Innovation ecosystem - Sustainable entrepreneurship for Circular Economy

**Problem**

As a method to reach sustainable transition, Circular Economy has gained a momentum among both scientific researchers and in politics. Although several strategic plans and policies have been developed by national governments, European and United Nations institutions, organizations and entrepreneurs were not able to prevent the decline of the circular economy in 2020 (see the circularity gap report 2021). While literature highlights different barriers such as the lack of scientific knowledge transmission toward government and community (Millette et al., 2020), there is no clear recommendation on how sustainable and circular value creation could become the new normal. Over time, sustainable entrepreneurship, including entrepreneurship supporting Circular Economy, has been recognized as essential when pursuing economic opportunities while having a positive impact on the social and natural environment (Muñoz & Cohen, 2018). Moreover, it has been established that the external context, such as institutions, affects the development of sustainable entrepreneurial activities (Muñoz & Cohen, 2018). However, the impact on entrepreneurs of a broader context such as ecosystems or social systems and territories is still missing. In this context, this paper aims at understanding how an innovation ecosystem influences entrepreneurs developing sustainable and circular value through an ecosystem value proposition. Then, the legitimacy and the survival of such innovative ecosystem is questioned based on an adaptation of Thomas’ model (Thomas & Ritala, 2021). The ecosystem studied for this paper is dedicated to sustainable and circular solutions in the built environment in Brussels.

**Current understanding**

The circular economy is about how reaching sustainability through closing the loop – reuse, repair, remanufacture, recycle – while reducing energy use (Geissdoerfer et al., 2017). Current literature has highlighted several barriers and drivers to the development of sustainable and/or circular value and thus, to circular economy and transition toward sustainability but also several paths for future research (Bocken & Geradts, 2019; Caldera et al., 2019; Hart et al., 2019; Köhler et al., 2019; Rizos et al., 2015). As a first step, the relevance of innovation ecosystems for circular economy has been underpinned by academia (Jan Konietzko et al., 2019). Although great tools have been tested to help organizations develop circular ecosystems (Jan Konietzko et al., 2020), there is to our knowledge no research tackling the impact of such innovation ecosystem on sustainable entrepreneurship delivering sustainable and circular value.

**Research question**

The research aims at understanding how an innovation ecosystem influences sustainable entrepreneurship for circular economy. In this process the role of entrepreneurs and how they are influenced by such innovation process is observed under the lens of the cultural entrepreneurship theory. The main goal is to understand if created environments such as crafted ecosystems with a sustainability goal does influence entrepreneurs and thus sustain the development of sustainable business models and circular ecosystem on the long term. As there is a specific need for collaboration when it comes to circular economy (J. Konietzko et al., 2019), the case study focuses also on the ecosystem legitimacy emergence (Thomas & Ritala, 2021).

**Research design**

The paper is based on a case study conducted in collaboration with the ecosystem’s orchestrator (Thomas & Ritala, 2021) who is also a coworking space for startups, scaleups and corporates situated in Brussels (Belgium). This neutral organization has the particular ability to conduct innovation ecosystem through a specific innovation process to foster sustainable entrepreneurship. In this case, the ecosystem tackles circular and sustainability issues related to the built environment. Based on existing literature in the field of circular economy, ecosystem and entrepreneurship, a case study was developed. Ecosystem orchestrators and complementors are interviewed before and after the innovation process as well as some external actors.

**Findings & Contributions**

The paper links the innovation ecosystem, the sustainable entrepreneurship and the circular economy literature. It outlines the impact of innovation ecosystem on the creation of circular and sustainable value by entrepreneurs. Some limitations are to be considered. First, the case study focuses on the built environment. Then, the users point of views is not collected. Though, general outcomes regarding circular economy, innovation ecosystem and sustainable entrepreneurship are relevant for other sectors.

**Practical implications**

The results should benefit any actors willing to support the development of sustainable and circular solutions especially as ecosystem orchestrators or complementors.

**RESEARCH-IN-PROGRESS ONLY – Feedback**

We would be grateful to receive feedback on the methodology used to analyze the case study. In addition, any relevant literature on innovation ecosystem, circular economy and sustainable entrepreneurship would be appreciated.

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