



REFRAME

**Circular Economy strategy FRAMEwork
for sustainable SMEs**

IO3: Circular Economy Implementation Framework (CE Framework)

Disclaimer:

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 SIGMA



3.5 Social factors

The Social factor is a very important one that affects the transition to CE in SMEs. It can act both as a driver and a barrier to the effective implementation of the CE principles within enterprises from the construction, crafts, and manufacturing sectors. Bearing in mind that the drivers and barriers to CE implementation are contexts and sector-specific, as well as country-specific, every company should analyse and be aware of its own specific external and internal environment to allocate the most important barriers and drivers towards implementing the principles of CE.

Amongst the strongest social drivers, there is the growing awareness of the need for sustainability by the SMEs - e.g. new technologies for waste separation in manufacturing. There is also an increased demand for sustainability by consumers - customers complaining about products not being sustainable. Another social driver is the increased internationalisation as well as the potential of the CE to open new jobs and increase the vitality of businesses. As stated in the “EREP Manifesto & Policy Recommendations”, citizens should be enabled to make more sustainable choices in their consumption. CE (in manufacturing, and construction) shall contribute to higher employment and the creation of new job positions. Another driver towards the implementation of CE is the concern about human and animal health (micro plastics entering the food chain, wide usage of plastic products daily). Public health should be a major driver towards implementing the principles of CE in construction, manufacturing and crafts companies. Improved practices of waste management will positively affect public health.

Consumers' awareness of sustainability is a driver of CE but it could be a major barrier as well. There are still many consumers that are missing environmental awareness. This is a barrier quite difficult to overcome as it is based on culture. Most consumers are still focused on convenience and low prices. To have a successful circular economy strategy, the consumption attitude of society should change. Lack of reliable information about the CE not only to consumers but also to the business is also a major barrier to its implementation. Another barrier is the consumers' perception of products that are remanufactured – still many of them consider remanufactured products as of lower quality.

The factors that affect circularity are interrelated. The social factor is related to the environmental one - society must be aware of the environmental issues for a CE to be successful and consumers' behaviour is greatly affecting the environment. The behaviour of consumers is in turn related to knowledge, access to information and culture. Also, the social factor relates to the economic one - efficient allocation of resources and improved productivity lead to the improved well-being of society.

To increase (social) environmental awareness, education and training are essential. Industry and technological innovation alone cannot drive the systemic change needed

to achieve a truly CE: we need a paradigm-shifting from individual behaviours to social/cultural adoption of CE principles to achieve viable changes. Schools and universities should include in their programmes theoretical knowledge about CE and, also support outside the classrooms and lecture halls the promotion of a sustainability mentality and eco-responsible citizenship. More and more consumers will be open to change behaviours and can be themselves the drivers of the effective implementation of the CE principles within enterprises from the construction, crafts, and manufacturing sectors; by demanding more sustainable products, services, and practices. Furthermore, Vocational Education and Training (VET) is also crucial to provide the knowledge and skills that workers from these sectors need to achieve the employment and innovation potential of CE. The risk of not investing in the development of green skills in these workers is too great: this can lead us to a mismatch between the skills needed for the future of work – to achieve the environmental goals and new consumer demands. Last but not least, without investing in education and training we also risk not supporting a just and resilient economic and environmental recovery and delivering the ambitions of green and digital transitions, precisely the focus of the 2020-launched European Commission Pact for Skills. VET can help to drive skills development for the circular economy when underpinned by effective policies, funding, leadership and the participation of a range of stakeholders from industry, government, research and education, and civil society. In the end, it can help to turn the “Social Factor” into one of the true drivers of CE.

To assess the importance of the social factor for your organisation, you can ask yourself the following questions:

- Is there an increased demand from our customers for more sustainable products/services? Is it within my company’s priorities to offer sustainable products?
- How would the transition to a circular economy affect my company – would it help us reach out to new markets and expand our business?
- Is the improvement of public health and environmental protection among my company’s priorities?
- What can I do to raise awareness about CE among my employees and customers?
- Does the HR of my company have enough knowledge and skills to move towards a circular economy business model?
- Would my company benefit from training in the circular economy?
- Are there available training/courses/educational resources in CE accessible to my company (at economic and/or geographic levels)?