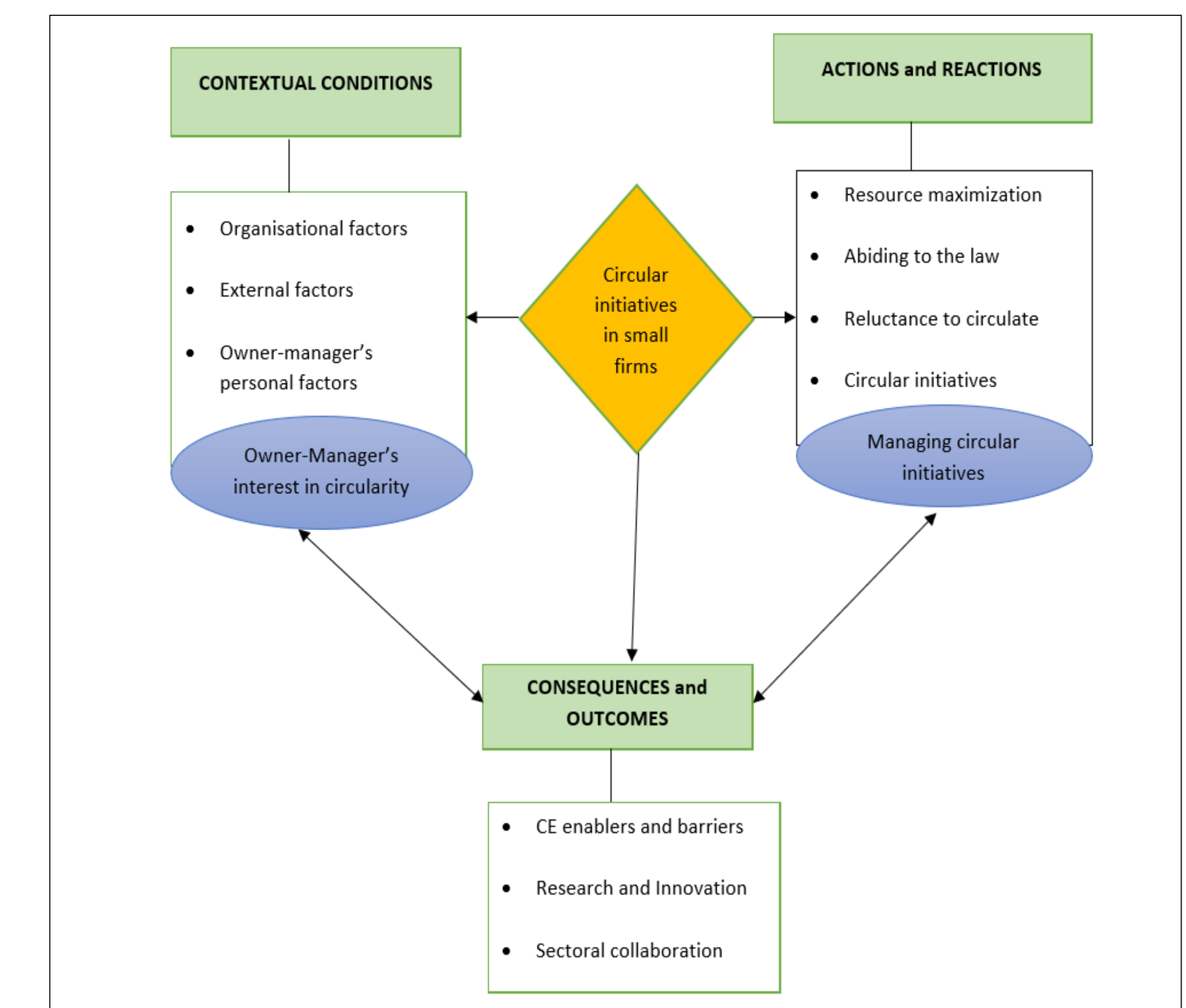
Research Propositions

- Proposition 1:** Small enterprises managed by young innovative owners-managers with tertiary education are more likely to align business strategies with CEBM.
- Proposition 2:** CE shift requires a cultural change at individual, corporate and national levels.
- Proposition 3:** Owners-managers who lack knowledge about CE fail to align business strategies with CEBM.
- Proposition 4:** Sectoral and cross-sectoral collaboration accelerates the CE shift.
- Proposition 5:** CE shift of small enterprises depends on government support in the form of solid legal frameworks and incentives.

Research Objectives

- To identify and evaluate contextual factors that act as precursors to the adoption of CEBM in small and micro firms.
- To determine enablers and barriers to CEBM-strategy alignment in small and micro enterprises.
- To establish an analytical framework for evaluating alignment of CEBM with these firms' business strategies.
- To find common patterns of CEBM-strategy alignment in small and micro enterprises

Proposed model of CEBM adoption in small and micro enterprises



- The owner-manager's interest in circularity and the management of circular activities are the main factors influencing the alignment process, which affect the firm's involvement in R&I as well as sectoral collaboration. These two subcategories impact CE enablers and barriers and barriers.
- The owner-manager's interest is influenced by diverse contextual conditions, grouped in personal factors, organizational factors and external factors .
- The management of circular activities takes the form of 4 approaches – the owner's attempt to maximise resources, the firm's effort to comply to CE regulations, the owner's reluctance to circulate, taking the business opportunities of circularity.
- The subcategories are expanded further into their properties and dimensions to develop a proposed framework of the CEBM adoption.

References

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