

## RESEARCH ARTICLE

# Virtuous circles: Transformative impact and challenges of the social and solidarity circular economy

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## Abstract

The conventional view tends to consider the social dimension of the circular economy as conspicuous by its absence. This paper draws attention to business strategies and organisational practices that bring together the valorisation of wasted material resources and marginalised people. Theoretically, we build on the literature on hybrid forms of organisation and management typical of the social and solidarity economy (SSE)—for example, social cooperatives—to introduce a more realistic and dynamic model of social and solidarity circular economy (SSCE). Offering a definition of SSCE based on existing hybrid organisational practices rather than abstract ideals, we juxtapose the SSCE and the current corporate-led CE approach across three key dimensions: strategic aims; organisational boundaries and governance mechanisms. To illustrate how this SSCE works, we focus on the case of CAUTO, an Italian network of circular social cooperatives based in Northern Italy. We identify three intertwined steps through which CAUTO developed an effective SSCE strategy: social circular innovation, networked actions and participatory scaling up. Taken together, our findings suggest a realistic pathway to business circularity that is inclusive, pragmatic and embedded in social practices.

## KEYWORDS

circular economy, environment, hybridity, network, participatory governance, social and solidarity economy, social cooperative

## 1 | INTRODUCTION

The circular economy is being touted as an instrument for building back better and mitigating further unemployment against the backdrop of the Covid-19

pandemic. Only a circular economy that is ethical and inclusive will be suited to meet these challenges. To do this, the circular economy must learn from the social economy and cooperate across civil society, policy, industry, science and education. (RREUSE, 2021)

The concept of Circular Economy (CE) has been increasingly adopted by governments and business organisations to deal with materials reuse, ranging from manufacturing to organic flows (Alexander et al., 2023; Ellen MacArthur Foundation, 2013; Kirchherr et al., 2023; Panwar & Niesten, 2022). The central objective of a CE is to challenge the dominance of unsustainable linear economic models,

**Abbreviations:** CE, Circular Economy; EMF, Ellen MacArthur Foundation; ENP CE, entrepreneurial activities for Circular Economy; FPO, for profit organisation; NP CE, not for profit Circular Economy; PS CE, public sector Circular Economy; SSCE, social and solidarity Circular Economy; SSE, social and solidarity economy; WBCSD, World Business Council for Sustainable Development.

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that is, take-make-dispose, often focusing on the design of closed-looped material flows to reduce waste, and build ‘an economy that is restorative and regenerative by design’ (Ellen MacArthur Foundation, 2023). However, the dominant approach to CE has attracted growing criticism because of its slow diffusion (Panwar & Niesten, 2022) and limited disruptive impact (Kirchherr et al., 2023). In particular, it has been increasingly pointed out that extant CE practices are failing to deliver on their promise to combine economic growth with social justice and environmental sustainability (Calisto Friant et al., 2020; Corvellec et al., 2020, 2022; Leopold et al., 2021; Schröder et al., 2020; Walker et al., 2021). As noted by Corvellec et al. (2022, p. 428): ‘despite the revolutionary language, the circular future is not mapped out. [...] wider sustainability concerns such as care or gender equality are lacking (Pla-Julián & Guevara, 2019), and so too are the impacts of the circular economy that can be beneficial for some but come at a cost to others (Vonk, 2018)’.

What if CE principles could be applied to marginalised groups and individuals allowing them to regain a more dignified and central role in society? And what if the two elements—the circularity of material resources and the inclusion of marginalised people—are related into a broader, transformative approach to CE, in which the attention to valorising wasted materials goes hand in hand with the attention to valorising marginalised people? We found that this enhanced approach to CE is not only possible but rather common. This consideration originated from the empirical study of CAUTO, a social cooperative active in the Province of Brescia that has been remarkably successful in advancing a Social and Solidarity Circular Economy (SSCE) model successfully combining the material and the social aspects of circularity. As CAUTO likes to put it, they aim to address the problem of ‘human waste and urban waste’ as two faces of the same coin. Once we had completed our study of CAUTO, we realised that across the world, there are many other clusters of SSCE (Circle Economy, 2020; Marchesi & Tweed, 2021; Moggi & Dameri, 2021; REEUSE, 2021). This vast phenomenon is largely uncharted and undertheorised as it tends to fall in the cracks between the study of alternative organisation—for example, social cooperatives—and that of circular business models.

The extant CE literature tends to be often divided between a dominant, realist and corporate-led, approach, which tends to accommodate CE disruptive principles within existing institutional and power relations (EMF, 2013, 2020), and antagonistic voices, which tend to dismiss CE as a way to deflect attention from more radical societal and environmental solutions (Corvellec et al., 2020, 2022; Giampietro & Funtowicz, 2020; Niskanen et al., 2020) proposing rather idealised and abstract alternative models (Calisto Friant et al., 2020; Schröder et al., 2020). Our paper responds to Kirchherr et al. (2023) call to further shift the scholarly discourse from a conversation on why CE does not work to a conversation on how CE may work, which recently appeared on *Business Strategy and the Environment*. We suggest a third way between CE accommodation and antagonism (Parker & Parker, 2017), to introduce a more realistic and dynamic model of Social and Solidarity Circular Economy (SSCE) that effectively bridges CE principles with

alternative hybrid forms of organisation and management typical of the social and solidarity economy (SSE). The SSE can be defined as a social movement and an existing practice that is rooted in the European history of the 19th Century social and cooperative economy. In recent years, the SSE has been increasingly revived and re-conceptualised as a worldwide response to multiple systemic crises (financial, ecological and human) (see Allard et al., 2008; Lewis & Swinney, 2008; Parker et al., 2014; Pearce, 2003). The SSE includes different alternative forms of participatory organising—for example, social cooperatives, mutuals, grassroots exchange networks—that pursue multiple transformative socio-economic and environmental goals (Daskalaki et al., 2019; Laville, 2011; Parker et al., 2014). As summarised by Defourny et al. (2000, p. 16), SSE can be defined as prioritising ‘service to its members or to the community ahead of profit; autonomous management; a democratic decision-making process; the primacy of people and work over capital in the distribution of revenues’.

Drawing on a stream of recent empirical analyses and practitioner reports (Circle Economy, 2020; Marchesi & Tweed, 2021; Moggi & Dameri, 2021; REEUSE, 2021), we highlight that there is a reality of SSE organisations—for example, social cooperatives, mutuals, community interest companies—adopting CE principles that have so far attracted limited public and scholarly attention. We encourage looking at SSCE as an important social innovation to be promoted and scaled up.

Specifically, this paper makes two contributions to the current debate. First, it bridges two strands of research that, so far, had remained largely disconnected in the business sustainability literature: one on CE, the other on hybrid forms of organisation and management typical of the SSE (except Moreau et al., 2017). This combination allows unearthing neglected aspects of CE, offering a definition of SSCE based on existing hybrid and inclusive organisational practices rather than abstract ideals. Second, by looking at the case of CAUTO as illustrative of our conceptualisation of SSCE, we enhance our understanding of both the potential and limits of an SSCE approach.

Throughout this paper, we review the existing literature on CE highlighting the need for greater attention to the question of the organisation in the transition to a just and inclusive CE. Thereafter, we argue for bridging the SSE and CE literatures into the idea of SSCE and we define what we mean by SSCE. Our account of SSCE is empirically illustrated by looking at the revelatory case of CAUTO, a circular social cooperative based in Northern Italy. Finally, we discuss the potential and limits of SSCE against the challenge we face of promoting a just and inclusive CE model. Across the paper, we juxtapose the SSCE and the current corporate-led CE approach across three key dimensions: strategic aims, organisational boundaries and governance mechanisms. We conclude that the disruptive potential of the SSCE is superior to a mere CE approach that risks reproducing existing socio-economic structures or even worsening some of them. The SSCE is outlining a truly different, alternative. Theoretical and practical implications are discussed, and we call for future research to investigate this area and develop a more ambitious and systemic approach to SSCE.

## 2 | IN SEARCH OF A JUST AND INCLUSIVE CIRCULAR ECONOMY

In the past two decades, the CE has gained traction as an influential model of economic development that found support all over the world across a variety of stakeholders, including policy-makers (European Commission, 2014, 2019; Fitch-Roy et al., 2021; Monciardini et al., 2022), business practitioners (EMF, 2013; WBCSD, 2021) and academics (Corvellec et al., 2020; Goyal et al., 2021; Korhonen et al., 2018). At heart, the CE transition aims to break with the current wasteful and extractive model of global capitalism following the ideal of designing a whole-systems approach that redirects the path of economic development and radically rebalances human-nature relations (Boehnert, 2015; Kennedy & Linnenluecke, 2022; Murray et al., 2017). It is rooted in comprehensive socio-economic approaches to waste, resources, production and consumption that emerged in the 1970s (e.g., Meadows et al., 1972; Schumacher, 1973) and evolved over time through innovative ideas such as 'industrial ecology', 'industrial symbiosis', 'cradle to cradle', 'regenerative capitalism', 'blue economy' and 'doughnut economics' (Borrello et al., 2020; Calisto Friant et al., 2020). As a result, the CE is not one thing but now recognised to be 'plural, multiple, diverse' (Pascucci, 2021, p. 318). A review of the literature claimed there are over 114 definitions (Kirchherr et al., 2017) and, while the CE can be seen as the 'unified narrative' able to inspire policy change (Borrello et al., 2020), there is much disagreement on precisely what the concept entails, how it should be implemented, and in what way—if any—the CE can contribute to the current sustainability crisis and achieve global sustainability goals, such as the United Nations Sustainable Development Goals (UNSDGs). Thus, it can be said that the CE is a floating (Niskanen et al., 2020) or empty signifier (Valenzuela & Böhm, 2017) that allows for open interpretation and even creative associations between a range of economic, social and environmental factors (Corvellec et al., 2020, 2022; Murray et al., 2017).

