



Co-funded by
the European Union

Toolkit Zone 1 Foundations of the Green & Circular Economy

Green Entrepreneurship & Innovation Ecosystems

Green and Circular Economy in Business by
Digital Solutions

2024-1-EL01-KA210-ADU-000251741

Co-funded by the European Union. The contents of this
publication are the sole responsibility of the authors and do
not necessarily reflect the opinion of the European Union.



AKDENİZ PANORAMA
DERNEĞİ



2.3 The Green Entrepreneur and Innovation Ecosystems

As the transition toward a sustainable economy accelerates, entrepreneurs play a vital role in transforming circular and green principles into viable business models. Green entrepreneurship refers to business activity that combines economic value creation with environmental stewardship and social responsibility. It reflects the shift from reactive environmental compliance to proactive innovation, where the reduction of resource use, waste, and emissions becomes a driver of competitiveness and long-term growth (UNEP, 2011).

In the European context, SMEs are essential actors in advancing the circular economy (CE). Their flexibility and proximity to local markets enable them to experiment with new sustainable models, yet their limited resources often constrain large-scale implementation. According to Tritto, Dias, and Bassi (2024), SME engagement in circular practices typically manifests in operational practices such as optimizing water and energy consumption, increasing renewable use, minimizing waste through reuse or resale, and redesigning products and services to reduce material intensity.

These actions represent measurable indicators of an enterprise's willingness and maturity to transition toward circular operations.

However, readiness to adopt CE and green business practices varies significantly across Europe and within countries. Internal factors, such as company size, leadership vision, investment in research and development, and employee competences, strongly influence the pace and depth of change. Larger SMEs, or those investing in R&D and innovation, are typically more capable of redesigning production processes and implementing closed-loop systems. External conditions—including policy stability, infrastructure, regulatory frameworks, and market incentives—create either enabling or limiting environments for such transformation. Tritto et al. (2024) identify a persistent East–West divide in the EU: Western and Northern European SMEs show higher circular adoption rates, reflecting stronger institutional capacity and environmental literacy, while Eastern European firms often face financial and infrastructural barriers that slow the transition.

As outlined earlier, the circular economy provides regenerative logic for value creation, one that redefines growth. Unlike the traditional linear model of “take–make–dispose,” the CE aims to close material and energy loops by reusing, repairing, and recycling resources. This is often captured in the 3Rs principle—reduce, reuse, and recycle—but extends further through restorative practices such as remanufacturing and refurbishing.

For entrepreneurs, its implications are practical: redesign products and services, re-route by-products, and build closed-flow linkages, in which waste from one process becomes input for another, across supply chains to unlock new revenue and reduce risk (Geissdoerfer et al., 2017; Geng & Doberstein, 2008).

Green entrepreneurship, in this sense, operates at the intersection of economic viability and ecological regeneration.

Entrepreneurs act as catalysts translating policy frameworks like the European Green Deal and the Circular Economy Action Plan into practice. Yet they must navigate multiple, and sometimes conflicting, expectations—market competition, regulatory demands, and social responsibility (O’Neill & Gibbs, 2016).

Their entrepreneurial identity is fluid, balancing commercial pragmatism with environmental commitment. As O’Neill and Gibbs (2016) note, this negotiation produces diverse narratives: some entrepreneurs pursue pragmatic strategies focusing on efficiency and profitability, while others adopt transformative approaches that challenge conventional business logics and consumer habits.



Ultimately, the green entrepreneur's capacity to innovate depends on both structural support and cultural change. Access to financing, networks, and policy alignment remains critical, but so too does the broader societal recognition that sustainability can enhance—not hinder—competitiveness. When effectively supported, SMEs can transform circular economy principles into scalable models that reinforce the United Nations Sustainable Development Goals 12 and 13, promoting responsible production, consumption, and climate action (United Nations, 2015). In this way, entrepreneurship functions not only as a mechanism for market adaptation but also as a cornerstone of Europe's transition toward a regenerative and inclusive green economy.

As SMEs and entrepreneurs scale these sustainable models, digital technologies emerge as crucial enablers, linking environmental and technological innovation in what has come to be known as the “twin transition.”