Motivations and drivers for adopting sustainability and circular business strategies in businesses in Victoria

Akvan Gajanayake | Oanh Thi-Kieu Ho | Usha Iyer-Raniga

Abstract
With the need to transition to a Circular Economy being highlighted at government and industry level, business research has focused on how firms incorporate circular business practices. However, there is a lack of research on what motivates and drives businesses to implement environmental and CE practices, specially from an Australian context. This research aims to understand what factors drive and motivate businesses to implement sustainability practices, using a survey distributed among businesses operating in Victoria, Australia. The results show that the major motivation for businesses to implement actions was the belief of doing the right thing. Although financial returns were not considered a major driver, the results reveal that firms may not implement environmental activities if it is not financially viable. The responses also illustrate that understanding of CE-related terminology within businesses were low, and that this could be a result of common terms used within the Australian context. Improving the ethical and moral conscience of business decision makers and incorporating wider CE actions into the general concept of doing the right thing could increase businesses implementing CE practices more broadly.

KEYWORDS
business drivers, circular business models, circular economy, organizational values, sustainability strategy

1 | INTRODUCTION

The concept of Circular Economy (CE) has gained much traction in the recent past within multiple academic disciplines ranging from sustainability to engineering. Academic discourse on CE can be traced back to the 1960s and was predominantly observed in the then new disciplines of Industrial Ecology and Ecological Economics. CE is typically understood to be a system that aims at stopping waste being produced, and is based on three design driven principles: eliminate waste and pollution, circulate products and materials (at their highest value) and regenerate nature (Ellen MacArthur Foundation, 2022).

Within the last decade CE has gained popularity across business and government sectors mainly due to the work conducted by the Ellen MacArthur Foundation. With increased environmental and social pressures on the need for more sustainable waste management processes, government agencies across the world have focussed on adopting CE principles. Government interest in transitioning to a CE in Australia has increased recently with challenges faced by the waste and recycling sectors, predominantly because of waste import bans from overseas (Iyer-Raniga et al., 2022). The State of Victoria has identified that a move towards a CE could provide solutions to its waste problems and has introduced regulatory instruments to enable this transition. The Victorian Government has also identified the...
important role businesses play in this transition and have taken steps to support and fund innovations to stimulate businesses to incorporate circular business strategies (Coenen et al., 2020).

The participation of individual businesses and their adoption of novel business models is seen as an integral part to the transition to CE. Such changes in business practices are referred to as Circular Business Models (CBM), which are new methods of running a business to support a CE. How firms have adopted such models, their applicability to support circularity, the organizational change behaviours that support their adoption and how such models have achieved the transition towards CE are areas that have been researched in the discipline of business economics and CE (Centobelli et al., 2020). Most of these studies rely on case study approaches that look at individual business cases of how firms have adopted CBM, with a majority of such studies focussing on successful cases. However, circular business practices are still a very much a fringe concept within the business community, where a majority of firms have still not caught on to such transformations. From a sustainability standpoint, businesses tend to focus more on their ESG activities rather than adopting CBMs.

If the transition to a CE is to be successful, CBMs need to be adopted by a larger proportion of the business community and such concepts should be embedded within routine business practices of firms. However, there is a lack of research on what drives businesses to engage in sustainability and CE related practices. This study aimed to understand the internal organisation behaviours and motivation to identify how more circular practices could be encouraged in traditional businesses. The main objectives of this study were:

- to understand overall business objectives and strategies of organisations in Victoria.
- to identify internal and external drivers for firms to adopt sustainability practices.
- to identify barriers to implementing sustainability and CE practices.

Ultimately, the objective was to support the State’s current regulatory environment and support the policy drivers for transitioning to CE.

