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Broadening the Circle: Creativity, Regeneration and Redistribution in Value Loops

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Abstract

Purpose - Increasing industrial agriculture and economic crisis has generated creative responses in pursuit of responsible solutions to the human and environmental cost of globalization by applying these models to promote social responsibility, help sustain livelihoods and foster biodiversity. A key issue concerns how responsible and circular businesses might provide appropriate responses to large-scale 'wicked' problems. This paper asks what such creativity looks like in the context of a circular economy that attempts to build closed value loops, by examining a case from the organic cotton textile industry: Appachi Eco-Logic.

Design/methodology/approach - We use an ethnographic, extended-case approach to identify two phases of creative growth at Appachi Eco-Logic, examining how closing the value loop and creating circularity involved broadening the circle to include more and more actors.

Findings - We identify two major challenges to achieving and maintaining full circularity before concluding with a broad provocation for the study of circular economies.

Orginality/value - The case offers insight into fundamental features of circularity, regeneration and redistribution, that can be used by managers to build responsible and sustainable closed value loops.

Keywords - circular economy, creativity, regeneration, redistribution, value loops

Paper type – Research paper

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Introduction

A significant global challenge for the 21st century ~~centres~~ centres on ~~the~~ an ideological shift from a growth driven imperative focused on the achievement of economic and development objectives, to one that is more cognizant of well-being, resource depletion and environmental constraints. Issues around livelihood and the environment are what are often referred to as inherently 'wicked problems' or 'grand challenges'. Examples of ~~'~~wicked problems~~'~~ might include environmental degradation, poverty, access to food or homelessness – large-scale concerns that constrain institutional capacity to deliver collective good.

Grand challenges are of concern because traditional processes can't resolve them, ~~....~~ they require approaches that are non-traditional and creative (Rittel and Webber, 1973). It is important to note that such challenges present with complex interlocking, multifaceted attributes that do not align with typical problem-solving or policy led approaches applied to address them. Camillus (2008) suggests that a key issue centres~~ers~~ around the fact that organisations are currently ill-equipped to develop workable models for the increasingly fraught and complex environment in which they operate. This corresponds to the growing recognition that a more holistic view is needed – one that integrates an understanding of how organisations need to balance their own goals with those of the wider macro environment within which they function. Contemporary creative approaches to developing responsible and circular businesses are an avenue for exploring meaningful responses to such large-scale, complex and intractable problems.

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In the context of agriculture, agri-business and agricultural research institutions still continue to promote new technological and commercial solutions to diminishing productivity across the agricultural sector despite growing consensus among scholars and civil society groups (e.g. Menon and Uzramma, 2019) that agricultural intensification is no longer a sustainable option, and that creative rather than technological solutions are required to address the crisis. This impulse is echoed in a number of developments across various regions in both rural India and globally, which seek to find creative alternative solutions to the human and environmental cost of industrialized agriculture, and to apply these models to sustain livelihoods and foster biodiversity. CSuch creative projects tend to fuse economic productivity with ideas about sustainability, coexistence and stewardship and are often grounded in thinking about economic and ecological circularity. Grand challenges such as climate change, poverty and environmental degradation that continue to plague sustainability across the globe render an urgent need to make creative projects more visible (Venkateswar and Bandopadhyay, 2016).

This paper is an investigation into what such creativity looks like, and what sorts of challenges and constraints these creative endeavors face. Our research focuses on the textile industry, perhaps the most historically prominent and dominant cash crop in South Asia (Beckert, 2014) and a sector often implicated in environmentally negative impact. In particular, we explore the work of Appachi Eco-Logic, an organic cotton initiative in South India, and its associated brand, Ethicus. Appachi has, over the last two decades, developed a creative socially and environmentally responsible venture in a largely rural, subsistence context, building a model that places profit generation alongside the goal of sustaining rural livelihoods, promoting food, income and employment

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security, and nurturing conditions for biodiversity to flourish, thereby attempting to create a circular value system that spreads value as much as it extracts it. In doing so, we encourage shifts in our understanding of how nature and entrepreneurial action might not only co-exist but also promote sustainability. Specifically, we ask:

What does creativity look like in the context of a circular economy?

What challenges do creative responses face as they seek to establish full circularity and close the value loop?