Despite the 'currency' of the CE as a concept, many authors have noted that the CE debate is facing a critical 'reality check'. Progress towards CE has been slow and its impact on societal grand challenges such as plastic pollution, climate change and biodiversity loss is unclear. As Panwar and Niesten (2022, p. 2637) pointed out 'Despite the fanfare of the circular economy, it remains a distant dream'. A growing number of critical scholars argue that CE discourse has been increasingly hegemonised by influential corporate and political actors promising the creation of 'an (almost) closed loop, which aims to retain the highest utility and value of products, components and materials at all times'. (European Parliament, 2016) Following the ideal objective of a zero-waste economy, this perspective advocates the adoption of circular business models that would lead to a win-win outcome: reduce costs and increase revenues for business (EMF, 2020) while enabling a decoupling of economic growth from the use of resources that can contribute to solving the environmental crisis (Lazarevic & Valve, 2017). This technocentric solution is certainly popular and powerful, however it has been increasingly scrutinised and challenged for being vague, unrealistic and uncontroversial

(Cullen, 2017; Giampietro & Funtowicz, 2020; Gregson et al., 2015) focusing on the economy and excluding the social dimension, especially with regard to issues of governance, justice and cultural change (Calisto Friant et al., 2020; Corvellec et al., 2020, 2022; Inigo & Blok, 2019; Moreau et al., 2017). For instance, the circular economy package of the European Union focuses on material flows without any clear ambition or consideration for social justice and environmental protection (Fitch-Roy et al., 2021; Genovese & Pansera, 2021; Kovacic et al., 2020). When the social dimension is considered, it is chiefly through commercial and economic approaches (e.g., employees' circular skills and training). This narrow approach is reflected in the academic literature dominated by studies of business models, engineering and waste management solutions (Calisto Friant et al., 2020; Kirchherr et al., 2017). As summarised by Corvellec et al. (2022), this corporate-led and technocratic representation reinforces the CE as an ecomodernist agenda that excludes issues of equity and inclusion, labour practices, working conditions, power asymmetries, interdependencies as well as political and economic constraints.

Many authors have been advocating for moving away from mainstream corporate-led CE to advance more just and inclusive circular futures (Calisto Friant et al., 2020; Campagnaro & D'Urzo, 2021; Clube & Tennant, 2020; Geissdoerfer et al., 2017; Goyal et al., 2021; Hobson & Lynch, 2016; Lekan & Rogers, 2020; Millar et al., 2019; Moreau et al., 2017; Murray et al., 2017; Schröder et al., 2020). For instance, Murray et al. (2017) argue that 'only if societal needs are defined and included in the basic formulation, can we hope to build on all three pillars of sustainability. This needs urgent attention in the Circular Economy conceptual framework' (p. 376). Calisto Friant et al. (2020) maintain that 'it is key to establish a democratic and deliberative governance system for a CE to ensure that everyone is involved in its construction and that its benefits reach the most vulnerable'. (p. 6). Others have drawn attention to the need that 'the actual and perceived societal benefits of a new circular model are established in a more fundamental and sound manner' (Velis, 2018, p. 759) claiming that 'the values, societal structures, cultures, underlying worldviews and the paradigmatic potential of CE remain largely unexplored' (Korhonen et al., 2018, p. 544). While this theoretical academic work provides valuable inspiration, it suffers from de-contextualisation and it tends to be highly abstract and aspirational in nature, using universal analytical categories where the arrangement of concepts takes priority over the empirical reality (Mills, 1959).

In order to overcome this deadlock in the theoretical and practical development of the CE, we argue that it is urgent to address the question of the organisation of circular enterprises, going beyond the current focus on circular business models. The adoption of new organisational forms that are alternative to dominant corporate structures and managerial practices is critical to make sure that circular businesses implement truly sustainable—just and inclusive—circular strategies. To this end, the aim of the following section is to link CE debates with the literature on hybrid forms of organisation and management typical of the social and solidarity economy (SSE)—for example, social cooperatives, mutuals, community interest companies. By doing so we draw attention to a more realistic and dynamic model

of Social and Solidarity Circular Economy (SSCE). In line with Corvellec et al. (2022) critique of the CE, the SSCE would like to be 'modest, not a panacea but an actual solution to actual problems; concrete, [...] inclusive, [...] and transparent, [...]' (p. 429).

### 3 | ON THE CASE FOR BRIDGING CIRCULAR ECONOMY AND THE LITERATURE ON ALTERNATIVE ORGANISATION

This section highlights a research-practice gap whereby the relevance and impact of real-world examples of SSCE are rarely acknowledged in favour of hypothetic-normative conceptualisations or corporate-led approaches to circularity mentioned in the section above. By searching for the social dimension of the CE, we found inspiration in a stream of recent empirical analyses of hybrid, networked, innovative and solidary forms of organising CE (Campagnaro & D'Urzo, 2021; Marchesi & Tweed, 2021; Moggi & Dameri, 2021; Suchek et al., 2022). For instance, Moggi and Dameri (2021) illustrate the case of RiCibo, a circular ecosystem based in Genoa (Italy) that collects surplus food and redistributes it to the needy in the local community, engaging a broad range of businesses, public authorities and civil society organisations. Campagnaro and D'urzo (2021) show how social cooperatives in the field of waste management have been capable of innovating the CE discourse, including marginalised people while delivering high-quality environmental services. Through multiple case study analysis and comparison, Marchesi and Tweed (2021) show how social innovations in housing communities can contribute to the transition to a CE in cities implemented by urban communities and groups of interest aiming at promoting alternative production-consumption practices.

However, this literature remains fragmented and undertheorised. Except for Moreau et al. (2017), the relationship between CE and alternative, hybrid forms of organisation and management typical of the SSE has been largely overlooked. As Suchek et al. (2022) pointed out in their study on mapping research on entrepreneurship and CE, the social entrepreneurship working in the CE is 'poorly explored in the literature' (p. 2265) while it can 'embrace CE principles, especially collaborating for positive social outcomes' (p. 2265). Despite this convergence of themes between CE and SSE, the numerous reviews of the CE literature have dedicated limited space to alternative forms of organisation and management, such as social cooperative (Kirchherr et al., 2017; Geissdoerfer et al., 2017). This paradoxical 'relevance' and 'invisibility' of circular SSE is not entirely surprising because, as noted by Ridley-Duff and Bull (2021), 'the SSE's 'social' space is diverse with many interrelated organisational forms populating a complex economic system. This accounts for both its invisibility in policy development as well as its growing influence on practice'. (p. 1437). More strikingly, we found that also in the literature reviews dedicated to the social aspects of the CE (Mies & Gold, 2021; Padilla-Rivera et al., 2020) these examples of alternative CE organisation are overlooked and there is little space for social cooperatives and other SSE organisations as structural or innovative elements of the CE.

While the CE debate has prioritised corporate-led circular business strategies (Lazarevic & Valve, 2017; Vonk, 2018), further evidence of the relevance of alternative circular organisations can be found in the grey literature (Circle Economy, 2020; RREUSE, 2021). For instance, a 2017 report by Social Circular Economy makes a strong case for combining 'the environmental principles of circular economy and the societal vision of social enterprise, both of which are underpinned by a pursuit for economic prosperity' (p. 5). The authors provide numerous examples of social circular enterprises across the world, encouraging relevant stakeholders to utilise that social circular model to achieve 'a fully systemic view'. Similarly, a study by Circle Economy (2020) provides further interesting examples of social enterprises operating within circular principles and reveals that there is space for a well-integrated approach that brings together the social and solidarity economy and circular economy. Possibly the most explicit reference to this emergent SSCE has been issued by RREUSE, an international network representing social enterprises active in re-use, repair and recycling. In a position paper, RREUSE (2021) urges to 'mainstream the social economy within circular policies and beyond' (p. 2), suggesting a number of specific actions.

This academic and practitioner evidence suggests the need for greater scholarly attention and a more comprehensive critical understanding and theorisation of this alternative and pragmatic approach to social circularity. From a broader theoretical perspective, this approach is supported by a renewed interest in exploring alternative organisational and economic possibilities, which extend far beyond the narrow conventional focus of economists and management theorists (Daskalaki et al., 2019; Parker et al., 2014; Parker & Parker, 2017). Drawing on Parker and Parker (2017), social cooperatives and other SSE organisations can be used as examples that there is a realistic alternative to hegemonic corporate practices. They can play a critical intermediary role between the dominant corporate-led CE, which tends to accommodate CE disruptive principles within existing institutional and power relations (EMF, 2013, 2020), and antagonistic voices, which tend to dismiss CE as a way to depoliticise more radical sustainability initiatives (Giampietro & Funtowicz, 2020; Niskanen et al., 2020).