2 | CIRCULAR BUSINESS PRACTICES

Over the years CE has been linked to different meanings and associations by different authors based on their fields of study, but a common concept agreed by most is a cyclical closed-loop system of production and consumption (Murray et al., 2017). The concept of recycling plays a major role within this understanding of CE, and over the years this has evolved to numerous R principles. The R principles started with the common and rather simplistic 3R principles of Reduce–Reuse–Recycle and has now expanded to a highly comprehensive 10R framework (Potting et al., 2017).

Although the concept of CE is ubiquitous in some academic and industry fields, given the novelty of it, there have been a multitude of definitions trying to explain the concept of CE overtime. Nobre and Tavares (2021), in what they call a final search for a CE definition, define it as “an economic system that targets zero waste and pollution throughout materials lifecycles, from environment extraction to industrial transformation, and to final consumers, applying to all involved ecosystems...” In addition, they use concepts such as natural regenerating cycles, clean and renewable energy and efficient resource use and consumption as part of a CE. As this paper seeks to understand how businesses are transitioning to a CE, the above definition was considered a good starting point to define what a CE is.

CE has been studied mainly through the eyes of sustainability and engineering related disciplines (Zink & Geyer, 2017) and is discussed relatively less within the field of business economics (Centobelli et al., 2020). Resource conservation strategies within businesses have been studied for a long time, it was not until about a decade ago that such strategies were identified to be synonymous with CE concepts (Rashid et al., 2013). Over the recent years CE concepts such as Circular Business Models (CBM) and Circular Supply Chains have emerged within the business economics discourse (Geissdoerfer et al., 2018; Pedersen et al., 2018).

Business research in the area of CE focuses on how individual firms can and have transitioned to more circular practices. Although the application of CBMs create new economic value for firms (Chizaryfard et al., 2021), it has been identified that incumbent firms, especially larger dominant firms, are less likely to make such transitions as they have an incentive to maintain status quo or prolonging socio-technical transformations (Moglia et al., 2022). Such inertia can be exacerbated as larger incumbents have monopoly power, through market share, thought leadership and material and policy resources, which can result in widespread inertia in the industry (Kemp & van Lente, 2011). As incumbent firms resist such transitions, it is important to identify how CE practices can have a competitive advantage, and foster transitions through such practices (Smith & Raven, 2012).

Business models of incumbent firms generally conform to existing technical and institutional environments (Smith & Raven, 2012; Sovacool et al., 2020). Incumbent firms require a more forceful transformation if they are to fundamentally alter their business models and such transitions could result in incumbents losing their existing competitive and market advantages (Moglia et al., 2022). Due to these barriers, adoption of CBMs within incumbents are low (Fehrer & Wieland, 2021), while most firms that adopt CBMs are more likely to be start-ups (Ormaezabal et al., 2018), which tend to design their business models at inception. The effect of firm size on CE transition has also been studied, where it is argued that larger firms have the capacity and realise benefits from incorporating CBMs (Dey et al., 2020), while Small and Medium Enterprises (SMEs) tend to prioritise economic aspects, providing less emphasis on environmental and social initiatives (Malesios et al., 2021). It has been found that for SMEs that do incorporate environmental practices, external factors such as legislation and stakeholder pressure and managers’ values, attitudes and norms play an influential role (Dasanayaka et al., 2022).

Although transitioning to CBMs have their advantages, it also comes with numerous challenges (Bocken et al., 2016). These firms...
need to make this transition not only by redesigning their business model but also by taking into consideration the value propositions to customers and supply chain relationships (Centobelli et al., 2020). These challenges therefore mean that, although incorporating CE principles seem compelling, they are not easily translated into organizational practice in terms of strategies, business models and operations (Khan et al., 2020). Some scholars argue that embedding sustainability concepts and principles into routine practices is the best method to mainstreaming sustainability (Maru et al., 2018). The improvement of internal sustainability competencies within firms has been identified to not only enable a transition toward CE, but also to increase the competitiveness of the organisation within the new CE market (Pavel, 2018).

