Hybrid Business Models for Scaling Bottom-Up Circular and Sharing Economy Initiatives

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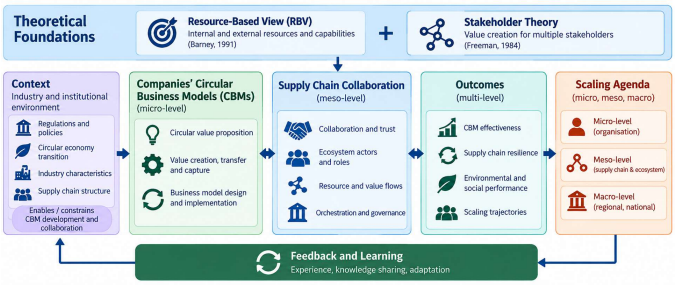
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ABSTRACT

The circular economy (CE) has been lauded as a path enabling more environmentally sustainable economic growth for diverse industrial companies, requiring them to design and implement circular business models (CBMs). A CE widens a company's perspective to include supply chains when adopting and implementing a CBM; however, the intersection of CBMs and circular supply chain management (CSCM) research has been under- studied. Although considerable CBM research has been carried out, the role of supply chain collaboration in companies' CBMs has been neglected. To address this research gap, in the present study we integrate knowledge from CBM and CSCM literature and conduct a qualitative multiple case study of six Italian and Finnish companies in order to analyze how their supply chain collaborations enable implementation of CBMs. The results allow us to develop a new conceptual framework, a synthesis of how supply chain collaborations support companies' CBM design and implementation, and a research agenda comprising seven thematic management aspects at micro, meso, and macro-levels. The framework, synthesis, and agenda provide conceptual guidance and structure for researchers and pragmatic guidance for managers.

In the present study we integrate knowledge from CBM and CSCM literature and conduct a qualitative multiple case study of six Italian and Finnish companies in order to analyze how their supply chain collaborations enable implementation of CBMs.

METHODOLOGY AND CONCEPTUAL FRAMEWORK



Aim: To examine how business-model configurations, ecosystem orchestration and governance enable or constrain the scaling of circular and sharing economy initiatives in Denmark, Norway, Latvia and Poland.

The cases represent community-based, municipal, private-sector-led and grassroots models. Comparison considers how volunteer contributions, avoided expenditure, public/project support and commercial infrastructure sustain activity. Business-model viability is examined separately from scaling.

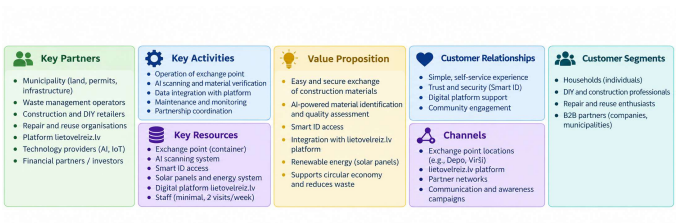
Scaling out: reach and replication. Scaling up: institutional and policy embedding. Scaling deep: practices, competences and meanings. These dimensions are complementary outcomes, not sequential stages.

RESULTS: FOUR CASES, ONE COMPARATIVE FRAMEWORK

Case	Circular value proposition	Value creation & organising model	Ecosystem & orchestration	Governance & viability	Scaling profile [1]
Repair Café Denmark	Extend product life through repair and skill sharing.	Free repair creates social and environmental value; volunteer labour is complemented by sponsorship and external funding. Value is supported collectively rather than captured mainly through customer payments.	Community/network orchestration: a national NGO connects local cafés, volunteers, visitors and host organisations; distributed competences are central.	Decentralised cafés with national coordination; continuity depends on volunteer capacity and coordination.	OUT ↑↑ / UP ↑↑ / DEEP ↑↑. Network expansion, policy influence and normalisation of repair reinforce one another.
Asker /Loopfront Norway	Extend furniture lifetime and reduce municipal purchasing, waste and emissions	Value capture is primarily indirect: avoided municipal procurement and disposal costs, alongside environmental benefits. The platform and warehouse enable circulation rather than acting as stand-alone revenue sources.	Municipality-led orchestration: municipal departments, a reuse manager, Loopfront and follow-on municipalities coordinate the system.	Strong public-sector ownership and procurement embedding; dependence on dedicated personnel creates organisational fragility	OUT ↑ / UP ↑↑ / DEEP →. Institutional and procurement embedding advances faster than everyday practice; dependence on dedicated personnel remains a vulnerability.
Nomales Latvia	Keep usable construction and household materials in circulation	Reuse is embedded in commercial waste-management infrastructure. Value combines operational reuse, environmental benefits and project support; it is not captured solely through a separate exchange-point revenue stream.	Private-operator orchestration: CleanR is the focal operator; Zero Waste Latvia supports digital exchange and communication, while citizens supply and take materials.	Operational model established, but municipal embedding and systematic monitoring remain limited	OUT ↑ / UP → / DEEP →. Infrastructure expands faster than participation, institutional embedding and systematic practice change.
Długi Stół Poland	Prevent food waste through redistribution of market surplus	Social and environmental value is created through donated food, volunteer labour and minimal infrastructure, with little direct monetary value capture.	Grassroots NGO/community orchestration: the NGO, volunteers, vendors and citizens form a locally embedded network.	Informal/community governance; continuity depends on volunteer commitment and local relationships rather than formal financing	OUT → / UP → / DEEP ↑. Deep local practice transformation occurs without deliberate organisational replication.

PROPOSED CLEANR BUSINESS MODEL AND STAKEHOLDER RELATIONSHIPS

Business model canvas: proposed material exchange



Stakeholder relationships and value flows



MAIN CONCLUSIONS

1. Move beyond firm-centric business models.

CSE initiatives operate as multi-actor ecosystems in which circular value is co-created across organisational boundaries.

2. Value capture is hybrid.

Viability may depend on revenues, avoided costs, public or project funding, volunteer labour and social/environmental value rather than a single revenue model.

3. Orchestration matters.

Scaling depends not only on the circular value proposition but on who mobilises actors, resources and infrastructure and how collaboration is governed.

4. Business-model viability and scaling are not the same.

Different ecosystem configurations enable different combinations of scaling out, scaling up and scaling deep.

Circular and sharing economy initiatives scale through diverse configurations of value creation and capture, actor collaboration and governance, with business-model viability supporting different pathways of scaling out, up and deep.

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