

PEOPLE **AT THE HEART** OF THE CIRCULAR ECONOMY

Social dilemmas and opportunities for the circular economy



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SUMMARY

By 2050, the Dutch government wants a fully circular economy, a strong ambition based on an extensive implementation program. In this program, the focus is mainly on themes such as material use, circular procurement, circular design and market incentives. There is little attention for social themes within the circular economy. It is automatically assumed that a circular economy contributes to a more sustainable society and thus has a positive impact on people. This assumption has so far been insufficiently questioned. Because what are the implications of the circular economy for humans? For example, what does the transition mean for the future of our jobs? What does it require in terms of skills and competences? What is the influence of the circular economy on our culture? To ensure that working towards a circular economy has a positive impact on our society, more attention must be paid to the role of people in the circular economy.

This report originated in the working group "People at the heart of the circular economy", which operates under the umbrella of the Community Social Circular. This is an initiative of The Green Mind and the Goldschmeding Foundation. The initiative connects scientists and practitioners in the development and application of knowledge about the social changes that are necessary to realize a circular economy.

Findings

The research has mapped out what social aspects play a role in the circular economy, what dilemmas these social aspects entail, and what social opportunities the circular economy brings. The results provided by the research will help circular entrepreneurs and policymakers to make choices and to find solutions to the tensions that can hinder the development of the circular economy. In addition, the insights can also point to opportunities for circular entrepreneurs to create social value.

Based on the research, we can distinguish three types of correlation between the social aspects on the one hand and the physical and economic aspects of the circular economy on the other:

- **social aspects that create preconditions** such as knowledge and skills: people who shape the circular economy must have talents and the skills to study the problems and possibilities of others in the circular chain.
- **intrinsic aspects of circularity**: repairing or refurbishing discarded products means that the chain is extended (physical aspect), that economic value is created, but also that meaningful work is created in which people can flourish, because they can develop and embedded in a social environment.
- **direct and indirect social effects**: such as employment that is embedded in the production process of the circular economy.

To come to the results of this report, 50 experts in the field of circular economy were asked to share their observations. Different social aspects were identified during three phases. This has led to five themes, within which concrete dilemmas and opportunities have been identified.

5 THEMES

of social dilemmas and opportunities

Social inclusion and meaningful work

Within this theme the focus is on providing work to people who are at a distance from the labor market. The dilemma with regard to social inclusion concerns real interest in the development of people and the promotion of the development of people at a distance from the labor market on the one hand. On the other hand, this involves saving labor costs so that products that are circular in a physical sense can compete against linear products. Opportunities exist, in particular, in the field of designing certifications and training courses so that employees who are at a distance from the labor market can claim their place in the circular economy.

Social cohesion and involvement

Social cohesion offers many opportunities for local consumer involvement. It can therefore also contribute to the development of business models that require greater involvement. In addition, it offers opportunities to collect and reuse waste more locally. This stimulates local activity. In this way, social cohesion and involvement can contribute to the development of the circular economy. It may serve as a precondition. An additional benefit of local involvement and developing a local economy is that citizens can continue to work in their own region and that this allows the local community to flourish. In this way, a local culture and more involvement can arise as a result of the circular economy. A dilemma regarding local involvement is about developing a locally flourishing economy on the one hand and scaling up on the other g outside the local economy. Another dilemma concerns the difference between believers and non-believers. If you choose not to include everyone in the transition, it can also lead to a lesser degree of involvement and social cohesion. It is therefore a dilemma to continue or to stop.

International developments

There are a number of fundamental dilemmas to be discovered in the field of international developments. First of all, there is a dilemma about the development of jobs in the Western world and the loss of jobs in low-wage countries. Why is a job more important here than elsewhere? In addition, it is also about a dilemma with regard to the supply of second-hand products to non-Western countries, where first-hand products are unaffordable, and the greater demand for second-hand products in Western countries. Finally, there is a dilemma with regard to the local informal economies that can disappear due to the circular economy if too many (complex) requirements are imposed on products. Within this theme there are in particular opportunities to create preconditions and embed solutions for these dilemmas in the (production) processes.

Entrepreneurship

This is about the tension between sustainable, circular ideals and impact through scale. It is also about stimulating creativity versus the desirability of a wide variety of small-scale solutions. A central question is how the ideals of the circular economy can be safeguarded and how the circular economy can grow at the same time in a pragmatic way. Entrepreneurs see opportunities in particular in entering into partnerships in which sustainable values are central. The circular economy benefits from the commitment and creativity of entrepreneurs who see these kinds of opportunities. This can serve as a precondition, but can also be embedded in the process.

Innovation and growth

This is possibly the most fundamental issue that also permeates the other themes. The cause of the major sustainability issues lies largely in the neo-liberal market thinking behind today's economy. The linear model is based on efficiency and cost savings through scale production, global chains and international competition. This leads to the preference for 'virgin' raw materials (as long as the environmental costs are not fully included in the price of the product) and to a mountain of waste. On the one hand, there is a physical mountain of waste, but also the disposal of human capital, because labor is seen as a cost item on which savings can be made. As a result, unsafe and undesirable working conditions are slowly disappearing as a result of the circular economy. Here, too, there are opportunities for the circular economy to set preconditions that ensure that human capital is not simply discarded. Another dilemma is the emphasis on scale production versus local involvement with suppliers and customers and hindering the promotion of a local economy. Looking for links and synergies between objectives from the integral starting point of circularity can contribute to finding creative and innovative solutions.

Conclusion

The research reveals a number of social dilemmas. Some of these are social aspects that are more related to the preconditions, others are the consequences of physical or economic circularity. A number of dilemmas affect the intrinsic aspects of circularity.

It is very important that we broaden the concept of a circular economy to include the social aspect as an integral part of the circular economy. This concerns the preservation and increase of all value, physical and economic value as well as social value. The research shows that the connection between the social aspect on the one hand and the physical and economic component on the other is recognized and that it is desirable and possible to broaden the concept of a circular economy to include integral circularity or "inclusive circular economy".