In addition to internal organizational factors, the transition to circular practices are affected by multiple external factors such as government regulations and policies, legal frameworks, tax regimes and consumer patterns and behaviour (Marco-Fondevila et al., 2018; Wastling et al., 2018). These external factors influence the organizational objectives set by firms, while organizational transition can reflect societal CE norms and principles (Ranta et al., 2018).

The majority of literature tend to use case studies of firms that have incorporated CE practices either as a transition or by focusing on start-ups that have been set up based on CBM fundamentals (Bocken et al., 2016; Daddi et al., 2019; Khan et al., 2020; Ranta et al., 2018; Rovanto & Finne, 2023; Sanchez-Planelles et al., 2022; Sharma et al., 2021; Sohal et al., 2022). The use of case studies tends to show a positive view on CE transition as most cases studied are typically firms that have taken the initial steps for a transition. Such an approach relies on successful business stories with the aim of replicating these success factors across other companies (Prierio-Sandoval et al., 2019). This literature often studies CE cases in isolation to each other, when in reality there can be interdependencies among firms and across sectors (Pieroni et al., 2020).

The use of surveys to obtain information from a broad range of businesses have been used in recent years, with a focus on European regions (Dey et al., 2020; Dey et al., 2022). It has been found that external factors like the policy environment and customers are major influencing factors for businesses self-motivation to adopt CE practices (Dey et al., 2022). Research that has focussed on Australian businesses have found that the major driver to transitioning to CE was the leaders’ vision rather than a financial motivation (Sohal & De Vass, 2022). Most of the research on Australian firms focuses on those that have already embarked on the transition towards CE (Sohal & De Vass, 2022; Stubbs, 2019), while there is a lack of understanding on how firms based on traditional business models could be influenced to make this transition.

The motivations and business drivers for firms to adopt CE related strategies are much less studied. To the best of the authors knowledge, the only such study focusses on a comparison between Finland and Japan (Rovanto & Finne, 2023). This study found that the divergent socio-cultural contexts of the two countries resulted in varied motivations for adopting CE. Given that the policy environments and socio-cultural understanding of CE and sustainability differ between countries that are more advanced in their CE journey and Australia, it is vital to understand what motivations drive CE related practices in Australian firms. Without this generic understanding of business drivers and motivations it is challenging for government actors to identify the best approaches to incentivise traditional businesses to transition to more sustainable solutions. This research therefore focussed on understanding what drives and motivates businesses to take environmental actions and to identify how such actions could be made mainstream across the business sector.

3 | DATA AND METHODS

The main research method used for this study was an online questionnaire survey. The research intended to gain microlevel understanding of business actions related to sustainability and CE initiatives as the State of Victoria’s CE policies were underpinned by environmental and sustainability-based considerations. To gain these insights a questionnaire survey was deployed among businesses operating within Victoria to understand their priorities and value systems, and what drives them to take sustainability related actions. As the aim of the survey was to understand business objectives and motivations the respondents targeted were owners and/or senior managers of the business.

The questionnaire had three main sections: general participant/business information; business objectives and organizational values; and environmental sustainability and CE practices within the organisation. The segregation of the questionnaire helped researchers to include partially filled surveys in the analysis of the different sections.

Different formats of questions were included in the questionnaire based on the type of response that was aimed to be obtained. Some questions allowed respondents to select the most appropriate answer from a list of choices that were provided, while also giving them the opportunity to add options that had not been mentioned. Other questions asked respondents to select all applicable choices and then continued to a forced ranking of the selected choices. A forced ranking was used to give weights to the selected choices and to rank the final choices according to the rankings of the respondents. The rank sum weights were calculated from the individual ranks normalised by dividing the sum of the ranks. The formula for rank sum determination can be expressed as (Odu 2019):

\[
W_j = \frac{n - p_j + 1}{\sum_{k=1}^{n} n - p_k + 1}
\]

where \(p_j\) is the rank of the criterion \(j\); \(j = 1, 2, ..., n\). The individual rank sums were used to calculate a mean rank sum score (MRSS) for each of the criteria ranked.

