

Supporting a behavioral transition towards Circular Economy

An investigation of the relationship between circular drivers and employees' Change Readiness and Change Supportive Behaviours

Master thesis (TIP; Thesis Internship Program), based on a FBBasic / Cirmar business case. (company names anonimised) Full thesis can be provided upon request: fransbeckers@fbbasic.com

Executive Summary

- This study combined insights from previous literature on circular economy (CE) drivers and change management with results from an empirical case study to develop theoretical propositions.
- The propositions relate to the relationship between specific CE drivers and employees' *change readiness* and *change supportive behaviours*.
- The research found that:
 - **Context:** the significance of CE drivers is highly context-specific.
 - **Environment:** by emphasizing environmental drivers, *change agents* can influence employees' perceptions of *discrepancy*.
 - **Convergence:** employees' level of *discretionary behaviour* will be higher when employees' perceptions of business drivers and employees' personal drivers converge.

Context

Change is commonplace in corporations. It can be any situation that interrupts normal patterns of organization and calls for participants to enact new patterns. Consequently, change have profound effects on employees, and it is vital for managers to understand how to effectively engage employees to support the change and increase its survival prospect.

This study focuses on one specific type of business model – **the circular business model (CBM)** – that is currently high on political and business agenda due to its economic growth potential and reduced environmental impact. CBM derives from circular economy by *“incorporating elements that slow, narrow, and close resource loops, so that the resource input into the organisation and its value network is decreased and waste and emission leakage out of the system is minimized”*.

The case study researched two companies (A and B) that are cooperatively developing a circular business case, currently implementing a pilot project.

Theoretical implications

The perceptions of business drivers diverge between the two companies with which interviews were conducted. In A, employees stressed the economic category, whereas in B employees mentioned the environmental and social categories the most. Two interviewees from B stressed the responsibility of their company, being a plastic producer, in the environmental crisis several times: *“we bring a thousand of tons of plastic into the market. We feel responsible”*. This emphasis on environmental drivers might be industry-related, concerning highly-polluting industry only.

Even though some drivers are similar in both cases, the dominance of some factors appears to be based on the characteristics of specific contexts:

Proposition 1: The significance of CE drivers is highly context-specific.

The second part of this research concerns the impact of a transition to CE on change readiness. The research suggests that change agents' emphasis on specific drivers can influence employees' perceptions of discrepancy, and therefore impact the level of individual change readiness. The findings show that when environmental and social drivers are stressed, employees' perceptions of discrepancy are higher than when economic drivers are emphasized.

Proposition 2: The more the environmental and social drivers will be emphasized by change agents, the higher employees' perceptions of discrepancy will be compared to economic drivers.

Moreover, this research aimed at analysing employees' change supportive behaviours. The model distinguishes behaviours in terms of the amount of discretionary effort expended, the lowest being compliance, followed by cooperation and championing.

Two of three employees of B described actions they had initiated to support the change that demonstrate personal sacrifices. This strong involvement of B's employees might be explained by the coherence between their personal drivers and the company's drivers to transition to a CE. When considering A's employees' behavior towards the implementation of the pilot project, a lower level of discretionary behaviour was reported. One employee is categorised as compliant while a second employee from A is considered as supportive due to several discretionary actions that require a modest time sacrifice, reported in the interview. Lastly, A's third employee is considered as championing the implementation of the project. This employee is also the one that initiated the project within company A.

The lower level of discretionary behaviour from A's employees might be explained by the divergence between employees' personal drivers and perceptions of business drivers. In fact, employees' personal drivers mainly emphasized the positive environmental impact while their perceptions of business drivers stressed economic factors.

Proposition 3: There is a positive relationship between the convergence of employees' personal drivers and employees' perceptions of business drivers and the level of discretionary behaviours employees display. The more the personal and business drivers converge, the higher the level of discretionary behaviours.

Managerial implications

This section sums up key recommendations to support successful change implementation. To begin with, imitating successful CBM strategies from competitors might fail in another setting. Organisations should identify their key drivers and barriers, and build their own CBM based on the latter. Moreover, the identification of barriers is a crucial step to evaluate employees' confidence in their abilities to successfully implement the change. Lastly, aligning employees' personal drivers with business drivers might result in higher levels of discretionary behaviour.