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## **CHALLENGES OF THE INTRODUCTION OF CIRCULAR BUSINESS MODELS WITHIN RURAL SMES OF EU**

### **Abstract:**

Recently the circular economy has got a lot of attention within discussions of policy makers, academics and practitioners. The circular economy proposes the treatment of environmental and climate change problems, simultaneously promising benefits for the business. The circular economy promotes the reduction of the consumption and reuse or recycling of the resources that in various aspects contradicts traditional business models that stream to linear growth of sales of their products. Yet the circular economy concept has been more discussed regarding its global scale, but there is a lack of scientific discussions about the approaches of the adoption of circular economy principles on the business level. This paper conceptualises multi-level dimensions of the circular economy and highlights challenges related to the perception of the circular economy principles in the micro business level. The conducted research shows that rural SMEs of six analysed EU Countries have rarely heard about the circular economy and even less about circular business models. While rural SMEs are more familiar with the bio and green economies forming good base for developing circular business models, they are reluctant towards introducing new business models. This paper aims to assess the level of the advancement in introduction of the circular business models among rural SMEs of EU countries. This article emphasizes the circular economy as an inseparable part of the business models of rural SMEs and rural economies of EU countries. This study has a policy implication as we suggest that the government should play an important role in promotion of circular business models in rural SMEs. The existing public support system is fragmented, and in most cases just incidentally encourage rural SMEs to adopt new circular business models. Also, the circular economy on a local level, especially in rural areas, has an important role in ensuring social wellbeing of local inhabitants. The methodological approach and research results presented in the paper can be used further developing EU support system and priorities beyond 2020.

### **Keywords:**

circular economy, circular business models, rural SMEs

**JEL Classification:** Q50, Q57, P25