The questionnaire survey was designed as a business-oriented survey, with consultation from a group of business and management experts, for it to be easily understood by the business community and to increase participation from businesses. The questionnaire took 10-15 min to complete and was available online. The survey aimed to receive responses from a wide range of businesses based on their size, type of business and industry sector. The target population was
TABLE 1 Individual motivations to start the business or take the current role.

<table>
<thead>
<tr>
<th>Owners</th>
<th>Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Desire to own my own business</td>
</tr>
<tr>
<td>2</td>
<td>Expertise in the area</td>
</tr>
<tr>
<td>3</td>
<td>Make a difference to society</td>
</tr>
<tr>
<td>4</td>
<td>Market opportunity</td>
</tr>
<tr>
<td>5</td>
<td>Express my creativity/ passion</td>
</tr>
</tbody>
</table>

Victorian businesses. Convenience sampling was used as access to the entire target population; all businesses operating within Victoria, was not available for a random sampling method (Jayasinghe, 2022). The questionnaire was disseminated through industry networks of the project partners and researchers. The questionnaire survey was available online from December 2021 to May 2022 and responses received during this time were collated for analysis.

A total of 194 responses were received during this period out of which 118 were included in the analysis, as some responses did not meet the inclusion criteria (i.e., not fully completed, businesses outside Victoria or not completed by senior managers). The number of responses were similar to other academic research (Dey et al., 2022), while one of the most comprehensive industry related studies among Australian businesses, used 500 responses for a national survey (Parry-Husband et al., 2021). Close to 80% of the respondents were senior managers or C-level executives of the business.

A diverse range of businesses took part in the survey. A majority of the businesses were Pty Ltd companies (58%) with others being mainly sole proprietorships or partnerships. The number of publicly listed companies taking part in the survey was limited most likely due to their national presence. Using Australian Bureau of Statistics (ABS) classification, it was found that most of the organisations were within the manufacturing sector (22%), professional, scientific, and technical services (20%) and retail trade (18%). Over 3/4 of the responses were from SMEs; organisations employing less than 20 employees and earning an annual revenue of less than AUD 10 million. Large businesses employing more than 200 employees and earning an annual revenue of above AUD 250 million accounted for less than 10% of the responses. However, given that the majority of businesses in Victoria are SME’s this sample was considered representative of the entire business population (Business Victoria, 2019).

4 | RESULTS

The results are presented in various sections based on the layout of the questionnaire.

4.1 | Individual motivations

One of the major objectives of this survey was to understand the motivations and drivers for business entities (Table 1). The desire to own their own business was found to be the most common reason for owners to start the business. Expertise in the area and making a difference to society were identified as the next top reasons. Some respondents went on to mention specific environmental benefits the company was trying to achieve in addition to selecting making a difference to society, which could mean that environmental benefits were seen as something different to a societal benefit. Overall, these responses show that financial independence was a major driver for new business owners, as expressing creativity/passion was listed as the fifth common reason.

The above reasons were in contrast to senior managers (employees) who mentioned that their personal values being aligned with the industry/organisations was the main reason to take up the current role. The next common reasons were personal challenges, gaining new skill sets and expertise in the field. Promotions and financial incentives were the least commonly cited reason. No C-level executives mentioned that financial incentives were a reason to take the role, as only management level staff selected this. These results show that at a personal level, individual passions and desires have a major influence.

4.2 | Business objectives

The survey showed that the highest ranked business objective was environmental sustainability impacts, while the second ranked factor was financial returns (Table 2). Although sustainability impact was
ranked highest, it should be noted that the type of organisations responding to the survey may have been those which have a higher affinity towards sustainability. This is further solidified by the fact that 85% of the respondents who ranked environmental sustainability as one of the top 3 business objectives were owners of a business.

