



# The Role of Irish Small and Medium-sized Enterprises in the Transition to a More Circular Economy

Authors: Bernadette Power, Gordon Sirr, Geraldine Ryan and John Eakins

Lead organisation: University College Cork

## What did this research aim to address?

The research aimed to examine the role of Irish small and medium-sized enterprises (SMEs) in the transition to a more circular economy (CE) – a critical issue given Ireland’s slow progress in this area and the central role of SMEs in the economy, accounting for over 99% of Irish businesses. As part of the project, a comprehensive survey of Irish SMEs was conducted to assess their engagement in the CE, with a particular focus on circular business models (CBMs). The survey also explored their motivations for CE engagement, the barriers they face and their views on supportive policies and interventions. In parallel, a survey of Irish consumers was carried out to assess their willingness to engage with various CBMs and the barriers limiting their participation. This project is innovative, as it is the first in Ireland to simultaneously examine the perspectives of both SMEs and consumers, providing an integrated evidence base to inform a more cohesive and effective policy framework for addressing the complex challenges of the CE transition.

## What did this research find?

Irish SME and consumer engagement in the CE is low, with many barriers to engagement. However, there are encouraging signs, with many SMEs interested in adopting CBMs and evidence of untapped consumer demand for CE offerings. Sectoral differences also emerged in engagement with CBMs, with construction SMEs favouring product takeback schemes, manufacturing SMEs prioritising the use of secondary raw materials, and retail/wholesale SMEs focusing on selling second-hand and remanufactured/refurbished goods. Key CE barriers included market-, financial- and knowledge-related challenges, while cost savings and revenue generation were key motivations. However, these barriers and motivations varied across SME characteristics. Sector-specific barriers to adopting various CBMs were also identified, highlighting the breadth of obstacles that SMEs face. The consumer survey similarly revealed low engagement with CBMs but a high level of willingness to engage, particularly in product takeback schemes, followed by repair/maintenance services, buying remanufactured/refurbished goods, buying second-hand goods, and leasing/renting goods. Willingness to engage varied by product type and was higher among individuals of a low socioeconomic status. CBM-specific barriers were also identified, highlighting the need for targeted interventions.

## How can the research findings be used?

The findings can inform policymaking aimed at advancing Ireland’s CE transition, including the Whole of Government Circular Economy Strategy. The research highlights the need for a broad mix of policies and interventions to enable meaningful progress. Key recommendations prioritise addressing systemic barriers SMEs face, including market-, financial- and knowledge-related challenges. Fostering innovation in the economy and encouraging collaboration among SMEs are also emphasised. Targeted measures are also proposed to drive engagement with specific CBMs, offering practical solutions to overcome key barriers for both SMEs and consumers. Increasing consumer awareness and understanding of the CE is also recommended in order to broaden CE engagement and drive lasting behavioural change across society. Building on the project’s findings, further research is needed to explore how best to support SMEs in scaling up CBMs and identify effective interventions for bridging the consumer intention–behaviour gap. Additional research is also recommended to determine how infrastructure investment should be prioritised to support CE implementation at scale and assess the most effective ways to scale social enterprises in support of the CE transition.

Project code: 2022-GCE-1123

