

Challenges for Adopting Circular Economy Toward Business Innovation and Supply Chain

Authors : Kapil Khanna, Swee Kuik, Joowon Ban

Abstract : The current linear economic system is unsustainable due to its dependence on the uncontrolled exploitation of diminishing natural resources. The integration of business innovation and supply chain management has brought about the redesign of business processes through the implementation of a closed-loop approach. The circular economy (CE) offers a sustainable solution to improve business opportunities in the near future by following the principles of rejuvenation and reuse inspired by nature. Those business owners start to rethink and consider using waste as raw material to make new products for consumers. The implementation of CE helps organisations to incorporate new strategic plans for decreasing the use of virgin materials and nature resources. Supply chain partners that are geographically dispersed rely heavily on innovative approaches to support supply chain management. Presently, numerous studies have attempted to establish the concept of supply chain management (SCM) by integrating CE principles, which are commonly denoted as circular SCM. While many scholars have recognised the challenges of transitioning to CE, there is still a lack of consensus on business best practices that can facilitate companies in embracing CE across the supply chain. Hence, this paper strives to scrutinize the SCM practices utilised for CE, identify the obstacles, and recommend best practices that can enhance a company's ability to incorporate CE principles toward business innovation and supply chain performance. Further, the paper proposes future research in the field of using specific technologies such as artificial intelligence, Internet of Things, and blockchain as business innovation tools for supply chain management and CE adoption.

Keywords : business innovation, challenges, circular supply chain, supply chain management, technology

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