When assessing the rank sum scores of the respondents who chose financial returns as one of the top 3 business objectives, it could be seen that the mean rank sum score for financial returns was 0.34, while for environmental impacts it was 0.08. Similarly, for those businesses that chose environmental impact as a top three objective, environmental impact scored 0.35, while financial return scored 0.08. This indicates that there is a clear polarity between business objectives of achieving environmental benefits and earning a financial return in the eyes of the respondents.

The lowest ranked objectives were shareholder returns and exploiting market opportunity. The low rank of shareholder returns as opposed to the high rank of financial return could be due to the low number of publicly listed companies responding to the survey. Analysing the publicly listed companies it was calculated that financial return was the highest ranked (0.24 MRSS) followed by shareholder returns (0.19 MRSS) emphasising that shareholder returns was an important factor together with financial returns.

4.3 Environmental sustainability and CE practices within the organization

More than 60% of the businesses mentioned that they consider environmental sustainability or circular economy principles in most or all cases during business operations, while more than 60% of the businesses have a specific environmental strategy. Interestingly, close to 20% of the businesses that do not consider environmental principles or only consider them in a few cases, had selected environmental impact as a top three business objective. A clear link between environmental considerations in operations and a company’s environmental strategy could not be seen. 28% of the firms that consider environmental impacts did not have an environmental strategy/policy, while 36% of the firms that consider environmental impacts in a few cases had a clear environmental strategy. Most of the environmental strategies focused on waste and recycling.

Close to all the businesses that measure environmental performance through company KPIs had an environmental strategy, while 57% of the businesses that had an environmental strategy, mentioned that business KPIs include environmental performance.

The most common environmental action adopted by businesses was recycling of waste, with 73% of the respondents selecting this (Table 3). Of the firms that mentioned that they recycle or upcycle waste only 32% were in the manufacturing or waste sectors, while more than 60% of the businesses were within the service sector. These responses show that the term recycling may have been understood loosely to mean separation of waste rather than technical recycling operations or other forms of waste processing. This illustrates that there is a low understanding of technical terms within the business sector. However, it should also be noted that the respondents were top-level managers and owners of businesses, who may not have the technical expertise in these areas. Further research into what the term recycling means in common parlance would be of interest. Given the low reliability of this factor, it could be assumed that the most common action taken by businesses is to separate their waste.

Reducing energy and water consumption was the second most common action taken, with use of recyclate and recyclable materials selected as the third common. Separating of waste, reducing energy and water consumption could be argued to be generic operational level actions taken by businesses, which have financial benefits or regulatory impacts. Interestingly, reduction of energy use was selected more often than reducing carbon emissions.

4.4 Drivers for implementing environmental practices

The highest ranked driver for implementing environmental and CE related actions was identified to be the right thing to do (Table 4). This together with D16 (climate and social conscience) shows that moral/ethical conscience is a major influencing factor for businesses to take environmental actions. The right thing to do ranked highest for all types of businesses irrespective of weather financial returns were considered a top three business objective or not.

However, a distinction between the type of respondents for this factor was observed. For owners who responded to the survey it was seen that the second highest ranked factor was client/customer demand, while this ranked 10th for managers. Managers who responded ranked business strategy/organizational policies as the most influential driver, while owners ranked this 8th. This demonstrates that managers would tend to follow strategies and policies which are set from the top down, while customer demand can be a major driver for owners to implement environmental practices.

A major difference between drivers for small businesses and medium to large businesses were identified. The highest ranked driver for medium and large enterprises were business strategy/organizational policies, leadership/strategic commitment, entrepreneurial/business opportunities, and government policies/regulations. For small enterprises these drivers ranked 4th, 7th, 3rd, and 11th, respectively. This illustrates that moral and
ethical conscience has a bigger role to play in smaller firms while business strategy plays a more influential role in larger firms.

The most common action of separating waste complements “doing the right thing” that was selected. Businesses that selected recycling had a MRSS of 0.1728 for doing the right thing. For service sector businesses this was higher than the overall MRSS at 0.2982. This illustrates that there was a connection between the act of “doing the right thing” and the separation of waste.