We proceed by first laying out a theoretical context for our study, examining some prominent metaphors in research on supply chains before arguing for the importance of value loop metaphors ~~in highlightingto highlight~~ the emerging circularity of contemporary creative approaches to socially, environmentally and economically sustainable business. An overview of our ethnographic method and extended case methodology is then provided before we set the scene for our case. We start by discussing an initial experimental phase for Appachi, which is marked by what we call creative failure, before outlining a second phase in which social, economic and environmental aspects of a creative circular model began to be realized. We then turn to unpacking a set of systemically creative features of such circularity, using the notions of redistribution and regeneration to consolidate our discussion. Finally, we outline two major challenges associated with designing and implementing such a model. Foundational to our discussion is the central role that both regeneration and redistribution play as cornerstones of such creative approaches in re-claiming human-nature connections (Muñoz and Branzei, 2021).

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Literature Review

Over the last fifty years, scholars have developed multiple metaphors to describe international production and consumption networks: the complex and highly interrelated set of material and symbolic processes that link suppliers, manufacturers, markets and consumers, and constitute economic globalization. We use 'metaphors' to symbolically represent the process of production and consumption, denoting a connection that might not be literally true but regardless important in aiding our understanding of the phenomenon being investigated. Metaphors are important to consider because they draw our attention to particular aspects of reality and experience while obscuring others (Black, 1979), and sorting through them gives us greater purchase on theoretical heuristics. In this section we outline a series of metaphors for understanding connections between entities in the global economic landscape, arguing for the use of the metaphor 'value loop' to gain purchase of dynamics related to the circular economy. We then turn to a discussion of circular economies and creativity, highlighting the central role that systemic creativity plays in the development of circularity.

Chain Metaphors

Perhaps the most common metaphor to describe networks of international production and consumption is the term *supply chain*, popularly understood as an alignment of firms that bring products or services to market (Lambert et al., 1998). Indeed, chain metaphors predominate in the literature (Bair, 2005). Definitions of supply chain and supply chain management are manifold; as Mentzer et al. (2001) say, supply chain management can refer to a set of operational procedures, to the flow of information, material, labor, capital and equipment across locations, and even to a philosophy of management. Our intent is not to describe the complexities of this vast literature;

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rather, our intent is to point out that when understood as supply chains, ~~our~~ attention is drawn primarily to the linear interconnectedness and dependencies involved in the economic and management-related dimensions of these global flows.

Scholars in multiple disciplines, including organisational and communication studies, have used a plethora of other terms to draw attention to the sociological, regulative and political dimensions of such flows. For instance, Bair (2005) discusses the development of the metaphor *commodity chain*, tracing its emergence in world systems theory, and citing Hopkins~~pers~~ and Wallerstein (1977) for its establishment. Those scholars said:

> Let us conceive of something we shall call, for want of a better conventional term, 'commodity chains.' What we mean by such chains is the following: take an ultimate consumable item and trace back the set of inputs that culminated in this item – the prior transformations, the raw materials, the transportation mechanisms, the labor input into each of the material processes, the food inputs into the labor. This linked set of processes we call a commodity chain. If the ultimate consumable were, say, clothing, the chain would include the manufacture of the cloth, the yarn, etc., the cultivation of the cotton, as well as the reproduction of the labor forces involved in these productive activities (Hopkins and Wallerstein, 1977: 128; quoted in Bair, 2005: 155).

Like the supply chain metaphor, commodity chain metaphors also emphasize a linear interconnectedness between actors in the global economy, often distinguishing between upstream producers and downstream consumers. Against the labor-sociological global commodity chain metaphor, Bair traces the emergence of the global *value chain* metaphor, rooted in international business research, which is positioned as a more inclusive approach than the commodity chain

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approach, drawing our attention ~~as it does~~ to multiple and more intangible aspects of value, not only upon commodity forms. Again, our intent is not to review the complexities of both these literatures; rather, it is to draw attention to the fact that the term value admits into the theoretical scope of chain research the idea that there might be multiple kinds of value in addition to economic value, including social, political and environmental value.

Since the introduction of the idea of value chains and its popularization in the early 2000s (Bair, 2005), scholars have both considerably broadened what counts as 'value' as well as problematize the idea of linearity implicit in the notion of a chain. For instance, some scholars have noted the inability of the term 'value chain' to capture the complexity of interactions between a wide range of actors in an environment featuring multiple interdependencies (e.g. Cartwright and Oliver, 2000). Scholars have used the term *value web* to take account of the larger range of both economic and social actors, facilitate greater understanding of the significance of networked relationships across these actors in increasingly flexible and fluid environments, and recognize the value generated through these interactions (Scheiterle et al., 2018). While this is consistent with emerging approaches to circular economies (Cav~~a~~ello et al., 2018), circular approaches move beyond the web metaphor in some critical respects.