The burgeoning literature on CE has been developed in isolation from studies of alternative hybrid organisation typical of the SSE (except from Moreau et al., 2017), and this constitutes a major shortcoming, particularly in relation to the abovementioned evidence that shows that there is a substantial number of SSE organisations engaged in circular business practices (Campagnaro & D'Urzo, 2021; Circle Economy, 2020; Marchesi & Tweed, 2021; Moggi & Dameri, 2021; Moreau et al., 2017; RREUSE, 2021; Suchek et al., 2022). As Moreau et al. (2017) suggest, there is a strong case for combining the social and institutional dimensions in the CE discourse promoting a 'full circle' where the social and solidarity economy (SSE) 'is an instructive and constructive example for the CE, increasing labour-intensive activities while raising the quality and diversity of human work involved in remanufacturing and recycling' (p. 504). Our study aims to contribute to filling this research gap by further defining and theorising the idea of a SSCE that bridges CE and alternative SSE organisation.

## 4 | THEORISING THE SOCIAL AND SOLIDARITY CIRCULAR ECONOMY

For the scope of this study, we define the SSCE as a form of hybrid organising that unites the circular economy (CE) and social and solidarity economy (SSE) concepts in order to maximise ecosystem functioning as well as human wellbeing.

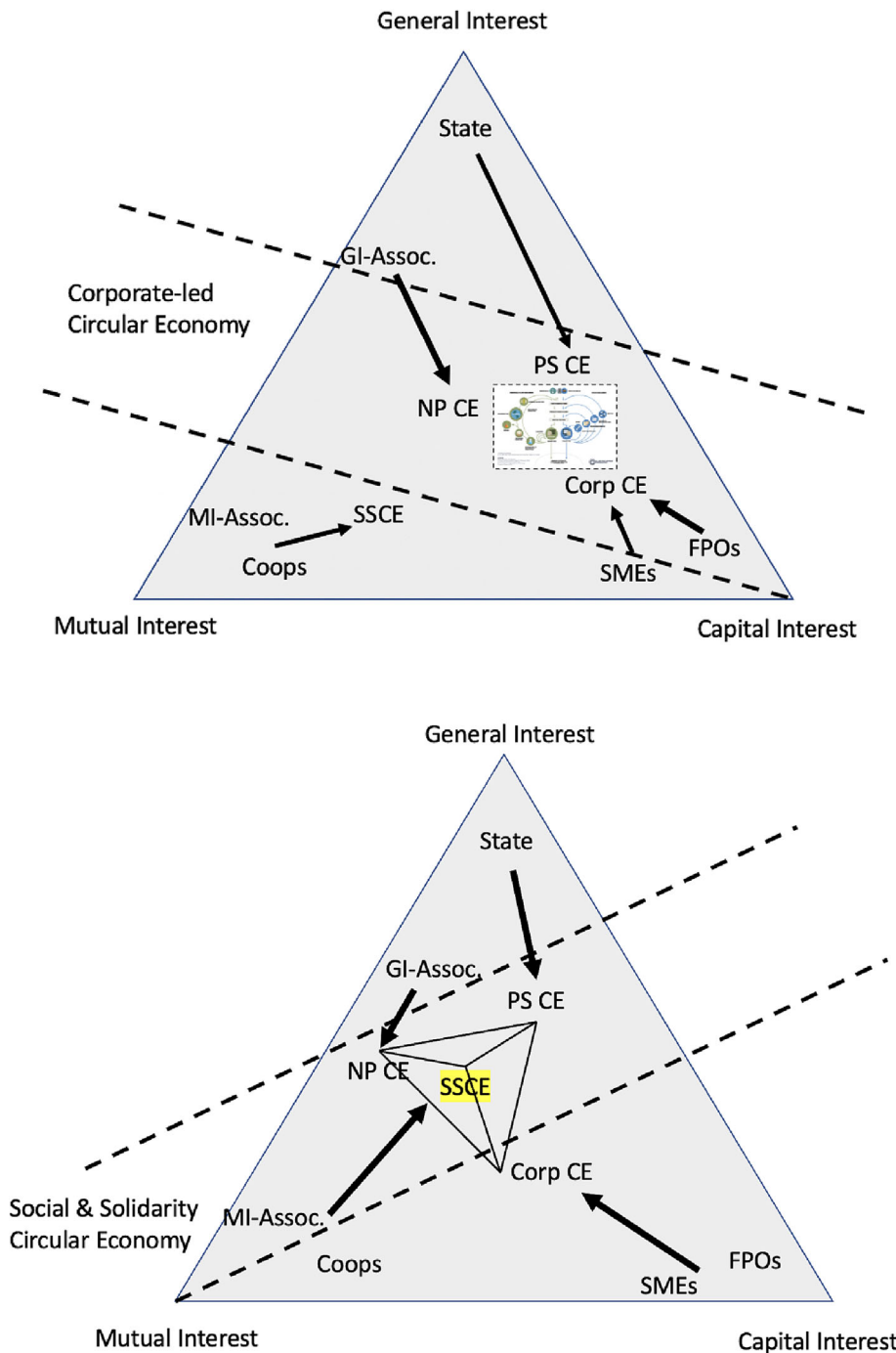
As already mentioned, as opposed to corporate-led CE, modelled upon traditional for-profit organisations (FPOs), the SSCE is hybrid. Hybridity can be defined as the mix of organisational identities, forms or logics that would conventionally not go together (Battilana et al., 2015, 2017). The business sustainability literature suggests new hybrid forms of organising that can combine the strength of for-profit, non-profit and governmental organisations are required to provide innovative solutions to some of the ‘grand challenges’ we are collectively facing, such as degradation and precarity of work, ecosystem destruction, global warming, mental health problems and environmental pollution (Ferraro et al., 2015; George et al., 2016; Nicholls & Huybrechts, 2016). As an example, the work of Esteves et al. (2022) combined the SSE with the SDGs discourse. These hybrid novel forms of organising combine different institutional logics, orders of worth, organisational forms and/or identities—struggling for a value(s) synthesis (Gümüşay, 2017). Social enterprises, social cooperatives and other alternative organisational forms are often cited as examples of hybrid organisations that pursue social and environmental causes through commercial ventures (Gehman & Grimes, 2017; Smith et al., 2013). Hybrid forms of SSE organisation that combine the strength of for profit, non-profit and governmental organisations can play a pivotal role in addressing the need for CE to align different stakeholders’ and particularly to ‘include more civil society’ and ‘reclaim ownership from business and policy’ (Corvellec et al., 2022 p. 427). In particular, the literature suggests that hybridity tensions can become catalysts for social innovation and societal transformations (Jay, 2013; Mongelli et al., 2018). The SSE literature also shows that hybrid organisation, such as social cooperatives, could be more resilient in time of crisis or during time of deep transformation (Billiet et al., 2021; Defourny & Nyssens, 2013; Tortia & Troisi, 2021). On the other hand, we maintain that the hybridity and SSE literature can also provide important insights into the challenges and limitations that organisations pursuing a just and inclusive CE are facing. In fact, much of the hybridity literature has highlighted tensions and conflicts due to the need to combine different goals, institutional pressures and accountabilities, both in relation to external actors (Kodeih & Greenwood, 2014; Pache & Santos, 2013) and within organisations (Almandoz, 2012; Argento et al., 2016; Battilana et al., 2015).

We posit that SSCE organisations combine three intertwined core features. First, they aim to reduce the use of raw materials in production, reduce energy use and minimise waste (*regenerative principle*) (Morsetto, 2020; Webster, 2020). CE business models can provide additional resources to SSE alternative organisations that tend to lack advanced management tools, financial sustainability, and independence (Poledrini, 2015). Innovative CE solutions can also help to leverage the limited policy and public visibility of the SSE (Ridley-Duff &

Bull, 2021). Furthermore, the CE system thinking approach can help SSE organisations to look for a more ambitious and cross-scale approach to social and environmental problems (Defourny & Nyssens, 2017), addressing issues with scaling-up that have been often identified by the SSE literature (Battilana, 2018; Defourny & Nyssens, 2013; Ometto et al., 2019). Second, SSCE organisations have explicit social and environmental justice objectives, including better labour practices and working conditions, lower economic power asymmetries and economic constraints, and greater equality and inclusion (*solidarity principle*). Building on the SSE literature, SSCE can be described as prioritising ‘service to its members or to the community ahead of profit’ and ‘the primacy of people and work over capital in the distribution of revenues’ (Defourny et al., 2000, p. 16). SSCE emphasis on reciprocity and social purpose complements and counterbalances the often-criticised focus of CE on the economy and lack of attention for the social dimension. Third, the SSCE involves varying participatory forms of organising, including co-operative, collaborative and solidarity relations (*participatory principle*). Drawing on the literature on social cooperatives (Borzaga & Tortia, 2006; Defourny & Nyssens, 2013) this entails a democratic, autonomous decision-making process not based on capital ownership. That participatory nature is described as the ability to have a multi-stakeholder engagement in management practices and includes multi-representation and participation in the co-construction of economic and social activities (Defourny & Nyssens, 2013, 2017; Poledrini, 2015). That way of ‘creating original operational models that mix various kinds of resources, combine various categories of stakeholders and pursue social aims as well as economic viability’ (Defourny & Nyssens, 2013, p. 28) gives the SSCE considerable prospects for promoting greater democratic participation in CE activities. In the SSCE, for example, participatory decisions could be made in terms of what materials should be reduced, repaired or reused, taking into account social impacts (e.g., employment and social reinsertion) impact, regardless of economic profitability.