An MRSS for businesses that incorporated typical CE related practices like E6, E3, and E9 were calculated to understand the drivers for specific CE actions taken. This calculation excluded E2, as it had a low reliability to be understood as a typical CE concept of recycling but was assumed to connotate the meaning of separating waste. This calculation also showed that the highest MRSSs were for D10, D16, and D2, respectively (Table 5). Hence it could be assumed that in general, business drivers for CE related practices were very similar to

<table>
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<td>Climate/social conscience</td>
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<td>Business strategy/organizational policies</td>
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<td>D3</td>
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<td>D9</td>
<td>Client or customer demand</td>
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<td>D8</td>
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<td>Technological opportunities/innovation</td>
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<th>Rank</th>
<th>Firms that did not select typical CE actions MRSS</th>
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<td>0.00</td>
<td>16</td>
<td>0.01</td>
<td>13</td>
</tr>
</tbody>
</table>

TABLE 4 Business drivers for implementing sustainability actions.
other environmental practices. The main driver for firms that did not select typical CE related practices was the right thing to do, although the next highest ranked drivers varied. Climate and social conscience ranked 11 for companies that did not implement CE practices, while customer demand and government policies and regulations ranked second and third, respectively. This could indicate that customer demand and the use of government policies tend to drive broader sustainability actions in contrast to specific CE practices.

For companies that selected reducing carbon emissions, the highest MRSS was for client/customer demand, followed by business strategy/organizational policies and entrepreneurial/business opportunities, while the MRSS for climate conscience was lower than the MRSS for this criterion by other respondents. This illustrates that drivers for reduction in carbon emissions are typically different to other environmental actions.

The most common actions that businesses aim to take in the next 1–2 years was reducing energy and water use and improving awareness, with more than 50% of the respondents mentioning this. Developing a sustainability and/or circular economy strategy, recycling/upcycling waste, and using recycled materials or products were the next most common actions. These results show that for a majority of companies taking CE-related actions may come after energy and water efficiency practices.

### 4.5 Barriers for implementing environmental practices

Assessing the barriers to implementing environmental practices in businesses, it was evident that financial and market considerations were the main barrier (Table 6). The highest ranked barrier was the upfront cost/financial consideration, where the MRSS was nearly 3-times the second ranked barrier. Lack of viable business models could also be considered a financial barrier as current business models can be considered to hinder new CE related practices. External factors such as customers, supply chains and networks were also selected as barriers to change. Lack of awareness and interest internally were the lowest ranked types of barriers.

When analysing the barriers together with the drivers, it is evident that although internal factors, such as strategic leadership and moral conscience lead businesses to adopt CE-related actions, such actions would not be implemented if there was no financial benefit arising from them. This is a significant insight, which shows that government intervention needs to consider both drivers and barriers together if impactful policy is to be set.

### 4.6 Enablers for implementing CE practices

More than 70% of the respondents selected financial incentives as a factor that would enable their business to implement CE strategies (Table 7). This was in line with previous responses where financial considerations were reported as the highest ranked barrier. Of the participants that selected financial incentives as an enabler, 80% were small businesses. Over 70% of the medium to large enterprises had selected that business collaboration was an important enabler. This shows that financial incentives play a bigger role in smaller businesses in contrast to larger firms, who see the need for collaboration across the sector.
5 | DISCUSSION

The results show that the major driver for implementing sustainability and CE related practices across businesses was ethical and moral conscience to “do the right thing”. These findings are similar to previous research predominantly from Europe, which found that managers’ values were the most significant internal factor driving environmental practices (Dasanayaka et al., 2022). The significance of this research is that the method used in the study helped to identify that the ethical conscience of managers played a larger role than other internal and external factors. The results from Australia contrast with similar research in European countries, where it was found that the regulatory policy environment and customers are major influencing factors for businesses to take CE related actions (Dey et al., 2022). The differences in maturity of environmental policy and customer demands between European states and Australia could be a major reason for this difference between the two regions.