Circular Economies, Value Loops and Creativity

Circular economy models have been increasingly popular over the last seven years as way of consolidating and reorganizing the global economy in a manner that ensures minimal environmental impact and results in sustainable long-term growth and developing social equity, while simultaneously renewing and protecting natural resources (Kirchherr et al., 2017). Circular

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economic models considerably challenge prevailing "take-make-waste" logics embedded in linear supply chain models, as much as, if not more so, than research on value webs, circular economy models considerably expand how we think of value. However, the model has been criticized of late for taking an environment-first approach to circularity and assuming that environmental benefits of circular economies need to be obtained before social equity can be realized.

Unlike the value web metaphor, however, circular models do not only acknowledge and examine the interrelatedness of multiple actors in a value network; they insist upon ensuring reciprocal relationships between any actor who invests value into the network: this is encapsulated in the very idea of circularity. Thus, while an appropriate framing metaphor in many ways, the notion of a value web appears too diffuse for a conceptual framework that seeks to examine and interrogate the extent of circularity in economic globalization. The notion of a *value loop,* however, is much closer to the idea of circularity; the loop metaphor implies a cycling back and distribution of value throughout the network. Research on value loops focus on how they enhance the flourishing of multiple stakeholders (Dyck, 2020) to bring together material, knowledge and capital flows (Chouinard et al., 2009). Like value webs, the value loop metaphor moves away from a linear view of commodity production and circulation, but focuses much more upon regeneration than interdependence.

The value loop metaphor also helps consolidate attention to the extractive logics that run through linear conceptions of value, commodities and supply chains. It is aligned well with prior disarticulations of the chain concept, where external complexities, inequities, and instabilities are not intentionally excluded (see Bair et al., 2013 for a detailed discussion). Social interactions within the loop encompass much more than the movement of products from one stage to another.

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The tangible and intangible co-creation of value(s) occurs at each stage of the process as production is dispersed. "Closing the loop" is thus an integral part of circular design and is a complex exercise in identifying multiple actors who both contribute to the loop both at "upstream" as well as "downstream" levels (Mishra et al., 2018).

We have argued that value loop metaphors make sense in the context of emerging discussions about the circular economy. The challenge that circular economy models set for change is quite considerable, as they involve the creation of what Girardet (2013) has called a circular rather than linear metabolism. It entails moving beyond merely sustaining the world's badly damaged ecosystems and human communities and instead moving actively towards regenerating them. This is a gargantuan task, as some studies are beginning to show (Schröder et al., 2019). More often than not, farmers, artisans and other marginal actors are left out of collaborative connections across locations that are built to encourage circularity, and consequently do not reap its benefits (Schröder, 2019; 2020). An extended consideration of all stakeholders and the environment is required for mutually beneficial solutions (Schaltegger et al., 2019).

The scale of this challenge and the sheer number of issues involved requires increasingly creative solutions. Creativity and innovative processes have been identified by several actors themselves as being critical ingredients of the move to circularity (e.g. The Ellen MacArthur Foundation). As Naidoo (2020) has argued, small and medium enterprises (SMEs) are ideal vehicles for such creativity, as they are both flexible and agile, and require both innovation and creativity in order to even exist. For d'Orville (2019) creativity and sustainability are deeply intertwined and go hand in hand. Creativity is the ultimate renewable resource: it "involves transforming ideas, imagination

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and dreams into reality, often blending tradition and innovation. The creative ability depends on creative thinking, that is the ability to generate or recognize ideas, alternatives, or new possibilities that may be useful in solving problems, communicating with others, and also entertaining ourselves and others" (p.68).

Research on creativity commonly understands it as not only a set of cognitive processes and personal characteristics, but also as a set of social interactions and the characteristics of a system itself (James et al., 1999). Systemic and situational factors go a long way in determining what is counted as creative and alternative work. As a systemic property, creativity itself is a circular process. Precisely because it involves improvisation, experimentation, risk and imagination, it is tied as intricately with failure as it is with success. In fact, cycles of creative successes and failures characterize the growth of creative industries themselves. As Kerrigan, McIntyre, Fulton and Meany (2019) argue, creative failure and success are tightly intertwined; they are not the opposites of each other, but systems go through phases of creative growth and failure. However, both scholarly and popular attention focus upon what appear to be creative successes and ignore the formative and systemic role of creative failure, often viewing it as an aberration or an externality instead of a central, necessary and ultimately productive phase.

Given all this, it remains important to ask what creativity looks like in the context of a circular economy and examine the challenges creative responses face as they seek to establish full circularity and close the value loop. These are the questions we address drawing on insight from our ethnographic work with Appachi Eco-Logic in Tamil Nadu, India. Below, we turn to a discussion of our method before unpacking the insights from our study.