Building on the proliferous debate on social enterprises, social cooperatives and SSE (Allard et al., 2008; Borzaga & Tortia, 2006; Bull & Ridley-Duff, 2019a; Defourny & Nyssens, 2008, 2013, 2017; Lewis & Swinney, 2008; Parker et al., 2014; Pearce, 2003; Poledrini, 2015; Ridley-Duff & Bull, 2021; Spear & Bidet, 2005; Utting, 2015) Figure 1 illustrates and juxtaposes the dominant corporate-led CE and the SSCE models.

Drawing on Defourny and Nyssens (2017), Figure 1 moves from the principles of general, mutual and capital interests, to identify the emergence of four major CE organisational models. First, Public-Sector CE (PS CE) highlights the major role of public authorities in promoting CE for the general interest at different level of governance—for example, EU and national initiatives, cities (Amsterdam, Glasgow), and regions (Region Skåne in Southern Sweden)—and through a variety of means—for example, regulation, public procurement, public organisations providing public services. Also stemming from the general interest, Non-Profit CE (NP CE) actors gathers all non-profit organisations lobbying and promoting the CE, such as the World Business Council for Sustainable Development (WBCSD), the Ellen MacArthur Foundation (EMF), and Circle Economy. They play a crucial role in



**FIGURE 1** Juxtaposing mainstream corporate-led CE and the SSCE. Figure adapted from: Defourny and Nyssens (2017, p. 2478).

constructing the meaning of corporate-led CE. To the list we add also SSCE forms of alternative organisation and management, such as social cooperatives and other hybrid CE organisations that are typically overlooked in the current corporate-led CE. We see this as marginalised in corporate-led CE discourses. Finally, there are many prominent For-Profit Organisations (FPOs), including start-ups, SMEs, and particularly MNEs—for example, Accenture, Cisco, Dell, H&M, Hewlett Packard, Intel, IKEA, McKinsey, Renault, and Levy Strauss—that are the main drivers in advancing a corporate-led CE model.

As illustrated by Figure 1, we characterise corporate-led CE and the SSCE as taking CE in remarkably different directions. The former

can be epitomised by the ‘butterfly diagram’ (Figure 1) created by the EMF and McKinsey (EMF et al., 2016), in which the social dimension is largely missing, and CE is driven by capital interest to maintain and circulate products and materials at their highest (market) value. This model is driven by a convergence of influential NPs (WBCSD, EMF) and some powerful FPOs, yet it has been very successful in attracting support by governmental and public-sector organisations. For instance, EU efforts at CE implementation were initially based upon the approach designed by the EMF and McKinsey (EMF et al., 2016), driven by vague promise of ‘win-win-win’ benefits for businesses, the environment and society (Aguilar-Hernandez et al., 2021), and

characterised by an absence of stakeholder engagement (Gregson et al., 2015; Inigo & Blok, 2019). On the other hand, as illustrated in Figure 1 and further discussed in the following pages, the SSCE stems from bottom-up experiences of cooperative and alternative organisations engaged in circular solutions that address specific and localised concerns about, for example, mental health, social exclusion, food waste and planned obsolescence. It is inspired by the rejection of the consumerism that characterise our throw-away capitalist economy and strive for radical social transformation. At the same time, because of their hybrid nature, alternative SSCE organisations—for example, social enterprises—are working as hubs for localised SSCE ecosystems that include a broad range of organisations from public (PS CE), particularly municipalities and regions, as well as typically small-size FPOs, balancing economic and social goals (Corp CE), and not-for-profit organisations engaged in any type of CE entrepreneurial activities (ENP CE).

To develop our understanding of how the SSCE works in action, we draw on the illustrative case of CAUTO, a social cooperative in Northern Italy promoting circular practices. This can help to illustrate and better understand the ability of alternative organisations to drive social innovation and societal transformations and their struggle in navigating tensions due to the coexistence of different goals, through participatory governance.

## 5 | UNDERSTANDING THE SOCIAL AND SOLIDARITY CIRCULAR ECONOMY IN ACTION. THE CASE OF CAUTO (ITALY)

### 5.1 | Empirical setting and method

In order to empirically address our research question, we performed an in-depth analysis of an SSCE archetype (Ho et al., 2022). The use of a contextualised and qualitative case study research method can be considered appropriate as the question of the emergence of SSCE organisations has not been greatly explored so far in previous academic literature, as described in the previous section. We agree with Siggelkow (2007) that a single case can be very powerful, particularly in refining the connections between existing field of research, such as hybridity, CE, and SSE (Tsang, 2014). Even if current concepts are already well-defined, a single case can be useful to elucidate aspects that have been previously overlooked (Easton, 2010).

Our case study focuses on CAUTO, a network of social cooperatives operating in different sectors, from waste to renewable energy, in the province of Brescia, Italy. Brescia, one of the most polluted cities in Europe (European Commission, Air Quality Atlas, 2017), tells of a lively productive context in which many manufacturing industries operate in the topography of the Po Valley. The province of Brescia has 31 active landfills for special waste, a reason for discussion in public opinion, between environmental organisations and the territorial government for their management and the impact on the health of the population. In a province traditionally environmentally degraded, CAUTO has adopted pioneering social CE

strategies since its foundation in 1995, obtaining a number of national and European awards and grants. Moreover, the organisation, as a social cooperative, pursues social and solidarity objectives, per se, having an established and robust approach to individual welfare and attention to multi-stakeholders. In addition, despite having to respond to intense market pressures, it has achieved long-term financial sustainability and it has substantially expanded over time. As such, CAUTO is a powerful example of hybrid forms of organisation and management typical of the SSCE, so far largely overlooked by the literature.

What we present here is a ‘thick description’ (Geertz, 1973) of the case, illustrative of how the SSCE works in action (Dyer & Wilkins, 1991). According to Hayes et al. (2015), this type of case study is used to ‘describe a situation or a phenomenon, what is happening with it, and why it is happening’ (p. 8). The case was selected because of the opportunity it offered of developing the SSCE concept by learning about various key aspects and their observable implications in a specific context (Eisenhardt & Graebner, 2007; Stake, 1995). CAUTO is a successful social cooperative organisation that contributes to societal and environmental outcomes (i.e., social and work re-integration, waste reduction, food redistribution, repair and reuse and environmental education), but it is also an enterprise that is capable of innovative commercial and organisational solutions; and a reference point for SSCE activities for a wide range of public, commercial, and third sector local organisations. Thus, CAUTO can be considered a particularly revelatory case (Yin, 2017) of the transformative impact and challenges of SSCE initiatives.

To provide a thorough and comprehensive analysis of the development of CAUTO over its more than 25 years of activities is beyond the scope of this paper. Rather, this illustrative case is meant to familiarise the reader with a novel sustainable circular business strategy—the SSCE—providing details about distinctive elements and some relevant contextual aspects (Davey, 1991).

Our study of CAUTO began in 2018 as part of the doctoral study of the second author focused on the social aspects of CE, and it is still ongoing. Most of data gathering took place between March 2018 and December 2019. The research is based on multiple sources:

- a. 22 semi-structured in-depth interviews with CAUTO's founders, senior management and clients (see Table 1);
- b. a qualitative content analysis of organisational documents that goes back to the foundation of CAUTO in 1995 but covers particularly the period 2003–2021;
- c. a participant observation of one of the authors over a period of six months between 2018 and 2019.

In particular, the interviews offered insights into CAUTO's ability to successfully combine different organisational identities and goals to generate innovative SSCE processes; the adoption of participatory decision-making processes; as well as the interplay between CAUTO and different internal and external stakeholders. While the main source of information has been the semi-structured interviews (see Table 1), we have also collected and analysed CAUTO's documents

**TABLE 1** List of interviewees (period: May 2018 to February 2023).

No. interview	Interviewee	Date	Duration (min)
1	President 2 (now head of innovation) <sup>a</sup>	10/05/18	93
2	Founder <sup>a</sup>	09/07/18	18
3	President 1 (now head of commercial activities) <sup>a</sup>	23/07/18	43
4	Head of communication <sup>a</sup>	27/07/18	98
5	Administrative manager <sup>a</sup>	07/08/18	82
6	Head of human resources <sup>a</sup>	08/08/18	72
7	Head of environmental education	09/08/18	49
8	Head of relations with local authorities <sup>a</sup>	14/08/18	68
9	General manager <sup>a</sup>	23/08/18	70
10	Controller <sup>a</sup>	30/08/18	47
11	President 3 <sup>a</sup>	16/09/18	55
12	Head of the social workshop (social cohesion) <sup>a</sup>	25/10/18	43
13	Non-profit co-operator <sup>b</sup>	05/11/18	15
14	Client 1 <sup>b</sup>	16/11/18	12
15	Client 2 <sup>b</sup>	12/12/18	10
16	Client 3 <sup>b</sup>	28/12/18	08
17	President 2 (now head of innovation) <sup>a</sup>	15/03/19	12
18	General manager <sup>a</sup>	10/09/19	15
19	Controller <sup>a</sup>	29/10/19	18
20	Founder <sup>a</sup>	25/11/19	12
21	President 2 (now head of innovation) <sup>a</sup>	09/03/22	74
22	General manager <sup>b</sup>	01/02/23	63

<sup>a</sup>Face-to-face.