The findings also show that there were differences in how owners and managers considered environmental or CE for their businesses. Owners identified that client/customer demand was an influential factor, while for managers the company strategy was more influential. These findings resonate with earlier research in Australia, which found that the major driver to transitioning to CE was the leaders’ vision rather than a financial motivation (Sohal & De Vass, 2022). However, this research illustrated that although ethical conscience was the main driver, financial viability was important; business owners were unwilling to consider adopting environmental or CE actions if they were not financially viable. While businesses may consider the importance of environmental benefits, financial considerations over-ride ethical conscience when deciding on implementing actions. These findings highlight the paradoxical tensions between the ethical and financial aspects that may arise when implementing CE strategies (Daddi et al., 2019), and the need for further research to understand how they could be overcome.

Managers’ motivations for working/supporting environmental considerations of the businesses seemed to align their own values with that of the businesses they were working in. Managers interests in taking on the role/s within the organisations were driven by self-development opportunities and individual passion to excel such as gaining new skills, challenging themselves and the like. When considering the objectives of the businesses however, there was a divergence on the financial and environmental objectives for most businesses. The 85% respondents that highlighted these responses were business owners, demonstrating the passion/desire to own businesses that aligned with the owner’s passion to support sustainability outcomes for their businesses. The size of the business affects identification and implementation of business drivers. In a larger business, more alignment is required across the different divisions of the business such as organizational strategy with vision, mission with its attendant operational considerations. In small businesses the owner can directly work with their staff or communicate directly with staff verbally, so such codification of the enterprise may not be needed.

The findings did not show a clear causal link between environmental consideration in the operations of the businesses and environmental strategy of the same. This means that while the businesses may have considered dealings in environmental matters from a business perspective, they did not necessarily “walk the talk.” From those respondents that measured their environmental performance, over half of those actually had KPIs that measured these, as indicated by their responses (self-reporting) in the survey. It was unclear whether this was undertaken as evidence to consumers or for their own purposes. These findings are similar to research conducted in Europe where it was found that there CE principles were not easily translated into organizational practice in terms of strategies and business models (Khan et al., 2020). However, businesses could look at having a formal structure to deal with sustainability, as such companies are able to integrate sustainable practices in a higher degree than companies that adopt sustainability in a siloed way (Sanchez-Planelles et al., 2022).

Interestingly, holistic environmental approaches were also lacking; almost (75%) of the respondents reported on end of pipe recycling waste solutions, with less than that (65%) for reducing energy/water use. The reason for this may be over half of the businesses that responded were in the service sector (60%), so they did not actually deal with the hardware of the waste and could not influence looping the waste itself.

In terms of the waste materials themselves, most of the responses focused on recycling, whether using recyclate or recyclable materials used within production in these businesses. The results also showed that there was a discrepancy between what respondents understood by the term recycling. It could be seen that many service sector organisations said they were involved in recycling, while in reality the actions taken would be to separate the waste for future recycling. This is in contrast to some sector specific studies which found that recycling was the most common CE practice, and related to recycling within the manufacturing sector (Ki et al., 2020). A major reason for this confusion could be the terminology used within the Australian industry were the term “recycling” is used synonymously with the term recyclables and act of separating recyclables from non-recyclables (Sustainability Victoria, 2022).

The reasons as to why businesses implemented their environmental or CE actions was dominated by the reasons of doing the right thing,” a “climate/social conscience,” and a deliberate “business strategy/organizational policy” for both cohorts of respondents: business owners and managers. However, owners stated that “customers/client demand” was a primary business objective demonstrating that catering to customer demands could be key driver for implementing environmental actions in the future. A connection between the key driver for environmental actions, which was “do the right thing,” and the top ranked environmental action taken (recycling) could be seen.

