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# How to facilitate social entrepreneurship for developing circular economy into territories?

*Feedbacks from systemic design methodology applied to the Nouvelle Aquitaine Region*

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## 1. Introduction

The shift toward a circular economy is initiated at different scales by a strong diversity of stakeholders (policy makers, industrials, designers, citizens...), approaches (eco-design, industrial and territorial ecology, cradle-to-cradle, systemic design...) and participate to the emergence of new business models (sustainable product-services systems, makerspaces and repair café, resource-based local networks...). The proximity between circular economy and a recent archetype of sustainable business model (Bocken, 2014), the “social enterprise” is

high and the processes of social innovation (Ceschin, 2014) and entrepreneurship (Verstraete, 2010) are gaining interest to be studied in both meso and micro levels.

Social enterprises have heterogeneous forms and status (cooperatives, associations, unions, SMEs...). Their business models could be defined by 4 criterions (Le Mouves, 2013): (1) the creation of an economic or entrepreneurial project, (2) a social or societal purpose, (3) No or limited lucrativeness (profits reinvested in the project, limited remuneration of capital, and a supervised wage scale) and (4) a democratic or participatory governance. Social entrepreneurs are perceived as catalyzers of change (FAIVRE, 2010). As any innovators, they navigate in complex environments and are facing numerous difficulties all along the life-cycle of the project and the evolution of their organizations. European commission are encouraging actions to improve the visibility, the access to funding, the legal environment and the international expansion of social enterprises (EU, 2016).

In this paper, we explore how social entrepreneurship could become a key component to foster circular economy into territories and discuss about the support that could offer regional intermediary structures (Howell, 2006)(Agogue, 2012) like public institutions, agencies, incubators, schools....

## **2. Methodology**

Our findings are based on a current action-research coming from the Interreg Europe project entitled RETRACE ([interregeurope.eu/retrace/](http://interregeurope.eu/retrace/)), which aims to promote circular economy into five regions through a systemic design methodology. Systemic design regards the study of industrial and agricultural processes as complex networks that transform the output of a process in a chain mechanism whose goal is the total elimination of manufacturing waste (Bistagnino, 2010). At regional level, the methodology of the project consists in different steps:

- A holistic diagnosis is framing the metabolism of regions through different dimensions (politics, geographics, urban centers, cultures, flow resources, economics and good practices) so as to identify potentialities and critical issues in different sectors.
- Then, regional and local stakeholders are participating in the co-design of regional policies for circular economy within a systemic vision that will be analyzed and implemented.

The Nouvelle Aquitaine is one of the region involved in the project and is the main focus of our analysis. The participation of the researchers in this ongoing project allowing to both capture the actual structure of social economy in Nouvelle Aquitaine but also to impulse new policies, rules and type of supports in direct relation with circular economy. Currently, our research material consists in:

- An analysis of actual political instruments for social and circular economy in Nouvelle Aquitaine that we realized in the holistic diagnosis of the Retrace project.
- The business models for 15 social enterprises plus 3 intermediary supporting organizations were observed thanks to the interviews with project owners and to the regional platform RECITA.
- Three stakeholder meetings aimed to respectively framing the actual lacks of supports for circular initiatives, transferring knowledge through good practices and sharing around three sectors (agriculture, wood and textile). The stakeholder meetings were co-designed and organized by the authors of the paper with industrials, social entrepreneurs, policy makers, and NGOs.

### **3. Key findings**

Two kinds of feedbacks are highlighted by this action research. They concern (1) the process of social entrepreneurship and (2) the role of regions in supporting it.

- (1) Social entrepreneurs are overwhelmed by dialogisms (Morin, 2007) (Real, 2015): they face individual and collective decisions (Todres, 2016) through horizontal or vertical management for both short and long term visions and share the double objective of job creation and ecosystem healthcare. It exists two different logics for such business models: the traditional social organizations offer social jobs and training for people in difficulty. They depend on public funds and are built around a strong turn over. A new wave is emerging through the empowerment of citizens and other stakeholders which experiment new forms of participation (cooperatives of citizens, producers or consumers, holacracy management, sharing platforms...) and dare taking responsibility or investing time and money to collectively answer to social & environmental needs. Most of emergent

successful business models are hybrids and combine both market revenues, subventions and member fees.

- (2) Within the actual political context, regions remain central stakeholders to make visible the needs for the territory and develop local circular economy. In France, the perimeter of social economy need to be redesigned so as to shape to territorial potentialities and criticalities. Regions need to offer a structural and coherent plan for both inspiring and supporting social and circular initiatives in a more transparent and participative way.

Guided by territorial resource-flow evolutions and by a frequent elicitation of stakeholder needs and uses, regions are up to design adapted tools (platform, maps, directory), supports (R&D, equipment, investment) and collaboration mechanisms with local stakeholders (agency, schools, incubators, NgO...) for facilitating the development of social entrepreneurship for grassroots initiatives as well as top-down innovations.

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