Unleashing the transformative powers of sustainability-oriented SMEs

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Outline

1. SMEs & Startups contributing to circular economy & sustainable living

1. Challenges & enabling contexts

1. Desired supports toward unleashing the potentials
SMEs & Startups contributing to circular economy & sustainable living
## SMEs/Startups and Circular Economy/Sustainable Living

1. Innovation Categories

<table>
<thead>
<tr>
<th>Categories of Innovations</th>
<th>Archetypes of business models</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological</td>
<td>• Maximizing material and energy efficiency</td>
</tr>
<tr>
<td></td>
<td>• Creating values from waste or unused materials</td>
</tr>
<tr>
<td></td>
<td>• Substituting with renewables &amp; natural processes</td>
</tr>
<tr>
<td>Social</td>
<td>• Delivering functionalities rather than ownership</td>
</tr>
<tr>
<td></td>
<td>• Adopting a stewardship role</td>
</tr>
<tr>
<td></td>
<td>• Encouraging sufficiency</td>
</tr>
<tr>
<td>Organizational</td>
<td>• Repurposing for society/environment</td>
</tr>
<tr>
<td></td>
<td>• Developing scale-up solutions</td>
</tr>
</tbody>
</table>

Bocken et al. 2014
2. Circular offers:

**Technological**

The Bamboo Company, the Philippines
Plastic-substituting products made of bamboo
- Home furnishing
- Personal care
- Stationaries
SMEs/Startups and Circular Economy/Sustainable Living

2. Circular offers: Social

Laiday Refill Station, Vietnam
Refill-shops
- Home & Personal care
- Sustainable wedding
- Green living/DIY workshops

https://www.laidayrefill.com/
SMEs/Startups and Circular Economy/Sustainable Living

2. Circular offers:
   Organizational

   Otetsutabi, Japan
   Sending travelers supporting local areas
   - Farm/forestry helpers
   - Supporting staffs organizing local events
   - Remote workers using abandoned houses in depopulated areas

https://www.otetsutabi.com/
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3. Why SMEs/Startups?

- Putting day-to-day concerns into circular business
- Providing 97% of job opportunities
- Not locked in the incumbent business models/partners

- Enabling circular ways of fulfilling needs of food, energy, healthcare…
- Opportunities for women, youth, minorities
- Creative ideas for alternative “service provision”

METI 2021
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3. How many SMEs/Startups work for sustainability?

27% of entrepreneurs in mega cities conduct businesses for environment-benefits; 23% for social-benefits

3.2% leads/plans to lead businesses for environment or community benefits

(de Lange 2017) (Bosma et al. 2015)
Challenges & Enabling Contexts for SMEs & Startups going circular
Challenges & Enabling Contexts

1. Challenges

- Access to Finance
- Management Skills
- Market Access & Recognition
- Technical Capacities
- Time/Human Resource

For all of these, women, youth and minorities are more seriously challenged
Challenges & Enabling Contexts

2. Enabling contexts

**Personal Contexts**

- Experiences & Awareness
  - Concerns in day-to-day living
  - Education on the environment, social and sustainability issues

- Leadership & Skills
  - Entrepreneurship education

**Ecosystems**

- Reliable & affordable infrastructures
  - Electricity, Transport, Waste

- Financial Opportunities
  - Supportive grants & investors

- Entrepreneurs’ & Supporters Network
  - Entrepreneurs
  - Financial institutions
  - Educators & Technical providers
Challenges & Enabling Contexts

2. Enabling contexts – **Ecosystems of sustainability-focused startups**

Companies co-evolve capabilities around a new innovation: they work cooperatively and competitively to support new products, satisfy customer needs, and eventually incorporate the next round of innovations, and, analogous to a biological ecosystem, (it) gradually moves from a random collection of elements to a more structured community.

(Neumeyer et al. 2019)
Desired support to unleash the potentials of SMEs & Startups
**SMEs/Startups and Circular Economy/Sustainable Living**

## Support Categories

<table>
<thead>
<tr>
<th>Regulation</th>
<th>Education</th>
<th>Ecosystems Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lift regulations in favor of large incumbents</td>
<td>Link Sustainability Education &amp; Entrepreneurship Education</td>
<td>Help SMEs gaining support from finance/technical orgs</td>
</tr>
<tr>
<td>Introduce “test-beds” for SMEs &amp; startups attempting alternative goods &amp; services</td>
<td>Promote field-education where entrepreneurs/engineers learn and tackle environmental &amp; societal challenges</td>
<td>Promote networking of entrepreneurs &amp; supporting organisations</td>
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<tr>
<td></td>
<td></td>
<td>Promote consumer recognition</td>
</tr>
</tbody>
</table>

- For all of these, support to women, youth and minorities are needed
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Regulatory & Financial support

Malaysia

Social Entrepreneurship Action Framework 2030

Supporting entrepreneurs
- Funding; Skills; Technologies; Market access
- 3-year income tax exemption

Inclusive & Holistic development
- Supporting business led by “bottom-40%” & women, youth, senior, native communities

https://www.freemalaysiatoday.com

10,000 social enterprises
92,000 jobs
RM2.6 billion
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Ecosystems building

UNDP Vietnam & HATCH! VENTURES
SDG Challenge

Training to young innovators on
- Ideas & Skills in developing business models on sustainability-challenges in cities & communities

Seed funding
- Selected innovators granted & showcased
Reference


• Velela, V. 2021. “The Role of Entrepreneurs in Advancing Sustainable Lifestyles: Challenges, Impacts, and Future Opportunities.” *Journal of Cleaner Production* 283

• Ministry of Economy, Trade and Industry, Japan 2021. 27th Small and Medium Enterprises Ministerial Meeting 9 October 2021 Ministerial Statement