

Investigating internal and external factors influencing the development of circular entrepreneurship: a case of the Northern Territory

Abstract

Unsustainable production of goods has resulted in raw material depletion, increased waste, and elevated carbon emissions. Despite circular economy (CE) efforts of recycling and reusing, Australia exhibits the lower recycling rates (4.6%) compared to the global average of 7.2% (DCCEEW, 2024). In addressing these challenges, circular entrepreneurship emerges as a critical solution by unlocking and exploiting CE opportunities that generate ecological, social and economic values. The literature highlights higher recycling rates in urban areas while regional areas have lowest recycling rates, facing additional challenges concerning remoteness, limited recycling facilities and high transport costs. Circular entrepreneurship offers potential solution in mitigating these challenges by identifying business opportunities related to waste, for instance. Existing studies focus on either internal or external factors providing a limited understanding of circular entrepreneurship, while both factors are essential as they influence circular outcomes and each other. Therefore, this study aims to investigate how internal and external factors influence the development of circular entrepreneurship in a regional area by drawing on effectuation theory, institutional theory and network theory. Considering Northern Territory as a case study and employing action research design that includes survey in Phase-1, interviews in Phase-2 and a workshop in Phase-3, this study aims to generate insights into the regional entrepreneurial ecosystem, raise CE awareness among SMEs and involve SMEs in identifying CE opportunities. Moreover, findings can assist policymakers in devising policies and strategies to stimulate circular entrepreneurship. By integrating theories, this study seeks to advance understanding of circular entrepreneurship from individual to regional levels.