

Integrating Circular Economy aspects with Manufacturing planning: An MSME perspective

Mahender Singh Kaswan ^{1*}, Dattatraya Balasaheb Sabale¹, Rajeev Rathi²

¹Lovely Professional University, Punjab, India

²National Institute of Technology, Kurukshetra, India

*Corresponding Author: mahi622@rediffmail.com

Abstract: The circular economy is gaining prominence as a sustainable approach to economic development, emphasizing resource efficiency and minimizing waste. For Micro, Small, and Medium Enterprises (MSMEs), adopting circular economy principles in their manufacturing planning holds immense potential for achieving both environmental and economic benefits. This research paper explores the concept of circular economy integration in manufacturing planning for MSMEs. Product passes through the different process throughout manufacturing industry till it reaches to the customer hand. Manufacturing process involves lot planning to introduce product from concept to market ready phase. It analyzes the key principles of the circular economy, identifies the challenges faced by MSMEs in adopting circular practices, and proposes strategies to enable successful integration. By incorporating circular economy principles, MSMEs can not only contribute to environmental preservation but also enhance their competitiveness and long-term viability.

Key words: Circular Economy (CE), Sustainable Engineering, Green Manufacturing, Manufacturing Planning

1.INTRODUCTION:

The introduction provides a synopsis of the circular model of Consumption and Economy. Its relevance in dealing environmental issues and supply constraints. It highlights the significance of MSMEs in global perspective and the need for green manufacturing practices to ensure their multi-year success. The global economic sphere is facing significant environment related issues, including resource scarcity, generation of waste and changes affecting climate. To address these issues, concept of the circular economic model has emerged as a promising approach. The circular model aims (Fig.1) to dissociate growth from consumption of material by promoting the efficient use of resources, reducing waste generation, and maximizing the value of products throughout their lifecycle.

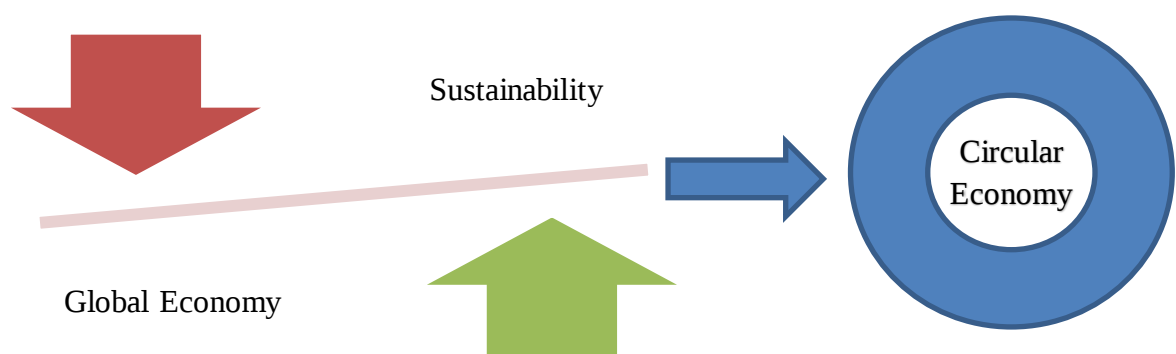


Fig.1 Global Economical balance

Micro, Small, and Medium Enterprises (MSMEs) are playing critical & important role in the global economic affairs (Fig.2), contributes to 50% employment generation, innovation, and 90% development related to economy [1]. However, they often encounter headwinds due to limited financial and technological resources, making it essential for them to adopt sustainable manufacturing practices to ensure their long-term prosperity. The integration of

circular economy guidelines and steps in the manufacturing planning of MSMEs presents a significant opportunity to accomplish financial growth along with social responsibility towards environment. By embracing the circular model of economy, MSMEs can participate in environmental preservation while simultaneously improving their competitiveness and profitability. The transition to circular manufacturing practices enables MSMEs to reduce input cost , reduce waste generation, improve resource efficiency, and explore new business models [3].