<sup>b</sup>Phone.

and reports, particularly dating from 2003 until 2021, a period that marked CAUTO's rapid expansion. The document analysis has validated the interviews and provided a better understanding of institutional changes. Finally, the participant observation helped the authors to understand the combination of material and human valorisation dynamics and the participatory architecture of CAUTO. During this time, we adopted an iterated, inductive approach (Glaser & Strauss, 1967), strategically looking for information sources that could fill our information gaps. CAUTO provided some of the documents (e.g., the ad hoc manual for new members of the cooperative); others are publicly available (e.g., press releases and sustainability reports).

As suggested by Gioia et al. (2013) and Strauss and Corbin (1998), our analysis emerged from a mutual conceptualisation stemming from a reciprocal reference to empirical data and existing theory, rather than from a well-defined theoretical framework (Corbin & Strauss, 2008). The case analysis affected our theoretical thinking, which in turn influenced the empirical investigation (see Järvensivu & Törnroos, 2010).

Figure 2 presents the coding tree for this study. First, a number of first-order codes were identified by looking at our multiple sources of data. Second, we engaged with the second-order coding to specify aggregate dimensions. Drawing on the literature on CE, hybrid

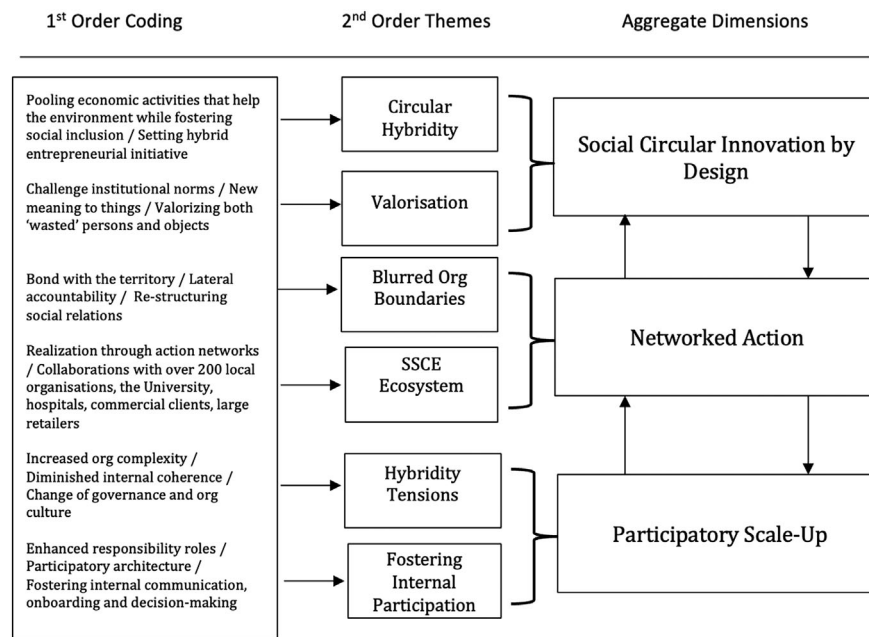
organisations and social cooperatives (Corvellec et al., 2022; Defourny & Nyssens, 2017; Gümüşay et al., 2020), we used concepts such as 'participatory architecture', 'social innovation', and 'hybridity tensions' as sensitising devices to explore CAUTO's SSCE transformative practices and challenges. Lastly, through an inductive process and numerous iterations between our data and a more theoretical understanding, we identified three intertwined steps through which CAUTO developed an effective SSCE strategy: social circular innovation; networked actions; participatory scaling up.

## 5.2 | Findings

The case of CAUTO illustrates three key elements of the SSCE that differ from the mainstream conceptualisation of the social dimension of the CE. First, the social dimension is embedded in this SSCE organisation 'by design', leading to social impact and innovation. Second, the social circular enterprise goes beyond the traditional organisational boundaries to create an SSCE ecosystem through networked actions. Lastly, we found that the SSCE business strategy comes with some limitations associated with the challenge of 'scaling-up' that can be mitigated by adopting a strong participatory architecture helped by advanced management tools.



FIGURE 2 Coding tree.



5.2.1 | Social circular innovation ‘by design’

CAUTO was founded in 1995 by nine partners and at that time had five employees, initially focusing on food waste reduction. From the very beginning, the cooperative shows an extraordinary capacity to blend different and potentially conflicting goals and institutional logics: (1) helping disadvantaged people (social impact); (2) reducing waste, recycling, reusing (environmental goals); and generating employment by achieving commercial success (economic objectives). For instance, one of the founders told us:

Environmental motives led us to want to initiate CAUTO. The context at that time was not paying much attention to environmental—particularly land—protection. We also added the issue of social exclusion, but the environment came first with the addition of the social. [...] what drove the entrepreneurial initiative were environmental, social and also economic reasons, in terms of creating jobs. (Interview 2)

This hybrid approach is not accidental, it was imprinted from the beginning in CAUTO's DNA and we maintain that this hybridity ‘by design’ helped the organisation to navigate tensions and avoid risks of mission drift. Hybridity is embodied in the core idea of CAUTO's founders that ‘urban waste and human waste’ (Interview 2) are just two faces of the same problem and they could be effectively addressed only by tackling them together. It is an innovative social circular approach that consciously extends the circularity principle from the material aspects of society to the societal aspects of the economy. The whole business model of CAUTO is based on this ‘alchemical transformation’ of things and persons that have been ‘discarded’ into valuable resources (the key concept of circular economy). As the person responsible for the commercial activity of CAUTO told us:

We always believed that this could make “good business sense.” I am talking about “social business.” We always believed that there were operational margins, that there was waste that is still valuable. And, likewise, there are people in difficult situations that are still valuable. This awareness has always been there that you could create employment from things that have been discarded. (Interview 3)

CAUTO's hybrid approach proved very successful, not only commercially but also in driving social impact and innovation. Already in 1998, they had introduced an innovative system of door-to-door collection of food waste. Over time, CAUTO became remarkably capable of setting up effective and innovative social ventures. The CAUTO network expanded by winning clients, securing EU grants, adding new businesses and finding new innovative solutions, also using volunteers to distribute surplus food (*Maremosso*; *Dispensa Sociale*). The commercial side of the cooperative grew exponentially by applying rather simple circular economy principles of ‘waste’ reduction and reuse to a variety of sectors, such as the reuse of medical equipment, second-hand retail, international cooperation, energy and eco-designed buildings, advisory and management consultancy.

Despite its commercial success, CAUTO never lost sight of its commitment to social impact. This point clearly emerges from all our interviews—the commercial aspect was always an opportunity for drawing attention to wasted human and material resources:

This has nothing to do with the industry. It is an extension of the meaning of circular economy to a lifestyle, which is very different from the conventional approach to circular economy. (Interview 1)

And:

There is this whole machine that works to allow the productive part to support the social part. One thing supports the other and they are connected. [...] [If you take away the social side], in the case of CAUTO, you would remove the heart. [...] Here the social component is the heart. (Interview 5)

CAUTO's ability to consistently treat the commercial side as a means of achieving social impact is demonstrated by its very high percentage of disadvantaged employees—steadily ranging between 40% and 50%—distributed across all of its activities and departments, not only limited to certain roles. The valorisation of labour as human activity rather than a commodity (Polanyi, 1944) is illustrative of CAUTO's social approach to circularity. CAUTO's special attention to the human being behind the worker emerges from all our interviews. For instance:

Allowing a person that has faced grief, separation or an illness to go back to the world of work, and regain some degree of autonomy, providing time to recover from an illness, allowing the person to go back to a previous activity or, perhaps, to undertake a new profession becomes a way to reintroduce them into the economy. This is part of what we consider circular economy. (Interview 6)

This social impact is hardly measurable and yet it also played a vital role in the economic success of CAUTO. The attention to supporting disadvantaged workers is reflected in the quality of the work they do for CAUTO and its clients, as confirmed by all CAUTO's commercial partners we interviewed:

It is not obvious that the cooperative focuses on both people and the environment and does all this with professionalism and quality. They are an example to me and, wherever I can, I recommend them in a positive way. (Interview 14)

Our interviews and focus group reveal the degree to which CAUTO's hybrid combination of social enterprise and circular business model has emerged 'by design'—due to a conscious decision—rather than accidentally. This is also illustrated by CAUTO's motto: 'One heart is not enough, three are better' (see Figure 3). This refers to three imperatives that characterise all CAUTO's activities: the 'quality of service, focus on the environment, and people who perform these services' (CAUTO, 2017).

