


Chapter 6


Advancing Sustainability Through the Social Business Model in the Circular Economy of Developing Countries

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ABSTRACT

The chapter explores the operational and structural challenges in implementing Circular Economy (CE) practices in developing countries, with a specific focus on Indonesia, Nepal, and Tanzania. Using a mixed method approach grounded in ex-

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pert survey data and supported by PESTLE and Triple Bottom Line frameworks, the chapter investigates how the Social Business model can act as a strategic enabler of CE. Key findings highlight limited access to finance, policy enforcement gaps, and weak consumer engagement as significant barriers. Despite these challenges, expert insights reveal high potential for CE adoption if targeted support mechanisms are introduced. The chapter discusses real-world social businesses such as Grameen Group and Waste Concern that demonstrate how mission-driven, locally embedded organizations can advance circularity while maintaining sustainability. The chapter concludes with recommendations for integrating Social Business into CE strategies and outlines future research directions to deepen practice-informed knowledge.

INTRODUCTION

The circular economy (CE) is increasingly gaining global attention as a model for creating sustainable and resource-efficient systems. The fundamental premise of the circular economy is a shift from the traditional “take-make-dispose” model to one that emphasizes reusing, recycling, and reducing waste. By rethinking how products are designed, manufactured, used, and disposed of, the circular economy aims to benefit both society and the environment. In contrast to the linear economy, which reduces limited resources and generates excess waste, the circular economy seeks to establish a closed-loop system where products, materials, and resources are kept in use for as long as possible, extracting maximum value from them before recovering and regenerating materials at the end of each service life.

Developing countries, which often face dual pressures of poverty alleviation and environmental protection, stand to benefit considerably from the adoption of circular economy practices (Schroeder et al., 2019; Waaje et al., 2024; Roshid et al., 2025a). However, the implementation of CE in these contexts is fraught with challenges. These include inadequate infrastructure, limited technological capabilities, fragmented policy frameworks, insufficient financing mechanisms, and a general lack of public and institutional awareness regarding sustainable practices (UNEP, 2018; Kirchherr et al., 2018; Roshid et al., 2025b). Consequently, many CE initiatives in these regions are small-scale, donor-dependent, and struggle with long-term viability. Frequently, they are mischaracterized as charitable or welfare-driven ventures rather than commercially viable models that can operate independently and scale sustainability.

In response to these challenges, the Social Business model defined by Nobel Peace Prize laureate Muhammad Yunus offers a compelling solution. A social business is defined as a business created and designed to address a social problem financially and sustainably, without distributing profits to shareholders or owners

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