

Name: Puti Sinansari

Title: Circular economy business model in Indonesia

Abstract

Circular economy has emerged as a transformative model for sustainable development, aiming to minimize waste, extend product lifecycles, and maximize resource efficiency. Simultaneously, business model innovation is increasingly recognized as a critical enabler of this transition, providing the structural mechanisms through which circular practices are embedded. Despite growing interest, limited empirical research has examined how these two concepts interact—particularly within developing economies. This dissertation addresses this gap by exploring how business model components and circular economy elements are integrated to support the development of circular business models in Indonesia.

Grounded in the theoretical frameworks of business model theory and circular economy principles, this study proposes a conceptual model combining four business model dimensions—value creation, value processing, value delivery, and value capture—with five circular economy dimensions—product design, secondary raw materials, manufacturing and distribution, consumption and use, and regeneration activity. To validate this model, a structured questionnaire was distributed to Indonesian companies that have implemented one or more circular economy practices. A total of 100 valid company responses were analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS).

The results confirm that circular economy dimensions have a significantly stronger influence than traditional business model components in shaping circular business models. Among the circular variables, product design and regeneration activity were the most influential, while value creation emerged as the most impactful business model dimension. These findings highlight the strategic importance of embedding circularity at the design and post-use stages of the value chain. They also suggest that companies must fundamentally rethink how value is generated, not just how it is delivered or captured.

This research contributes to the theoretical advancement of circular business model literature by validating a multidimensional model within the context of an emerging economy. The framework offers practical utility as a strategic tool for businesses and policymakers aiming to support circular transitions. The study emphasizes that adopting circular economy principles requires not only operational changes but also strategic reconfiguration at the core of the business model.