## 5.2.2 | Networked action

The second key distinctive element that emerges from our study of CAUTO concerns organisational boundaries, which are 'the demarcation between the organisation and the environment' (Santos & Eisenhardt, 2005, p. 491). There are many calls in the CE literature for transcending or redefining traditional organisational boundaries to extend value and material flows to an inter-organisational and even societal level (Boons & Lüdeke-Freund, 2013; Laasch, 2018). Networks and partnerships are pivotal in circular practices, which require greater business orchestration and collaborative interdependence across a variety of organisations (Paquin & Howard-Greville, 2013). However, as found by Pieroni et al. (2019) most CE methods and tools are still based on traditional organisational boundaries. Things are very different in the case of CAUTO where we found a networked organisation where the boundaries between the organisation and the community are extremely blurred. For instance:

We never found ourselves wondering: "Where is the community?" The community was directly involved in CAUTO, because of the initiatives that we have been carrying out. (Interview 3)

Collaboration at CAUTO was a necessity to create an environment in which their radically different 'way of doing things' (Interview 2) was possible. As a result, CAUTO has evolved into a network of cooperatives, social enterprises and non-profit organisations, often connected by flows of materials and information that form part of its social circular business model. For example, by operating at the

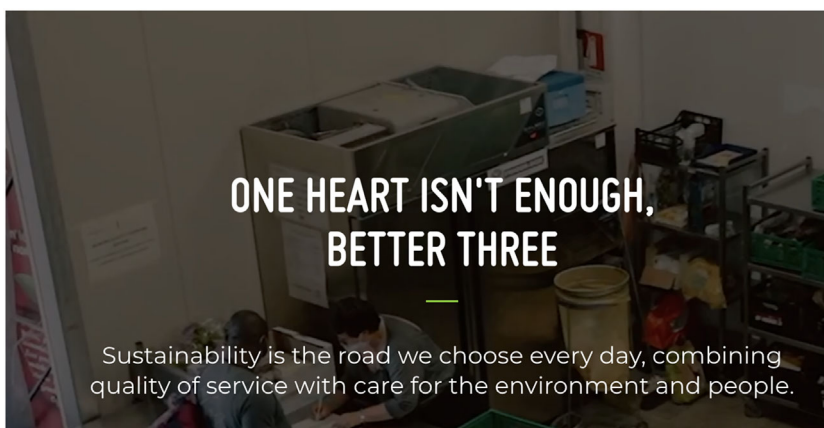


FIGURE 3 CAUTO's motto.

intersection between the public, private and not-for-profit sector, CAUTO has been able to set up several innovative 'isole del riuso' (reuse islands) within the recycling depots that CAUTO manages on behalf of different municipalities. Then, as a non-profit organisation, the cooperative has been able to collect goods that citizens were bringing to the recycling depots and, finally, the presence of a second-hand shop within the CAUTO network (*Spigolandia*) allowed to sell some of the goods collected, paying for the costs of running the 'isole del riuso'. Our interviews highlight many similar examples that showcase the ability of CAUTO to exploit its hybrid organisation as a catalyst for social and environmental business innovation (Jay, 2013) through networked actions.

Around CAUTO we observe the emergence of a close-knit social community both within and around the cooperative that played a crucial role in the establishment of an SSCE 'ecosystem' in the territory of Brescia. For instance, we found evidence of collaborative activities starting from the year 1998, when an agreement was signed with an influential network of relief and social service organisations, Caritas Diocesana, for the local recovery of clothes. Soon after, CAUTO began to collaborate with different local municipalities on the door-to-door recycling and the management of recycling depots. In 2003, a new cooperative was founded focusing on the renewable energy business. It became part of the CAUTO network to answer the demand for green energy. In 2002–2003, CAUTO created the first collaboration with large supermarkets for the reuse of their food waste. It also began to recover food waste from school canteens, as part of a collaboration with different local authorities. This networked organisation also triggered the emergence of a capillary and well-functioning market for second-hand products and secondary materials, essential for advancing to a CE model (Milius, 2018). For instance, CAUTO's food waste action network created collaborations with around 100 local not-for-profit associations in 2007. In 2015, this number had already increased to 200. The embeddedness in the territory of Brescia of this networked action emerges very often from our data:

This strong relationship with the territory is something that many other large and structured cooperatives failed to achieve. [...] We have this bond with the territory, the fact we make our products available to the local community ... I think this really makes the difference. (Interview 3)

That is the creation of a living SSCE ecosystem (Bull & Ridley-Duff, 2019a; Defourny & Nyssens, 2017; Poledrini, 2015). For hybrid organisations such as CAUTO, ongoing reconfiguration and adaptability are a necessity for the navigation of multiple justifications and conflicting objectives. It allows CAUTO enough flexibility to work with a constellation of different organisations, including hospitals, schools, universities, and large supermarkets. At the same time, networked practices performed by CAUTO have re-articulated local social relations based on the capacity of social circular practices to bring together distributed and heterogeneous elements in the community interest. That is reminiscent of the communitarian pluralism and multi-

stakeholder cooperativism described in the SSE literature (Bull & Ridley-Duff, 2019a).

### 5.2.3 | Participatory scaling up

Our data suggest that, since its foundation, CAUTO realised a communitarian and horizontal model of governance that has been instrumental in advancing an alternative economic model, that characterises the participatory element of SSE, based on combining not wasting and social inclusion (Bull & Ridley-Duff, 2019a; Defourny & Nyssens, 2013, 2017). The collaborative imperative that drives CAUTO can be understood as a necessity to create an 'enclave' of SSCE practices promoted by a cohesive social group 'that interprets business choices according to the environmental and social values of the cooperative' (Interview 18).

However, during the years 2009–2013, CAUTO experienced staggering growth and the hiring of large numbers of new employees, including senior managers. This gradually reduced internal coherence and exposed some hybridity conflicts that had been mounting between the demands of various stakeholder groups and tensions between commercial and organisational growth; environmental objectives; and societal goals. This rapid expansion threatened to change the cognitive frame that is at the very heart of CAUTO's sense of identity (Santos & Eisenhardt, 2005). This emerges from several interviews as well as our focus group (Interviews 3; 18; 6; 4; 1; 9). For instance:

We have expanded at the rate of one new business every year ... There are years in which we hired 40 people. There are many organisations that employ fewer than 40 people. (Interview 9)

And

Let us say that those who come here and look at CAUTO with "fresh eyes" can see our values. For those of us that have been here for 30 years, the feeling is that they have been a bit "diluted" ... (Interview 6)

And

we realized that many workers, despite being engaged daily in activities that have to do with the theme of the circular economy, were not aware or close to the concept. (Interview 4)

When the number of employees increased and the organisational structure became more complex, in order to respond to the reduced internal coherence due to the challenge of 'scaling up' (Battilana, 2018; Ometto et al., 2019), CAUTO adopted a more systematic and advanced 'participatory architecture' (Interview 9). Similarly, to other

hybrid organisations (Bull & Ridley-Duff, 2019b; Gümüşay et al., 2020; Ramus & Vaccaro, 2017), the new structure served to balance the need for a more formalised structure, as well as internal dynamism and individual commitment. This is illustrated by a number of initiatives aimed at fostering inclusivity and internal participation in decision-making, such as: *CAUTO Benvenuto* (WelcomeCAUTO), dedicated to the onboarding of new employees; *Percorso Soci* (Members' Path), aimed at increasing the possibilities of members to have a voice in formal strategic decisions; and *Progetto Soddisfazione* (Project Satisfaction), aimed at measuring and improving employees' satisfaction and motivation. According to CAUTO's general manager, this promotes a more open, responsible, and transparent 'participatory logic' at work:

Thus, if we focus on workers' satisfaction, we do not merely distribute a questionnaire at the general assembly but we co-construct the questionnaire, we collectively reflect on what we mean by "wellbeing," we think about the actions to be undertaken and the cooperative subscribes precise commitments aimed at improving the satisfaction in a way that is explicit and time-bound .... This is the participatory logic. [...] The participatory logic means to understand that we are all co-responsible and that each of us has a piece of responsibility that differs from the others. (Interview 9)

During this new phase, the original approach to governance adopted by CAUTO and based on more informal lateral accountability gave way to a greater formalisation of roles and responsibilities. This new line of thought can be found in several documents and clearly emerges from our interviews:

'The re-definition of our system of governance implies also a strengthening of the organisational structure, with the presence in each of the operational areas of managers, coordinators and supervisors with a clear responsibility for this area'. (CAUTO, 2019, p. 56)

The new strategy also takes a much more structured and explicit approach to both the internal and external communication of SSCE activities and their impact (i.e., multi-stakeholder engagement). As the Head of Communication told us:

Possibly [in the past] we have missed a bit the part where we are investing in so much now, related to internal communication and developing an organisational culture that highlights these kinds of concepts to each individual worker. (Interview 4)

The outcome of participatory projects gives rise to two complementary dynamics within CAUTO. At the grassroots, there is a niche group of change, promoting adaptability and flexibility as an aptitude

to circularity, bringing out and cultivating social innovation in an ever-changing organisational context. On the other hand, the adoption of a more formalised participatory governance, more transparent accountability structure, and open decision-making processes allows CAUTO a greater ability to plan its activities and monitor results, anticipating and managing changes. Thus, this enhanced participatory structure aims at balancing the need of hybrid SSCE organisations like CAUTO for a more formalised structure (Poledrini, 2015), as well as internal dynamism and individual commitment (Defourny & Nyssens, 2017; Ramus & Vaccaro, 2017), maintaining 'unity in diversity' (Bull & Ridley-Duff, 2019a; Gümüşay et al., 2020).