A key reason for this could be that the term “do the right thing” has been used to drive litter prevention campaigns for over 40 years in Australia (Keep Australia Beautiful, 2021). Thus, it is evident that the historical use of words and terminology in the Australian context can be a barrier for lay-persons understanding of environmental concepts and be a barrier toward a transition to CE. This study compliments...
similar work in other countries, which found that the socio-cultural context plays a vital role in business motivations to adopt CE practices (Rovanto & Finne, 2023).

Financial outlay was a clear barrier to implementing environmental practices whether it was a large or small enterprise and reported by owners and managers of businesses. This was also highlighted as a potential enabler for businesses to implement CE strategies. There are a number of reasons attributed to this. First, businesses need to be financially secure if they are making changes particularly considering that the survey was undertaking after several lockdowns were instituted in the State. Second, while businesses did get some support during the lockdowns by the State and Federal governments, not every business was able to continue with their business activities as per normal or like in the pre-pandemic stage. Third, supply chain problems during this period time have also created a lot of problems for some businesses leading to uncertainties already compounded by a fluid and uncertain economic climate. These findings are somewhat similar to previous work carried out at a national level (Parry-Husbands et al., 2021), which found that, financial issues, lack of capital and uncertainty of returns on investments were major barriers to implementing CE activities, while reduction in cost and increased efficiency were identified as the main benefits. However, the lack of information on how to implement CE practices was the most common barrier at a national level, this was not found to be a major barrier in this study. A reason for this discrepancy could be due to the fact that this research focused on broader environmental sustainability issues as well, which respondents may have more knowledge about in contrast to more technical CE related activities.

6 | CONCLUSION AND FUTURE RESEARCH DIRECTION

This paper presents the results of a business survey conducted in Victoria to understand what drives businesses to adopt environmental sustainability actions within firms. Responses from high level individuals of a wide range of business organizations were obtained for this purpose. The results indicate that “doing the right thing” was the main driver for businesses to take environmental and CE related actions. However, it was also seen that, such action would not be implemented, if there was no financial benefit. Differences in motivations in bigger organizations and smaller organizations were identified. Ethical consciousness played a bigger role in smaller organizations while company strategy was a major driver for larger organizations. The survey also illustrated that the understanding of terms such as recycling was low among the respondents, which can have a detrimental effect on achieving broader transition to CE.

A limitation of this study was the possibility of a sampling bias in the type of firms responding. As a convenience sampling technique was used the results depended on the range of firms who took part in the survey and may not be the best representation of all firms operating in the state. Selection bias may also occur in sustainability related surveys, where the majority of the firms that respond, are firms/ personnel who have an affinity toward the topic. If such respondents appear to be more represented in the data, it can skew the results obtained. In order to overcome this challenge, the survey was distributed using multiple channels to reach a broader industry audience. These channels included industry bodies, Chambers of Commerce and government departments, which were not specifically sustainability related.

Based on the findings of this research the following recommendations, which could increase the adoption of environmental and CE practices within businesses could be proposed. Increasing the understanding and awareness on general environmental and CE-related issues could drive more businesses to incorporate environmental actions. The correct and consistent use of terminology within both government and industry could increase comprehension among business sectors. Given that “doing the right thing” was the major driver for implementing CE practice, including higher order R principles into the concept of “doing the right thing” could drive more businesses and consumers to take part in the CE. The increase of financial viability of CE practices was vital. In this light governments could use financial incentives and penalties to drive more CE related actions within businesses. Such actions could take different forms like subsidies, tax rebates, fines and penalties, which can make sustainability and CE practices more financially viable for businesses.

Future research in this area could focus on studying the level of understanding and awareness of CE within business organisations. It was identified that recycling related terms are not well understood within businesses and this could be a barrier for implementing more CE related actions. Such research could be done through dissemination of surveys or through more in-depth interviews. Research can also look at comparing these findings from Victoria to other regions, such as other States and territories in Australia, broader national level findings or regional scale in local government areas or industrial precincts. Such research will help in identifying if there are differences between motivations and drivers within these different regions.

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