

## SECTION 2. ENTREPRENEURSHIP, TRADE AND SERVICE SECTOR

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### **CIRCULAR ECONOMY AS AN ADVANCED APPROACH TO THE FUNCTIONING OF MODERN ENTERPRISES**

The principles on the basis of which modern enterprises operate are shifting from the priority of economic growth to increasing the importance of the socio-environmental component of efficiency. Of course, it would be a mistake to assume that companies will reduce their profits with the idea of increasing social significance in the market, however, there are some positive changes in this aspect and the number of such examples in domestic and international practice is increasing.

A circular approach that combines the interests of business, society and the environment is becoming a systematic approach to the management of progressive companies.

If in the "linear" economy production and marketing business processes are considered as elements of the system "supply-production-sales" and production waste is an unconditional attribute of such processes, in the circular comes to the fore regeneration and maximization of resource use.

The basic principles of the circular economy are as follows [1]:

1. Design out waste and pollution
2. Keep products and materials in use
3. Regenerate natural systems

The effects of the company's transition to the principles of circular economy or their gradual implementation in the enterprise are completely diverse and are manifested not only in increasing customer loyalty to the organization or obtaining a positive economic effect, but also indirectly affect the environmental and social status of the enterprise.

Figure 1 shows Scope of Total (Direct and Indirect) Impacts of Recycling Approach.

You can see a description of the direct and indirect effects of the circular approach in the economy, which arise comprehensively and are interrelated and interdependent.

Direct impacts arise around the further processing of resources that remain after production processes. Indirect impacts are more related to the additional involvement of labor resources in these processes (and not only production workers, but also service workers), which in turn increases the level of employment and economic activity in general.

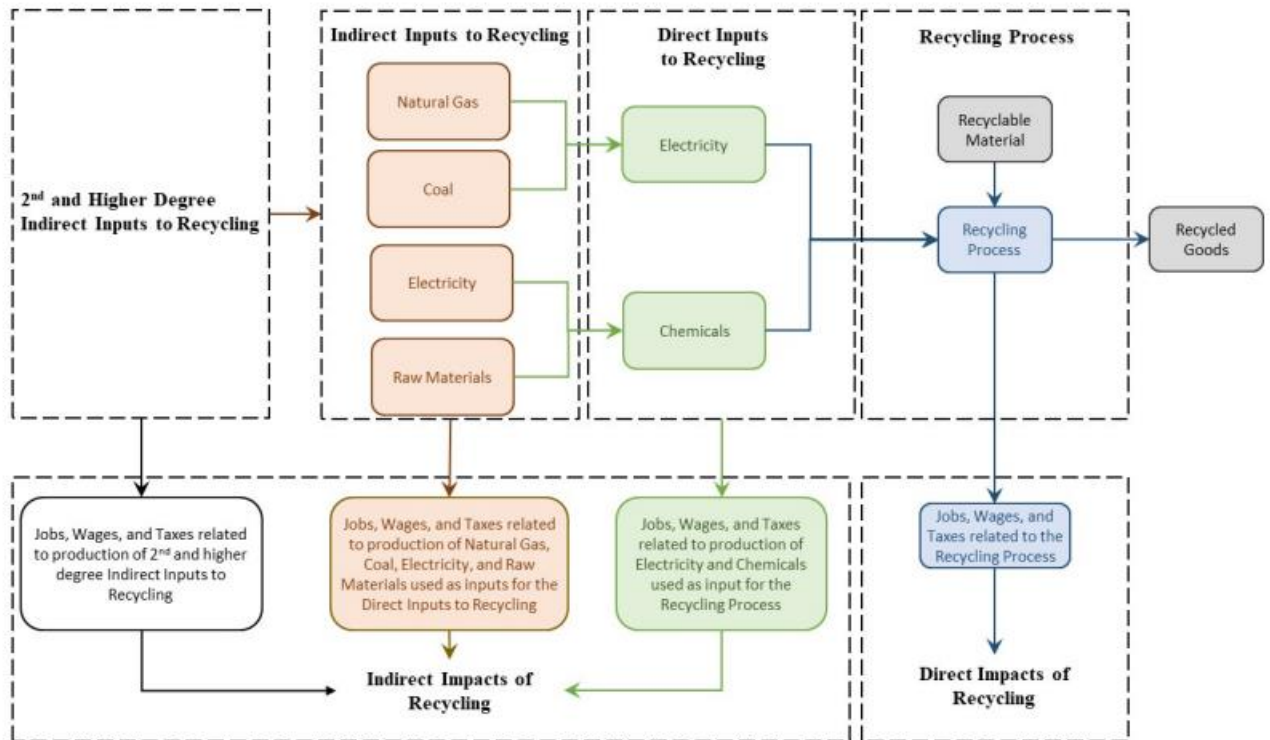


Fig. 1. Scope of Total (Direct and Indirect) Impacts of Recycling Approach [2]

**References:**

1. The Circular economy in detail. Ellen Macarthur Foundation. <https://www.ellenmacarthurfoundation.org/explore/the-circular-economy-in-detail>
2. Recycling Economic Information Report, United States Environmental Protection Agency, November 2020 [https://www.epa.gov/sites/production/files/2020-11/documents/rei\\_report\\_508\\_compliant.pdf](https://www.epa.gov/sites/production/files/2020-11/documents/rei_report_508_compliant.pdf)