USING CIRCULAR ECONOMY STRATEGIES TO ENHANCE COMPANY COMPETITIVENESS

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Abstract: The article analyzes the application of circular economy strategies as a primary mechanism for maintaining and enhancing company competitiveness in modern markets. Moving away from the traditional "take-make-dispose" linear model, four core circular strategies are examined: resource recovery, product life extension, sharing platforms, and product-as-a-service models. The study evaluates how these models directly influence competitive advantage through cost reduction, innovation, regulatory resilience, and enhanced brand equity. The article concludes with an assessment of how transition economies can implement these strategies and provides practical recommendations for corporate leaders seeking long-term sustainability.

Key words: circular economy, company competitiveness, sustainable development, resource efficiency, product life cycle.

In contemporary global markets, companies face a dual challenge: operating in highly competitive environments while simultaneously navigating the increasing scarcity of natural resources and stricter environmental regulations. The traditional linear economic model—based on the principle of "take, make, and dispose"—has proven to be ecologically unsustainable and economically vulnerable to supply chain shocks. This reality forces organizations to rethink their operational frameworks.

The transition to a circular economy (CE) offers a strategic solution. Initially viewed purely as an environmental initiative, CE is now increasingly recognized as a powerful driver of corporate competitiveness. By keeping resources in use for as long as possible and extracting maximum value from them, companies can decouple economic growth from resource consumption.

The aim of this article is to analyze how the adoption of circular economy strategies enhances the competitive position of companies and to determine the practical models applicable to modern enterprises. The tasks are as follows:

– to distinguish the principal circular economy business models;

– to establish the theoretical link between circularity and competitive advantage;

– to assess the practical benefits and challenges of implementing these

strategies;

– to propose actionable recommendations for companies aiming to integrate circular principles.

The theoretical foundation of the circular economy is rooted in industrial ecology, ecological economics, and systems thinking. Early concepts such as "cradle-to-cradle" design emphasized that products should be created with their eventual recycling or reuse in mind.

The link between environmental sustainability and competitiveness was famously established by the Porter Hypothesis, which argued that strict environmental regulations can trigger discovery and introduction of cleaner technologies and environmental improvements, making companies more competitive, not less. Recent literature expands on this by framing the circular economy not just as a compliance mechanism, but as an offensive strategy.

Research on business models by the Ellen MacArthur Foundation categorizes CE strategies into several distinct types, such as circular supplies, resource recovery, and product-as-a-service. Studies show that companies adopting product-as-a-service models shift their focus from high sales volume to product longevity and reliability, fundamentally altering their competitive positioning.

However, a gap remains in systematic literature regarding how traditional companies in transition economies can pragmatically shift toward these models without risking short-term financial stability. This article attempts to bridge this gap by mapping circular strategies directly to competitive outcomes.

Circular Economy Business Models

To understand how circularity drives competitiveness, it is necessary to identify the operational models companies can adopt. These models differ in their approach to value creation and require varying degrees of supply chain integration.

Table 1.

Core Circular Economy Strategies and their Impact on Competitiveness

Strategy Model	Core Principle	Example Application	Driver of Competitiveness
Resource Recovery	Extracting usable materials from end-of-life products.	Closed-loop recycling in manufacturing.	Reduces raw material costs and minimizes exposure to volatile commodity prices.
Product Life Extension	Designing for durability,	Refurbishing electronics for	Creates new revenue streams

	repairability, and upgradability.	resale.	(repairs/maintenance) and boosts customer loyalty.
Sharing Platforms	Maximizing the utilization rate of idle assets.	B2B machinery sharing networks.	Lowers capital expenditure and expands market reach to new customer segments.
Product-as-a-Service	Customers pay for performance/use, not ownership.	Leasing lighting equipment or vehicles.	Generates predictable, recurring revenue and incentivizes the company to make durable products.

Source: Compiled by the author based on theoretical frameworks of CE.

Mechanisms of Competitive Advantage

The integration of the strategies listed in Table 1 yields competitive advantages through four primary mechanisms:

1. Cost Leadership through Resource Efficiency: By utilizing recycled materials and reducing waste, companies lower their direct operational costs. In industries heavily reliant on raw materials, closed-loop supply chains protect firms from geopolitical supply shocks and price inflation.
2. Differentiation and Brand Equity: Modern consumers and B2B clients increasingly prioritize ESG (Environmental, Social, and Governance) criteria. A verifiable circular business model serves as a strong differentiator, elevating brand perception and allowing for premium pricing.
3. Innovation and New Revenue Streams: Shifting to a "Product-as-a-Service" model transforms discrete transactions into ongoing customer relationships. A company leasing industrial equipment rather than selling it secures long-term contracts and captures value from maintenance, upgrades, and final recycling.
4. Regulatory Resilience: Governments worldwide are introducing extended producer responsibility (EPR) laws and carbon taxes. Circular companies preempt these regulations, avoiding penalties and gaining an advantage over slower-moving competitors who incur high compliance costs.

Despite clear benefits, companies face substantial barriers. The transition requires high initial capital expenditure for redesigning products and reverse logistics networks. Furthermore, it demands a cultural shift within the

organization, moving away from short-term sales targets towards long-term asset management.

The analysis supports the conclusion that the circular economy is no longer merely an ecological necessity, but a fundamental business strategy required for long-term competitiveness. Companies that successfully decouple value creation from resource consumption gain significant advantages in cost structures, customer relations, and regulatory compliance.

However, the transition cannot be instantaneous. Attempting to overhaul a business model without preparing the supply chain leads to operational disruption.

The following recommendations are proposed for companies seeking to implement circular strategies:

– Conduct a Circularity Audit: Begin by mapping out the current supply chain to identify points of high waste and low asset utilization.

– Pilot "Product-as-a-Service" Models: Instead of fully transitioning, launch a pilot program offering a specific product line as a leasing or subscription service to test market readiness and internal capabilities.

– Invest in Eco-Design: Shift R&D focus toward designing products for modularity and repairability, ensuring that materials can be easily separated and recovered at the end of the product's life.

– Establish Cross-Industry Partnerships: Circularity often requires collaboration. Companies should partner with waste management firms, tech providers, and even competitors to build efficient reverse logistics and material recovery networks.

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