Methodology

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Research Approach

Our collaborative approach is based on immersive and long-term engagement with Appachi Eco-logic, in the spirit of ethnographic inquiry (Lindlof and Taylor, 2017), which stretches across the disciplines of socio-cultural anthropology, management and organisational studies, and communication studies. We undertook our fieldwork between 2015-2020. This consisted of four rounds of study near Pollachi, Tamil Nadu, where Appachi Eco-Logic is located. Engagement with Appachi included several site visits, four in-depth interviews with the founders (8 interviews in total), participant observation in the ginning mills and design studio, and ethnographic interviews with weavers, craftspeople and organic cotton farmers. We also participated in educational outreach initiatives starred by Appachi. Our fieldwork was supplemented using correspondence with the founders, journal articles, internal documents, newspaper coverage and, increasingly, social media.

Interviews with the founders were conducted in English. All other conversations were in South Indian languages, Kannada and Tamil. The three researchers are fluent in at least one of these two local languages. Transcribed interviews, fieldwork notes, journal articles, newspaper segments and observations were put together through a set of conversations amongst the researchers, to build a retrospectively longitudinal narrative designed to support subsequent analysis detailing the evolution of Appachi Eco-Logic and the Ethicus brand over a 15 year period. Every visit we made marked a shift in how we understood the creative processes in Appachi Eco-Logic and how the multitude of factors that shaped their operations ~~and~~ both enabled and constrained their space of action. The use of a narrative and (in this case) largely chronological approach helps explain the relationships between key events that we have observed, and is central not only to building better

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and more reflective theory (Pentland, 1999) but also as a means of capturing the complexities of time, agency and human intent (Scutt and Hobson, 2013). Adopting this means to understand and analyse our data has helped us take a phasic approach to construct two phases of creativity at Appachi: an initial phase of creative failure, followed by creative success, which appeared to be drawing to a halt at the onset of the Covid crisis in early 2020.

We frame our research in terms of an extended case method (Burawoy, 1998). Case study methods are appropriate for research into complex and diverse contexts such as those within the spheres of responsibility and ethics. An extended case method involves the detailed and long-term engagement with a single case and extrapolates from it on the grounds of its uniqueness, rather than its generalizability (Tracy and Geist-Martin, 2014), relying on genetic rather than generic modes of significance in order to move from the micro to the macro. It archetypically begins with detailed descriptions of the case, followed by a discussion of critical features of the case at a higher level of generalization. Following this method provided an appropriate segue between the details of the case and how this could be used to inform our understanding. In adopting such an approach, we were able to retain the complexities of understanding the 'biophysical' environment within which entrepreneurial activity mindful of social, economic and environmental impact takes places (Vlasov, 2019).

Context

This story begins in the 1990s, against the backdrop of the emerging agrarian crisis in India, turbulent financial markets, and the entry of new global conglomerates into the Indian scene —all of which served to inextricably link local livelihoods with global upheavals (Vasavi, 1999). The

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crisis magnified over a period of several years, resulting in severe farmer indebtedness, an increasing precarity in agricultural livelihoods, and an onslaught of well-documented farmer suicides (Sainath, 2004; Assadi, 2006, 2008). Alongside this crisis, another one was unfolding: the exponentially increasing ecological toll of the commercial/industrial model of agriculture in the post-liberalization era in India, which considerably eroded the optimism and confidence of the green revolution from the 1980s with its promise of high productivity, food security and sustainable livelihoods (Macrae, 2016).

Before we discuss our insights and their significance, some background on Appachi is in order. Appachi is led by two individuals, Mani Chinnaswami and Vijayalakshmi (Viji) Nachiar, a husband and wife team, who represent several generations of involvement in the cotton industry in South India. They inherited the business, then focused on ginning and called Mariappa, from Mani's family, which had stewarded it for several generations. Before they began to become actively involved in its work, however, they educated themselves further in their areas of interest and talent: Mani studying in the United States, and Viji at one of the pre-eminent creative design institutes in India. During the 1990s, Mani decided to step outside of the confines of the ginning mill, and disrupt the compartmentalization very much part of the prevailing set up of the cotton industry in India, and that led to the creation of Appachi Cotton. We begin our inisghts with Phase One, a brief account of the initial experimental years.

