



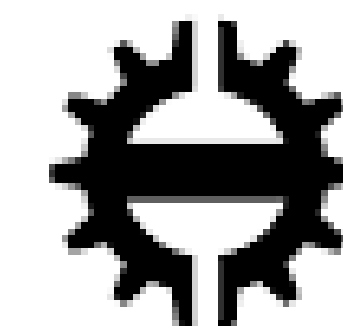
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Material Value Chains

# Institutional drivers to and barriers for the circular economy

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## Setting the background

Circular Economy (CE) has been identified as a sustainable alternative of the current linear economic model, improving resource efficiency and potentially delinking economic growth from increase in consumption of natural resources.

## Applying institutional theory to CE

We build on the institutional view in identifying the drivers and barriers for the implementation of CE on a regional level using the framework of **regulative** (e.g. laws, rules), **normative** (e.g. awards, accreditation) and **cultural-cognitive** (e.g. common beliefs, shared logics of action) **institutions**.

The case study included two cases from China, the US, and Finland each, and analyzed in total over 400 documents

## Results and conclusions

We identified both general and region-specific institutional drivers and barriers for CE adoption.

The general drivers of the CE have been focused on increasing recycling, while mostly ignoring other core CE principles.

To improve the institutional support for CE so that it can fulfill its promise as a sustainable growth model, more emphasis is needed to support reducing the amount of products produced and materials used, and the amount of reuse.

## Illustration of results:

	Regulative	Normative	Cultural-cognitive
General institutional drivers	Driver • Low-level laws to reduce landfilling. High level directives towards CE	Driver • Recycling valued over other waste disposal methods by consumers.	Driver • Increasing material efficiency has economic and business benefits
General institutional barriers	Barrier • Lack of regulatory support for CE outside recycling.	Barrier • Lack of indications for normative support for CE outside recycling	Barrier • CE often perceived as synonymous with recycling, ignoring reduce and reuse principles.
Region-specific institutional drivers	China: Driver • Longest history of high level CE specific regulation	China: Driver • Products generally hold value for a longer period of time, supporting reuse	China: Driver • Recyclables are perceived as valuables instead of waste from early on Finland: Driver • High source-separation rates support recycling activities.
Region-specific institutional barriers	China: Barrier • Low-level regulation and its enforcement The US: Barrier • Lack of national laws supporting CE	China: Barrier • Livelihood of low income peoples depend on informal recycling activities, which is normatively valued.	China: Barrier • Distrust towards the formal waste management system The US: Barrier • Low level of source-separation for recyclables in residential waste



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