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**Aligning Small Business Strategy
with the Circular Economy:
Owner-Manager attitudes in Malta**

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Introduction

Research Objective:

To examine the effect which owner-managers' attitudes have on the adoption of circular economy business models (CEBM) in Malta's small enterprises.

This study is part of a wider four-year research project which aims to answer:

“ How are small and micro enterprises operating in Malta aligning their strategies with circular economy business models?”

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Methodology

- **Applies Grounded Theory**; uses Corbin & Strauss's conditional matrix and Charmaz's constructive approach.
- Purposive sampling.
- Interpretative and qualitative in-depth interviews were conducted with twenty-five owner-managers of small and micro business at their location between June 2022 and September 2023.

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Background Context

- The significant environmental problems in the past decade.
- Circular Economy is considered as a way for countries to improve economies sustainably & meet policy requirements.
- The CE is challenging for small island states whose economy is dependent on small & micro firms.
 - Small firms – employ 10 to 49 employees
 - Micro firms – employ less than 9 employees

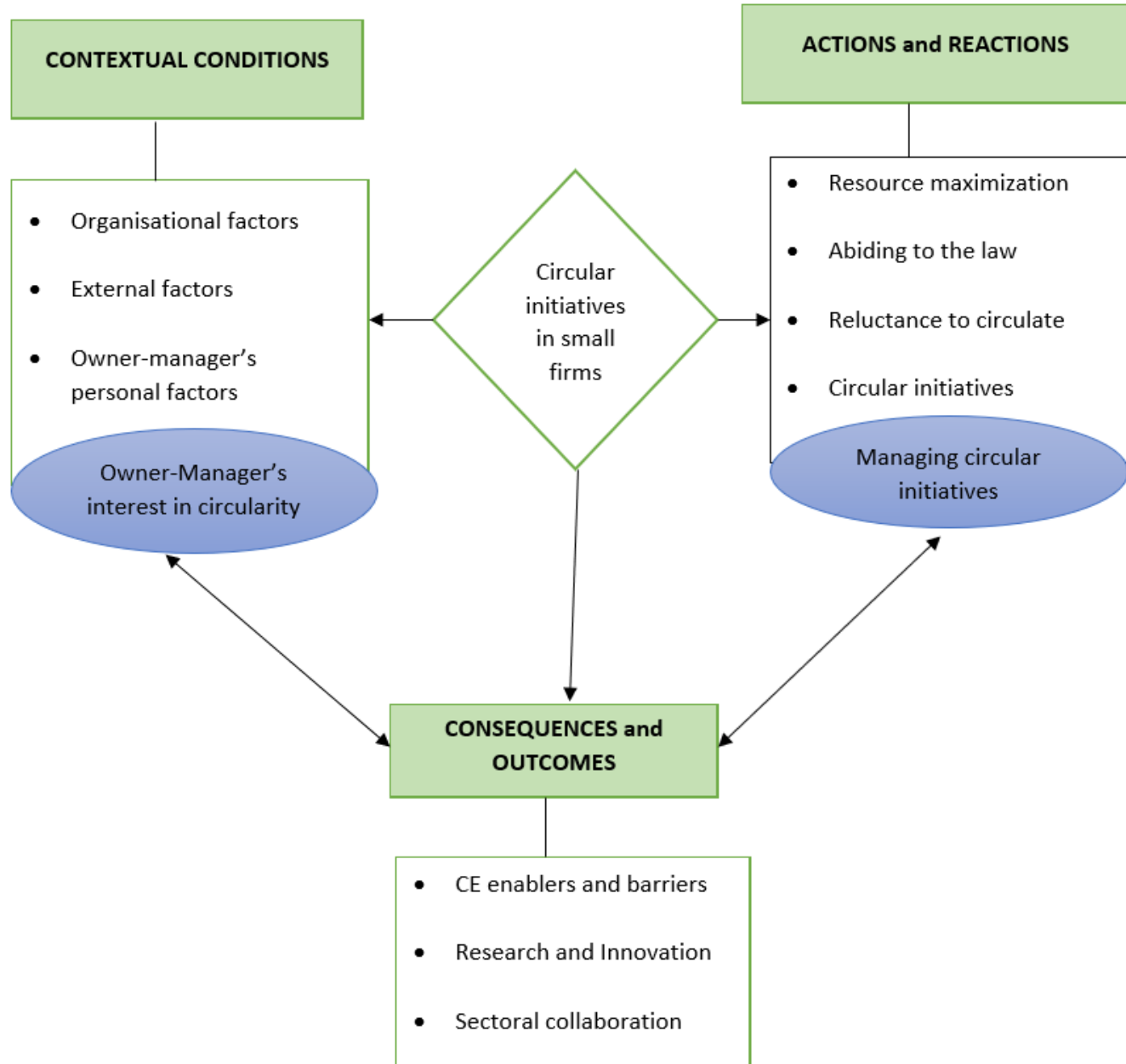
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- Small businesses share a different context – lack of resources, governance, expertise but are flexible to change.
- Of the 55,950 active businesses in Malta 52,674 are micro-businesses and 2,686 are small firms (NSO, 2021).
- Usually the founders, owner-managers are catalysts driving the adoption of CEBM in their firms.

Findings



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Owner-Managers' attitudes to CEBM

- The owner's attitudes towards circularity influence the owner's interest in circular activities.
- Attitudes are influenced by:
 - **Knowledge** about circularity
 - **Likeness** of circular activities –what are the benefits?
 - **Intention** to adopt circular activities

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Types of Attitudes	Description
The eco-preneurs	These hold positive attitude towards circularity, are knowledgeable and look at circularity as a business opportunity. They are innovative, creative and young in age. Owners of start-ups. Attend seminars organised by Professional Associations and keen on research. They recognise the need for the CE change and have already made use of government schemes to expand their new ideas. They attend conferences and use social media.

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Types of Attitudes	Description
The traditionalists	They do own a positive attitude towards circular principles of reuse and recycling. They have been using such practices for a long time, to maximise the use of their limited resources and to save costs. But they are unaware of the CE concept and passive to change. Normally older in age. They like the status quo and are ready to change only if a major stimulus happen such as Covid 19, or change in customers' preferences. They see seminars as waste of time but are keen to learn . They prefer one to one meetings with experts to explore new ideas.

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Types of Attitudes	Description
The Passives	<p>They are indifferent to circularity and other national issues such as digitalisation. They consider them as externalities or applicable only to large businesses. They are not ready to risk because of their limited resources. They believe that even the schemes offered by government are intended for large and medium sized companies. They are interested in schemes offering cash allowances rather than tax rebates. They are not ready to risk and will invest in CE initiatives only if they have cash in hand. They are interested in daily earnings because they feel obliged to getting a living for their families.</p>

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Implications and Conclusions

- The study provides data for policymakers and professional associations better to frame policy and thus accelerate the CE shift.
- Educational programmes - better targeted to the different types of attitudes.
- ‘Think small’ principle - for policies & incentives to aid small & micros – if Traditionalists are offered the right incentives, they will go on board the CE shift.
- ‘Ecopreneurship’ – a, major potential economic contributor to Malta. An environment which fosters this outlook should be created.

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Further Research Recommendations

- Further in-depth interviews until theoretical saturation is reached.
- Test model in other small Island states and regions that are economically dependent on small businesses.
- Investigate further specific enablers and barriers (e.g.) ecopreneurship.