Insights

Phase One: Creative Failure

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Appachi's initial search for new ways to work in the cotton industry occurred at the very time of crisis in the rural agricultural sector with which we began this paper, and which severely impacted farmers as a result of ~~opening up of~~ markets opening up to new global players. Most well-known (and notorious) amongst these was Monsanto, which entered the Indian market in 2002. That period was also marked by declining growth rates in cotton productivity, fluctuating crop prices, and the beginning of a trail of farmer suicides that have mounted over the ensuing decades (Falnikar and Dutta, 2019). Cotton was then regarded as a highly unethical sector, not only because of the sheer amount of pollutants produced throughout the chain, but also because of the ways in which the industry exploited labor (Menon and Uzramma, 2019) — a story which is all too common in South Asia, and which echoes from Rana Plaza in Dhaka to Muzaffargarh in Pakistan.

Mani cited these reasons for Appachi's search to try to do something different with how he farmed cotton. Until then, his traditional family enterprise had been deeply tied to what he called "identity cotton"—particular kinds of long-staple cotton, which was becoming destabilized because of the entry of hybrid cotton in India starting in 1996. He said:

> So, the hybrid culture stepped in. Killed all the native varieties that were predominantly grown in the region. That was a big hit for us also. So, slowly, that's when we all stepped in as the 3rd generation in the field. And we are also seeing a lot of change now going into the genetically modified cotton. So, there is a transition from my grandfather's time of growing pure varieties, which is something that India had an identity of. Each region had an identity.

The increasing havoc that hybrid and genetically modified (BT) cotton was playing with both consumer demand, prices, farmer livelihoods and the viability of mills led him to want to

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experiment with increasingly sustainable cotton production because as he said "propagating genetically modified cotton felt alien to us." He also experimented with Integrated Cotton Contract Farming. He learned about contract farming from his experiences with a Tibetan settlement in Karnataka. Tibetan settlements have grown in India since the first one in Dharamshala in the 1950s, when the Dalai Lama sought refuge. The communities in Karnataka have existed since the 1960s, and they are known for their emphases on education, crafts, arts and sustainability. Contract farming was a way to provide stable prices to farmers at a time of great instability. For him, it made sense to try to provide farmers a fixed and secure price for the kind of (non-GMO) long-staple cotton that his mill wanted to produce. As he said, "we were pioneers in launching contract farming model. Because along with the concept of engaging with the famers, we also felt that at the ground level, things have changed. The farmers have become even more impoverished. And the input supplier became the controller of their fate."

The attempt to help local farmers continue to grow a variety of long-staple cotton called Suvin that the area had become famous for about 300 years ago, was thus deeply anchored both in traditional identity as well as a desire to stay clear of genetically modified cotton and the horrific impact it was having on farmer livelihoods. Attempting to pioneer a form of contract farming to stabilize farmer income worked for a while—until it failed.

While Appachi, personified by Mani, was the common link amongst the various components of the experiment in contract farming, connecting the farmers with the ginners, the spinners and finally the mills where the cloth was woven. Farmers were initially able to consolidate fields and marginal farmers could thus get a share of essential resources including seeds, training, technology

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and finances. But Appachi was the *only* link between these otherwise autonomous entities, which were vulnerable to any number of pressures, including attempts by other sectors to encourage farmers away from cotton to other crops such as sugarcane. Shifts in the political environment proved to be the last straw, with election manifestoes advertising that all farmer loans would be written off. Several farmer communities defaulted on their loans, consequently banks and investors withdrew their support for Appachi's experiment. The new value loop was seemingly too fragile.

Phase Two: Broadening the Circle

The first failure provided a trigger for Appachi to double down on the creative thinking that underlay their model for cotton production, and resulted in refining, rather than abandoning their approach and succumbing to the pressure of BT cotton cultivation. It was then that they made the decision to experiment with organic cotton, which just a few years after the turn of the millennium, had not taken hold in the country at any scale. Organic cotton for them, seemed to have potential on multiple fronts: on one hand, it would address the situation of rural farmers, providing an alternative to chemical overuse; on the other, it would allow them to bring a creative product to the market, despite one that had not been established to any degree either in India or abroad.

This doubling down lead to both an identification and a recommitment to some core values such as reciprocity and giving that gave further shape to emerging circularity. Driven by what appeared to be a deep-seated belief that the entire industry was living off the cotton farmer, Mani carefully considered and reconsidered the entire enterprise, saying to us: "the money I was making was because of his hard work. But what is it that I've done in terms of giving back to society?" In turn Viji said: "We needed a healthy lifestyle for doing ethical business, so we had to bring about

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another change in our business. We stopped dealing with regular cotton which was cultivated using pesticides, as it clashed with our ideology."