## 6 | DISCUSSION

Our study offers an important contribution to the literature theorising the Social and Solidarity Circular Economy by bridging two fundamental—and, so far, disconnected—conversations in the business sustainability literature: one on CE and the other on alternative forms of organisation and management typical of the SSE. As mentioned, the mainstream recent debate about circular business models has been motivated by efficiency-based organisational logics and led by mainstream for-profit corporate organisations (Calisto Friant et al., 2020; Corvellec et al., 2020, 2022; Geissdoerfer et al., 2017; Gregson et al., 2015). Recent years have seen a growing body of literature on circular business models that corporations can use to create commercial and reputational value with the adoption of resource efficiency strategies (Geissdoerfer et al., 2020). The latter has the potential to generate environmental gains. However, the emphasis has been on persuading a critical mass of some of the largest corporate entities to adopt circular business models, based on the assumption that smaller businesses and the rest of the economy will follow their lead (EMF, 2013, 2020; Vonk, 2018; WBCSD, 2021). The unintended result has been that, despite the revolutionary language, 'influential economic and political actors have been allowed to hegemonize the CE discourse' (Corvellec et al., 2020). Here, we advocate an approach to social circularity that starts from the margins, from hybrid and rather embryonic and innovative organisational experiences that radically rethink not only business practices but also organisational aims, boundaries and governance mechanisms, such as mutuals, social cooperatives, and community interest companies (Bull & Ridley-Duff, 2019a; Defourny & Nyssens, 2008, 2013, 2017; Pearce, 2003; Poledrini, 2015; Ridley-Duff & Bull, 2021; Utting, 2015).

Table 2 below juxtaposes the dominant corporate approach to CE with the approach taken by a SSCE organisation such as CAUTO, across the three aspects described above in our case study: strategic aims, organisational boundaries, and governance mechanisms.

The main limitation of the dominant corporate-led approach to CE is that it risks putting 'new wine into old bottles'. While the advocates of the adoption of circular business strategies tend to emphasise that it will create radical system transformation, the adoption of circular business models has only entailed minor changes to the status quo (Corvellec et al., 2020, 2022). As many scholars have highlighted,

**TABLE 2** Juxtaposing corporate-led circular economy and the SSCE (authors' elaboration).

	Circular corporation	Social and solidarity circular enterprise
Strategic aims	Focus on economic value creation and profit maximising. Material flows valorisation strategies are deployed in the production and trade of goods and services. Potential to generate environmental gains.	Hybrid social and economic value creation. Dual valorisation of material resources and marginalised people in the production and trade of goods and services. Potential to promote social and environmental justice (solidarity and reciprocity)
Organisational boundaries	Follows legal-ownership conventional organisational boundaries linked to transaction costs. Increased control over resources. Decision-making based on efficiency and cost minimisation.	More eclectic and networked organisational boundaries inclusive of the community (multi-stakeholder co-operation). Decision-making based on the alignment of organisational activities and identity (open and participatory process)
Governance mechanisms	Circular business practices are organised into conventional hierarchical structures and accountability is limited to providers of capital.	Circular innovations are extended to governance mechanisms based on participatory and democratic principles. Lateral accountability, distributed beyond capital providers.

there is frustration with the slow diffusion and limited disruptive impact of the conventional approach to CE (Kirchherr et al., 2023; Panwar & Niesten, 2022). The strategic aim of a corporate-led CE remains to create economic value and maximise profit by adopting CE solutions that allow efficiency improvements at the level of individual products and services. There is a potential to generate environmental gains, but this is not the main objective and the extent to which such gains represent a step-change is still very debated (Cullen, 2017; Giampietro & Funtowicz, 2020).

Furthermore, the dominant corporate approach to CE does not question the conventional approach to organisational boundaries. This is grounded in a legal understanding of the organisation as a bundle of ownership rights in which the organisational boundaries are based on the efficiency principle of minimising transaction costs (Masten, 1991; Santos & Eisenhardt, 2005). However, this mainstream approach to organisational boundaries is problematic because the development of truly circular business practices requires a collaborative interdependence of actions across a variety of organisations (Paquin & Howard-Greville, 2013). Traditional ownership rights create fundamental legal barriers to circular innovation (Monciardini et al., 2022; Steenmans & Malcolm, 2020). From a corporate perspective, circular business models might increase control over resources, for instance by retaining ownership in a 'product as service' model and by regaining strategic control of waste, now seen as a resource (Corvellec et al., 2020; Lazarevic & Valve, 2017; Niskanen et al., 2020).

Finally, corporate-led circularity does not entail a fundamental reconsideration of traditional hierarchical governance mechanisms by which a company is directed and controlled. Despite much fanfare about corporate social responsibility and the creation of shared value, executives' accountability remains fundamentally focused on the needs of providers of capital, excluding other major stakeholders such as employees (Ireland, 2010; Marens, 2012; Stout, 2012).

On the other side, or better 'at the margins of society', as we highlighted in this paper there is an understudied SSCE that is emerging with power and force, that combines circular principles with alternative hybrid organisation, striving to make sure that everyone is involved in the construction of a circular model that benefits also the most vulnerable (Calisto Friant et al., 2020; Velis, 2018). Even more

radically, one could maintain that all organisations genuinely promoting CE principles are inherently alternative and hybrid, because they tend to combine different aims—for example, commercial, social and environmental—and intend to create a radical system transformation. In line with the SSE literature, SSCE organisations like CAUTO are also much more explicit in treating the commercial side only as a means of achieving social innovation and socio-ecological transformations. Because of their 'innovative use and combination of resources to pursue opportunities to catalyse social changes and/or address social needs' (Mair & Marti, 2006, p. 37), hybrid SSCE can use business circularity as an opportunity to address some of humanity's 'grand challenges' (Defourny & Nyssens, 2013; Ferraro et al., 2015; George et al., 2016; Nicholls & Huybrechts, 2016). This will require novel forms of organising that can learn from real examples of SSCE in terms of strategic aims, organisational boundaries and governance mechanisms.

As illustrated by the case of CAUTO, the SSCE is hybrid 'by design' and, rather than focusing solely on economic value creation, it blends different and potentially conflicting goals and institutional logics. In particular, the focus is on what we call a 'dual valorisation' of wasted material and human resources, that combined the social and solidarity principles with the one of circularity. Drawing on the case of CAUTO, this dual valorisation is the key concept of the SSCE. The whole business model of CAUTO is based on this 'alchemic transformation' of things and people that have been 'discarded' into valuable resources. Thus, the SSCE that we outline here is reminiscent of earlier proposals by some of the fathering figures of CE, such as Stahel (2019), who consistently underlined the opportunity of generating more and better jobs locally thanks to a circular approach. This focus on workers and working conditions (Laser & Stowell, 2020), and issues of equity and inclusion (Inigo & Blok, 2019; Niskanen et al., 2020) is lacking in mainstream CE debates. However, it is very common in developing countries where occupations in salvaging, saving, repairing, and reuse are often undertaken by socially marginalised groups (Isenhour & Reno, 2019; Moggi & Dameri, 2021). Above all, this dual valorisation represents a shift in organisational values to promote circularity as a catalyst for social and environmental justice in a new SSCE model.

From this major shift in organisational values, it follows that also organisational boundaries and governance mechanisms are transformed. In line with the SSE literature, organisational boundaries in an SSCE organisation like CAUTO are extremely porous, allowing the boundaries between the community and the organisation to become very blurred. Thus, it is useful to understand the CE as a 'new organisational field' (Alexander et al., 2023, p. 6) where networked SSCE organisations orchestrate dynamic ecosystems across a variety of actors, including public authorities, universities, non-profit and for-profit organisations. Figure 4 below illustrates this point using CAUTO as a case in point.

Here the hybridity of SSCE can be a source of competitive strength as it means that these novel forms of organising combine different institutional logics, orders of worth, organisational identities that allow them to play different roles in relation to different potential partners within the SSCE ecosystem. While in corporate-led CE the central organisational boundary decision is the locus of transaction and exchange efficiency (Santos & Eisenhardt, 2005), we found that for social and solidarity circular enterprises like CAUTO decision-making is based on the alignment of organisational activities and identity. Meaning that for them CE is a mindset, a way of life, a form of sensemaking rather than a business model. That can also grant a stronger sense of belongingness to its members, more than a traditional SCs. Thus, strategic decisions are always subject to criteria of economic viability but ultimately based on whether they are coherent with this organisational identity.

