

# The Transition to the Circular Economy is a New Way of Thinking Both for Small and Medium Enterprises of Latvia and End-users

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## INTRODUCTION

The subject of the research is the different models of the circular economy. The object of the research will be SMEs in different economic sectors. The research hypothesis can be defined as the transition to the circular economy and is an essential element in achieving high production efficiency in companies from a long-term perspective. The research aims to create an adapted model for the transition to the circular economy for Latvia's SMEs.

Although several circular economy good practices have already been implemented through eco-innovative projects in Latvia (treatment of different types of construction waste, plastics recycling etc.), there is still free capacity for many other projects. The research will use existing circular economy methodologies (for example, different checklists and questions) to strengthen both qualitative and quantitative methods.

## MATERIALS AND METHODS

The research will use both qualitative and quantitative methods – 5 methods have been used so far in total.

Overall structured interview – the basic questionnaire has 13 questions and the additional questionnaire has 41 questions.

## RESULTS

Expected results of the research will be the following – new criteria issued for SMEs for the transition to the circular economy in the long-term perspective, adapted model for SMEs issued for transition to the circular economy and recommendations and suggestions issued for developing the eco-innovation market.

Until now 2 overall questionnaires (hereinafter – Q) have been prepared – main Q with basic 13 questions in google format and additional Q with 41 questions in google format. Until now (accessed basic Q: 20 February 2022) 74 answers have been received out of 499 respondents from different stakeholder groups (basic Q), and 16 answers have been received out of 38 respondents (additional Q). Nevertheless, the study concentrates on the involvement of different companies from different industrial branches; until now, company activity has been least observed.

## DISCUSSION

One of the explanations for such a low level of activity can be explained by the COVID-19 restrictions influencing the overall low interest from the side of companies to be involved in any scientific studies.

Future work needs to focus on changes to the approach of how to involve more companies in increasing the total number and activity.

In the following research, there is no longer a necessity to decrease the number of sectors chosen because the circular economy's elements can be implemented in all 5 sectors; not only in waste management and food production.

In the following research it is necessary to indicate and analyse the responses given in the additional questionnaire and provide feedback from expert interviews.

A new element in the following study is also the so-called “end-user” role and possibility of being involved and participating in achieving green goals for Latvia until 2027, 2030 or from an even longer perspective. As it is defined, circular economy is not only a new industrial production model, but also a new model for end users (energy efficiency measures, waste sorting, usage of deposit system).

## CONCLUSIONS

Until now the author can conclude that there is critically low interest and responses received, which is the total opposite of trends such as “sustainable development”, “green deal”, “social responsibility” nowadays.

It can also be concluded that more than 80% of all respondents want to live in a clean environment (breathe fresh air, drink clean water, use appropriate sewage and waste management services) and mainly understand the main principles of the circular economy from one side. From another side, the responses given said – there is no necessity, or it is only necessary to invest as little as possible to implement eco-innovations (green technologies).

It can also be concluded that there is mostly a positive attitude to new approaches, different initiatives and projects, but only with condition that the source of financing is the state budget.

Practical application of the adapted model could be described as a possible IT green market tool where a wide range of eco-innovations (technologies, standards, costs etc.) will be collected and sorted. Waste management, food production, electricity, water, port sector SMEs can use such a tool for appropriate analysis and decision-making before investing.

**KEYWORDS:** Circular economy, Eco-innovations, Industrial production, Quality standards