After some research on an appropriate site for organic cotton farming, Appachi, now renamed Appachi Eco-Logic, decided to reach out to tribal farming communities in Kabini, an ecologically sensitive region and wildlife corridor. They identified a community that had been relocated by the government after being displaced from their traditional forest homes, who were now eking out a subsistence livelihood through desultory farming. Once again, Appachi introduced a version of contract farming to the group, but renewed their efforts at education, resource provision and training to help them transition away from a fertilizer driven operation to organic cultivation, which Mani reported to us was easy to do as tribal communities had no history or experience with fertilizers in the first place.

Appachi also increased their efforts to work with the farmers, not only paying them a premium on the market price to buffer potential decreases in yield, but also working with them on food and income security issues, introducing multi-cropping with millets, sugarcane, thereby providing a greater platform for security. Farmers thus started to learn to feed their own communities and plan for seasonal crop rotation.

The premium long staple cotton grown in Kabini was a natural fit for handloom weaving, which was, as Viji described it, an epiphany: "Whenever we had foreign friends visit, we had been taking them around our villages… showing them the handloom weaving of Pollachi. I knew at that very moment the right utilization for the yarns—in the handlooms!" They proceeded to build

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relationships with local weavers who were keen on using the high-quality yarn from Kabini, and another dimension of their creative venture came to life, resulting in a design studio of up to 42 handlooms, and a new brand, titled 'Ethicus' in 2009. This shared vision rested on the innovative scheme of bringing two otherwise disconnected and geographically separate (although proximal) areas together, in a context that was steeped in a long tradition of cotton production and immigration, in which Appachi itself was deeply embedded. The weavers had migrated to the Pollachi area from Karnataka close to 300 years ago when there was a boom in cotton production during the Tipu Sultan Era; in fact, they continued to speak Kannada. Maratha kings had brought communities of weavers to the area all the way from Saurashtra. Likewise, mill owners and workers in the area, especially Nayakars and Kamma communities, had migrated from Andhra several hundred years ago but still spoke Telegu. Said Mani: "Wherever there was black soil, they moved—cotton was in their blood!"

From this point, Mani took responsibility for developing organic farming in the Kabini region, and Viji adopted the role of nurturing and integrating the value-added aspects of weaving and design, through Ethicus, reaching out to multiple communities of weavers and craftspeople. Appachi also expanded their work into educational outreach in the form of a 'Cotton Trail' tour, which took visitors from Kabini in Karnataka to the local weaving villages around Pollachi in Tamil Nadu, before finishing at the design studio where weavers and designers worked collaboratively. This excursion attracted international visitors interested in textiles, social enterprise and ethical value chains. The farmers, weavers, ginners and spinners positioned along the chain formed a crucial part of successful narrative outlining a move towards a circular economy. And this in turn added yet another dimension to the emerging circularity of their work: developing a circular consumer

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consciousness by educating potential consumers of the value inherent in developing a farm to fashion value loop, in which local communities had a clear stake, and which was resulting in environmental benefits for an already fragile and ecologically sensitive location.

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Discussion

Creativity, Circularity, Regeneration and Redistribution

These two phases of creative growth at Appachi demonstrate how deeply intertwined creative failure and creative success are. In line with scholars who question the dichotomization of creative success and failure, and who argue that what is constructed as failure is largely the result of hypercompetitive markets (e.g. Smith and Henricksen, 2016), it is clear that the first phase of creative growth at Appachi was a period of deep learning and experimentation, which contained the seeds of the second phase, and without which they could not have moved successfully into organic cotton. In this section, we turn our attention to emerging aspects of circularity, and how two particular aspects of circularity intertwined with creativity to render it meaningful.

The model of circular growth at Appachi Eco-Logic demonstrates several important features of circularity in value loops. First, Appachi's attempts to develop a value loop were longitudinal and open-ended. It took several years of experimentation, effort, planning and thought to develop a model that worked for the highly complex social context, and that was embedded in deeply historical factors including tradition, livelihood, caste and community dynamics. Second, the approach to circularity was simultaneously social, economic and environmental. For organic cotton to succeed, Appachi had to work with everyday realities and the precarious living conditions

which characterized tribal communities and ensure that communities themselves were able to sustain themselves socially and economically in order to take up organic cotton. Third, circular growth is obviously phasic and partial, and broadens over time, bringing in more and more actors and beneficiaries into the process as it grows. And finally, circularity is improvisational and experimental, based on trial-and error.

