



Enablers in SME Circular Economy Engagement

Authors: Peter Mooney and Kanishka Mendhekar

Lead organisation: Maynooth University

What did the research aim to address?

Small and medium-sized enterprises (SMEs) dominate the Irish economy, accounting for almost all active businesses and a significant share of employment. Despite growing interest among SMEs in the circular economy (CE), existing research indicates that SMEs face a distinctive set of challenges or barriers when attempting to adopt CE practices. This project examines how Irish SMEs are engaging with the CE, the challenges they face and the supports that enable them to adopt more sustainable practices. Understanding how SMEs currently engage with the CE is essential to inform the development of effective policies, supports and tools for SMEs. This research combines insights from academic literature, policy analysis, a nationwide SME survey and a case study. The project's bottom-up approach involved direct engagement with SMEs to ensure that the findings reflect real-world business experiences across a range of sectors, including retail, manufacturing, hospitality and construction.

What did the research find?

Overall, the research finds that while many SMEs express positive attitudes towards sustainability, their engagement with the CE remains limited and uneven. Most SMEs focus on practical, low-risk actions such as improving resource efficiency, reducing waste and increasing recycling. More advanced approaches – such as designing products for reuse or repair, or adopting circular business models – are much less common. A range of barriers were identified, including financial constraints, limited capacity, lack of technical expertise, risk aversion and external challenges such as unclear regulations and limited infrastructure.

Despite these challenges, the research also identifies a strong set of enablers that can support SMEs in adopting circular practices. Financial supports, including grants and tax incentives, are particularly important for overcoming upfront cost barriers. Access

to training, technical advice and guidance and infrastructure is also critical. In addition, external drivers such as customer demand for sustainable products, clear and consistent regulations, and certification opportunities can encourage SMEs to engage more actively. An important contribution of the research is the identification of “micro-enablers” such as repair skills and a culture of resource efficiency. These are small, often overlooked factors within businesses that can make circular practices easier to adopt. Recognising and building upon these internal strengths can help SMEs take their first steps towards improved circularity without significant investment. The research also highlights the importance of tailored, sector-specific approaches and supports.

How can the research findings be used?

The CE represents both a challenge and an opportunity for Irish SMEs. While barriers remain significant, the research shows that, with the right combination of supports, capabilities and mindset, SMEs can move towards more circular practices in their day-to-day business.

To support practical action, the research provides a roadmap for SMEs. This includes assessing internal capabilities, developing a clear sustainability vision, experimenting with small-scale initiatives, combining innovation with business planning and leveraging external supports and partnerships. A case study of an Irish SME illustrates how these steps can be applied in practice, demonstrating how waste materials can be transformed into new products through creativity, collaboration and persistence. For policymakers and support organisations, the research highlights the need for coordinated, accessible and practical interventions. For SMEs, the message from this research is clear: circularity is not only about sustainability – it also offers improvements in efficiency and long-term competitiveness.

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