Finally, from a governance perspective, the SSCE is based on participatory and democratic principles, typical of the SSE, that are rarely present in corporate-led CE. As a social cooperative CAUTO adopted from the beginning formal democratic structures but also more informal and convivial organisational practices like eating together instead of eating alone. These 'socializing forms of accountability which flourish in the informal spaces of organisations' and 'confirm self in a way that emphasizes the interdependence of self and others' (Roberts, 1991, p. 355) have been crucial to effectively transmitting circular practices as a lifestyle and establish CAUTO's identity. Thus, the democratic elements of social cooperatives and other alternative forms of

organisation are strictly linked to regenerative principles: a participatory governance that underpins circular practises. However, we also found that a participatory architecture is not just a 'nice-to-have', desirable element. It plays a key role in addressing some of the possible tensions that characterise hybrid organisations, particularly when the organisation rapidly scales up and its identity and mission risk to be drifted. Similar to other cases of hybrid organisations (Gümüşay et al., 2020; Ramus & Vaccaro, 2017), the adoption of a participatory logic at CAUTO aims at balancing internal dynamism and individual commitment with the need for a more formalised structure. We suggest that it may help to understand how successful SSCE organisations are 'institutionally bending without organisationally breaking' (Gümüşay et al., 2020, p. 144).

## 7 | CONCLUSION

Our study has highlighted a research-practice gap whereby the relevance and impact of real-world examples of SSCE (Campagnaro & D'Urzo, 2021; Circle Economy, 2020; Marchesi & Tweed, 2021; Moggi & Dameri, 2021; RREUSE, 2021) are rarely acknowledged in favour of more conventional corporate-led (EMF, 2013 and 2019) or hypothetico-normative conceptualisations of circularity (Schröder et al., 2020; Calisto Friant et al., 2020). There is a growing frustration with the slow diffusion and limited disruptive impact of the conventional approach to CE (Kirchherr et al., 2023; Panwar & Niesten, 2022). In particular, there is an established argument that organisational issues of governance, social and environmental justice, and cultural change remain largely excluded from the current CE debate (Calisto Friant et al., 2020; Corvellec et al., 2020, 2022; Hobson & Lynch, 2016; Inigo & Blok, 2019; Moreau et al., 2017). In response to this research gap, our study has suggested paying greater attention to alternative organisational practices of networked hybrid social and solidarity circular enterprises, capable to combine circularity with social innovation and impact. Linking the CE literature with the work on hybrid forms of organisation and management typical of the social and solidarity economy (SSE)—for example, social cooperatives—this paper has introduced and better theorised a more realistic and dynamic model of SSCE model that is socially inclusive, pragmatic and embedded in social practices.

### 7.1 | Theoretical implications

Sparse academic research as well as the grey literature suggests that there is a substantial number of social enterprises engaged in circular business practices (Circle Economy, 2020; Marchesi & Tweed, 2021; Moggi & Dameri, 2021; REEUSE, 2021). However, so far there has been only limited critical understanding and theorisation of this alternative and pragmatic approach to social circularity. Except for rare papers, such as Moreau et al., 2017, the literature on SSE and social cooperatives has developed in isolation from CE debates. This study encourages research that attempts to fill this gap by gathering

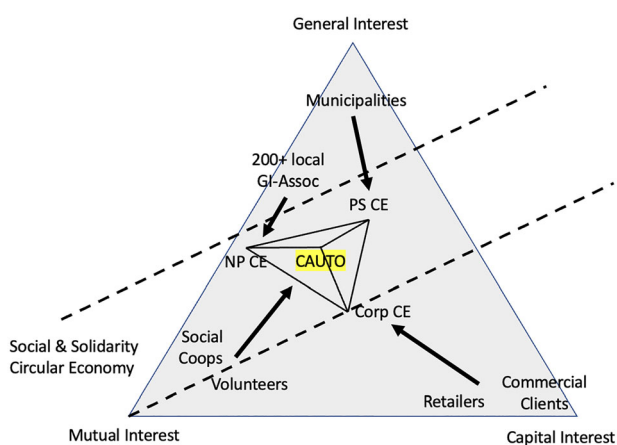


FIGURE 4 The SSCE model as illustrated by the case of CAUTO.

empirical evidence and theoretical insights that can fruitfully connect conversations in the business sustainability literature about CE and alternative hybrid organisational models typical of the SSE (Daskalaki et al., 2019; Defourny & Nyssens, 2008, 2013, 2017; Laville, 2011; Parker et al., 2014).

While the dominant CE literature tends to overlook social conflicts and possible tensions between different organisational logics, the SSE literature focuses on the social dimension as the dominant one (Pearce, 2003), lacking environmental discussing, and hybridity research can be very useful to acknowledge trade-offs between equally central yet incompatible organisational goals and help to find organisational solutions to navigate such tensions (Gümüşay et al., 2020; Pache & Santos, 2013). The paper juxtaposes the dominant corporate-led approach to CE with this little-studied hybrid SSCE approach on three accounts: strategic aims; organisational boundaries; and governance mechanisms. We claim that adopting circular business models within a traditional corporate-led organisational form, risks 'putting new wine into old bottles', reproducing existing socio-economic structures or even worsening some of them. Instead, the SSCE is outlining a truly alternative economy (Parker et al., 2014) that acknowledges hybrid social and solidarity organisations as structural or innovative elements of the CE attempting to offer realistic, innovative and creative ways of tackling complex social and environmental problems (Ferraro et al., 2015; George et al., 2016; Nicholls & Huybrechts, 2016).

## 7.2 | Practical implications

The main lesson that emerges from our study is that adopting a circular business model without changing organisational forms is not enough. This consideration suggests policymakers, CE advocates and researchers shall go beyond business as usual and corporate-led circular business models. On the other hand, we encourage circular social enterprises like CAUTO to take the central stage in the CE debate and claim greater public attention for their socio-economic and ecological innovations. We highlight the need to radically change not only the products but also the organisation, so that strategic aims, organisational boundaries and governance are fundamentally reconsidered in line with the regenerative, solidarity and participatory principles of SSCE outlined in Section 4. In order to fully express its disruptive potential, circularity cannot be limited by a narrow focus on profit maximisation; confined to traditional organisational boundaries; and constrained in hierarchical governance structures. It is time to acknowledge the disruptive potential of hybrid SSCE organisations that pursue multiple goals and combine different organisational forms and identities, struggling for a value(s) synthesis (Gümüşay, 2017). The CE requires cross-sector coordination and collaboration and participatory logic typical of hybrid and SSE organisations like CAUTO that can combine the strengths of for-profit, non-profit, and governmental organisations (i.e., the middle of the Figure 2). Similarly, to Sharma et al. (2020), we found that managerial and organisational factors, such as employees' motivation and training, and strong management

will be major prerequisites towards CE implementations. However, we suggest that SSCE requires going further. Strong organisational values, greater voice and participatory architecture are also required, particularly when the social circular enterprise becomes bigger and scales up.

## 7.3 | Future research

We believe that the combination of CE and alternative organisational forms typical of the SSE, in the concept of SSCE, has the potential to promote a transformative and alternative economic model that deserves greater scholarly attention. Thus, we hope for our paper to become a pathfinder for a future field of research on the concept of SSCE. CAUTO is an example of a successful SSCE organisation operating for more than 25 years. Many others exist across the world. We call for a systemic literature review of the SSCE within different perspectives and field of research. Because there is still a good scope in this area, we encourage research that can be conducted in the future to extend our in-depth study of CAUTO to a broader number of social circular enterprises. Empirical research could further test our analytical framework and assess the benefits and potential limitations of the SSCE approach against the dominant corporate-led CE. Also, future research could investigate why, so far, SSCE has struggled to gain greater attention and prominence. A possible explanation can look at what the hybridity literature called the 'liability of novelty', defined as the heightened institutional challenges new hybrid forms face both internally and externally because they risk being both 'not understood' and 'not accepted' (Gümüşay & Smets, 2020). Moreover, the hybridity literature could help to shed light on some of the challenges and limitations faced by circular businesses. While many CE advocates have often presented CE as a 'win-win-win' practical and technical solution able to deliver economic, social and environmental benefits (Defourny & Nyssens, 2013), conflicts in relation to the demands of various stakeholder groups and tensions between economic growth and societal goals are still overlooked (Corvellec et al., 2020; Korhonen et al., 2018; Valenzuela & Böhm, 2017). Retrieving aspects from SSE literature towards CE could help to better understand how to overcome such tensions and conflicts to pursue a more just and inclusive circular economy. Also, in relation to hybridity, future studies could investigate SSCE flexibility and adaptation as compared to corporate-led CE, focusing on potential absorptive capacity to align internal with external rates of change (see Ben-Menahem et al., 2013) as well as institutional boundary-crossing and boundary-spanning dynamics (Dokko et al., 2014).

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## CONFLICT OF INTEREST STATEMENT

The authors have no conflict of interest to declare.

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