We now turn our attention to two aspects of circularity that were particularly important at Appachi, and which worked together to consolidate systemic creative features: regeneration and redistribution. The notion of regeneration adds life to our understanding of sustainability, creating a dynamic that sets in motion a process of transformation and a cycle of internal and external renewal (Howard et al., 2019). The idea of regeneration makes sense given the stark realities of the subsistence contexts which we observed over several years. With the lives of desperately poor farmers at one end of the spectrum and poor yet skilled artisans as weavers at the other end, along with what is typically the externalized impact on wildlife and the biodiverse environments, it is clear that issues of creative repair and restitution are critical for broader ecological and social survival. By sharing the value of the assets created through this process, Appachi also ensured a redistributive process whereby benefits are shared through the value loop and are not extracted out of the region. This represents a loop that is both sustainable and inherently responsible.

Regeneration and redistribution at Appachi, as the hallmarks of a circular approach connected to sustainability, contain social, ecological and economic dimensions in equal measure. Figure 1 provides a diagrammatic representation of how circularity works in this manner. Our observations

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and ethnographic work with Appachi indicate that there are several creative features associated with each of these.

[Figure 1: Regeneration, Redistribution and Circularity *about here*]

Socially speaking, creative features associated with regeneration and redistribution include four key aspects. First, the provision of resources to small and marginal farmers mitigated their risk and made the proposition meaningful to them. Second, organizing farmers into functional groups enabled coaching them into working as horizontal collectives across extant social boundaries. Third, working with weavers and incorporating their traditional knowledge into the creative design process helped revitalize age-old practices, and ensured that artisanal knowledge, often oral and undocumented, is protected and transmitted across generations. And fourth, creating schools and ensuring that children had access to education helped create the bedrock for long-term social mobility amongst both farmers and weavers, and made the management of daily life easier for women in particular.

Ecologically, the introduction of organic farming in an area reeling from several decades of industrial agriculture is a significantly creative alternative on at least three fronts. First our own interactions with farmers indicate their enthusiasm for organic cultivation and its resonance with their affective relationship with the land and its history, and works to yoke environmentalism with culture and tradition. Second, the introduction of organic farming works to help regenerate wildlife and biodiversity devastated by decades of overfertilization. And third, multicropping itself is an

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innovative solution which helps reverse eroded environments from the ruination of monocrop farming.

Economically, four creative features appear to be salient. One, the use of technological innovations helped intensify the grade of cotton, the quality of the yarn and the quality of the organic coloring. Second, streamlining the loop and removing several links in the form of middlemen who traditionally mediate between mills and farmers, allowed more benefits to accrue directly to farmers in the form of market premiums. Third, the provision of backward and forward integration ensured that farmers had more control over where their product went and how it was allocated. And finally, the provision of a continuous source of income both to farmers and weavers helped lend a measure of stability in a highly volatile sector.

Challenges: Precarity and Scale

The creative project of generating a circular value loop at Appachi is marked by a set of challenges. Perhaps foremost, despite Appachi's attempts to ensure stable and continuous employment and income, any number of factors could combine at any moment to destabilize what took years to put in place. It is a hallmark of creative generation that work moves from failure to success and back again, and like any other creative SME, Appachi's work moves through the same cycle. For instance, in 2015-16, when the cotton crop failed, a number of tribal communities decided not to cultivate it anymore and chose to grow sugarcane instead. This resulted in Appachi not getting enough cotton to meet demand. The company responded to the challenge by starting to grow its own cotton on a 25-acre plot near Pollachi, with input from local farmers. This proved to be a

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successful experiment as it not only became a reliable backup, but it gave them hands-on experience in dealing with the challenges and risks of cotton cultivation.

Another challenge presented itself in early 2020, when several weavers left for employment in other sectors such as construction because, despite the itinerant nature of that work, the pay rate was good. The number of weavers at the studio had dropped by more than 50% when we last visited, but since the onset of Covid, it has gone up again, at least temporarily. It is thus a considerable challenge for the Appachi to maintain a closed value loop amidst a sea of uncertainties caused by constant shifts in market prices, demand, boom-and-bust cycles in other industries in the area, droughts caused by climate chaos, as well as non-sustainable competitors.

A further major challenge has to do with the question of scale. Traditional assessments of success are typically based on the ability of an organisation to scale up. There is an expectation (for example, from funders and policy makers) with regards to socially focused organisations such as Appachi that scaling up is the most effective way to achieve wider and deeper social impact (Bloom and Smith, 2010; Badrach and Grindle, 2014; Ross, 2014). Scaling up may also be positively linked to perceptions of organisational sustainability (Walske and Tyson, 2015). However, scaling is not just about operational expansion (Dees et al., 2004; Bloom and Smith, 2010), the process requires careful strategic planning and implementation (Dees et al., 2004). Expanding or extending interactions with external stakeholders may include developing alliances, building on market incentives to change behavior of beneficiaries and influencers, and capitalizing on social and economic trends.

