

Chapter 3

A Sustainable Business Model in the Functioning of Enterprises as the Base for Creating Circular Economy: The Present and Development Prospects

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ABSTRACT

Circular economy was the subject of interest for many researchers and is currently an inherent part of the sustainable growth concept. Shifting the economy to circular will require transformations in the field of competence, development, innovations, and organizational governance, as well as public awareness. Circular economy creates opportunities for achieving benefits in the economy (the efficiency of production processes, innovations, power safety) as well as in the social and environmental fields (shaping ecological safety). In the chapter, the authors describe such issues as theoretical foundations of the circular economy concept; European guidelines in the field of circular economy; problems and benefits associated with the implementation of circular economy, in light of compliance with sustainable development principles; business solution models together with the prospects for further sustainable development of a company, based on assumptions and models of circular economy.

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INTRODUCTION

The economic and social crisis, which affected many world economies, drew attention to the need to implement major structural reforms in the economy. Many countries see opportunities in taking counter-crisis actions, which should create chances for the development of circular economy. Shifting the economy to circular will require transformations in the field of competence, development, innovations and organizational governance, as well as public awareness. It applies to companies from different sectors of the economy. Active environmental protection policy creates the need for new products, services and technologies. Launching innovative mechanisms in eco and low-emission policy will create a new type of services and products. It will shape a market, with companies from around the world intensively working on preparing for it. Companies, which will be the first to claim the opening market segment, will ensure a leading position for themselves. By implementing the principles of sustainable development, enterprises define strategic assumptions differently, creating market opportunities through using these customer groups, who are environmentally-aware and prefer high quality goods. Circular economy creates great opportunities for economic growth and social development. The benefits which can be achieved by business after the transition into the circular economy model include: increased growth, innovativeness and competitiveness, cost reduction, decreased power consumption and CO₂ emissions, balancing the supply chain and increased resource safety.

Based on the analysis of the subject literature, the political assumptions of the EU in this field, and using many years of experience of the Authors resulting from the participation in expert and science-research works, the chapter attempts to identify and evaluate the barriers in creating a sustainable enterprise within a circular economy. The following subchapters will describe such issues as:

- Theoretical foundations of the circular economy concept,
- European guidelines in the field of circular economy,
- Problems and benefits associated with the implementation of circular economy, in light of compliance with sustainable development principles,
- Business solution models together with the prospects for further sustainable development of a company, based on assumptions and models of circular economy.

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