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In general, research demonstrates that SMEs and social entrepreneurs in particular are wary of scaling up, grounded in genuine concerns about the greater emphasis on marketization that scaling up brings. Some entrepreneurs perceive growth that increases profit to be unethical, others are concerned about loss of control, a decrease in quality of standards and potentially weakening the communities they initially sought to serve. This is certainly the case of Appachi Eco-Logic, where a deliberate decision has been made to not scale. This decision is founded on the deep-seated belief articulated by Mani that "in scaling intent gets lost, livelihoods are distorted, and quality gets warped". For all these reasons, Appachi prefers to maintain the scale of operations as they currently exist. However, maintaining their current scale makes them all the more susceptible and vulnerable to sudden changes in labor, markets and politics. The twin changes of precarity and scale are therefore closely linked. Our finding with regard to scale is closely aligned with Bauwens (2020) view of how crucial the mission and values of an organisation are in shaping growth.

Implications and concluding comments

The present research offers practical implications and theoretical contributions. Over the course of nearly two decades, as Appachi Cotton underwent a creative transformation and morphed into Appachi Eco-Logic and its spinoff brand, Ethicus, its attempts to demonstrate the viability of a closed value loop and a circular economy resulted in an ever-broadening circle, incorporating not only farmers, but also artisans, weavers and designers. They did so in a paradigmatically and systemically creative way, emphasizing the role of regeneration and redistribution in creating responsible circularity. Our organisation faced considerable challenges — chief among them are the intertwined issues of precarity and scale. This finding signals an important practical consideration for others seeking to connect value loops to sustainability and responsibility.

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Our work also highlights the considerable challenges ahead in perfecting circularity. Primarily, the consumption model that many organisations endorse is itself not-circular, and involves garments being purchased once, with no option of recycling and reuse. From a theoretical perspective we understand that there needs to be more research on developing relevant supply chain models capable of delivering on promises of sustainability and responsibility. Future research needs to explore what a circular model would look like if it involved multiple uses, multiple cash transactions, and value flowing back not only to the reseller but to the original cotton producers, weavers and designers with each transaction. This is a speculative question but an intriguing one, as it implies that circularity is never quite complete, and that value loops are never completely closed, and that designing an economic system that does not succumb to an extractive logic is actually a long-term, arduous and really difficult proposition.

In conclusion, we consider the extent to which the value generated in circular systems can be evenly shared and the cost-benefit analysis that must be an integral component of such decision making. Our observation is whether this is indeed the sole responsibility of an entity like Appachi Eco-Logic, or whether this is a manifestation of the responsibilisation tendency of a neoliberal, market driven, capitalist economy (Shamir, 2008; Trnka and Trundle, 2017). What, if any is the role of the State in ensuring redistributive justice? How much of the burden of redistribution can the enterprise carry? Our case study reveals the promise and the potential of a sustainable mode of farming embedded within a structure of production that delivers multiple ‘goods,’ but is then required to carry the weight of failures of a macro structure emanating from an indifferent State

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that has neglected rural economies over successive decades. These questions provide important avenues for future research.

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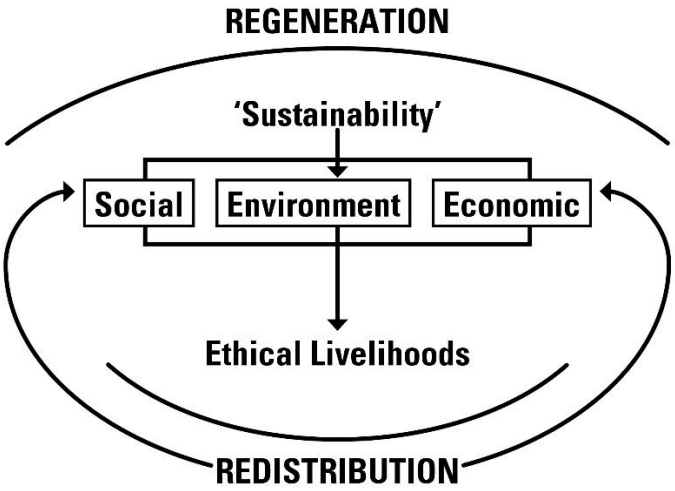
Figure 1. Regeneration, Redistribution and Circularity



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