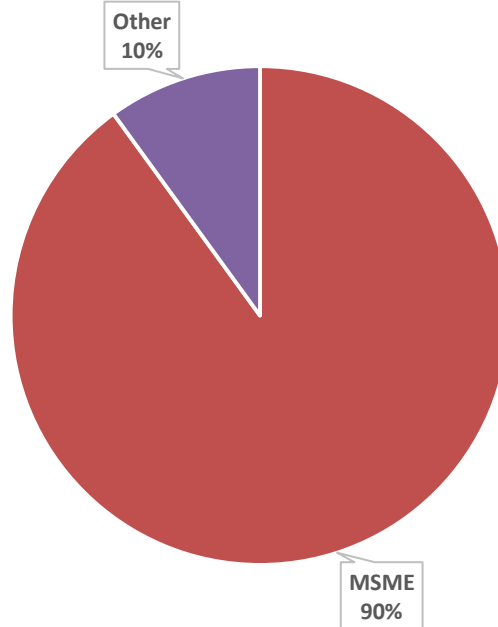


Fig.2 Global Economy

Sustainable manufacturing practices can benefit MSMEs in multiple ways. First, they can reduce manufacturing costs by optimizing material usage, improving energy efficiency, and minimizing waste disposal expenses [4]. Secondly, embracing circular practices can lead to birth of innovative and differentiated products, enhancing market competitiveness, and attracting environmentally conscious customers. Additionally, circular manufacturing can foster collaboration and partnerships across the value chain, enabling MSMEs to access new markets and create mutually beneficial relationships with suppliers, customers, and other stakeholders [5].

Despite the potential benefits, MSMEs face several challenges in implementing circular model & economic practices. Lack of financial support & limitations, lack of awareness and knowledge of circularity concepts, inadequate technological infrastructure, and resistance to change are common obstacles. Seizing these obstacles requires targeted strategies, capacity building initiatives, and supportive programs that provide MSMEs with the necessary resources and guidance to move towards Circularity concept in manufacturing.

This paper investigates to explore the integration of circularity practices adoption in production and engineering planning for MSMEs. It will analyze the core idea of the circularity, its economic benefits and identify the huddles in adopting circularity practices and propose strategies to enable successful integration. This Paper explains the below sections in detail.

- Systematic Literature Review,
- Circular Economy Principles
- Current challenges for MSMEs in adopting Circular Economy
- Benefits of Circular Economy Integration for MSMEs
- Strategies for Circular Economy integration in Manufacturing Planning
- Conclusion
- Recommendations
- References

The paper will also present case studies of MSMEs that have successfully implemented circular practices and highlight the importance of supportive policies and institutional frameworks. By understanding and addressing these factors, MSMEs in the **manufacturing sector** can leverage the advantages of the circularity to achieve the long-term growth with sustenance and contribute to a more resource-efficient and strong global economy.

2.SYSTEMATIC LITERATURE REVIEW

The literature search strategy employed in this systematic literature review with objective to identify relevant scholarly articles, reports, and publications related to circularity incorporation in production and Engineering planning for MSMEs. Multiple E- records, such as Scopus, Web of Science, and Google Scholar, were utilized to conduct the search. The following search terms and combinations were used: Circular economy, Manufacturing planning, Micro, Small, and Medium Enterprises (MSMEs), Sustainable manufacturing, Resource efficiency ,Waste reduction ,Circular practices ,Circular economy integration ,MSMEs challenges ,Circular economy strategies .

The search strategy incorporated Boolean operators (AND, OR) and truncation to widen the scope of the search. Additionally, manual searches of reference lists from retrieved articles were performed to identify any potentially relevant studies that may have been missed in the initial search. Total 125 related papers found through different search criteria.

To ensure the inclusion of high-quality and relevant literature, specific inclusion and exclusion criteria were applied during the screening process. The criteria were defined as follows:

- Inclusion Criteria: 1. Articles focusing on circularity integration in production and engineering planning for MSMEs. 2. Studies published in English.3. Peer-reviewed articles, conference papers, reports, and book chapters 4. Research conducted in different countries and industries.
- Exclusion Criteria: 1. Articles not related to circular economy integration in manufacturing planning for MSMEs.2. Studies not published in English. 3.non-peer-reviewed articles, editorials, and opinion pieces 4. Research conducted exclusively in larger corporations or industries outside the scope of MSMEs.

Data Extraction and Analysis: Total 52 relevant papers found after applying inclusion & exclusion criteria. Once the relevant articles were identified based on the inclusion and exclusion criteria, data extraction was carried out. The following information was extracted from each selected study: Authors and year of publication, Research objectives and methodology ,Key findings and outcomes ,Challenges and barriers identified, Strategies and recommendations proposed.

The extracted data were then organized and synthesized to identify common themes, trends, and patterns related to circularity integration in production and engineering planning for MSMEs. A qualitative analysis approach, such as thematic analysis, was applied to identify recurring themes and to develop a comprehensive understanding of the topic. The findings were then used to inform the discussion, synthesis of findings, and formulation of recommendations in the systematic literature review. Below is the categorization of the research article (Table 1 & Table 2).

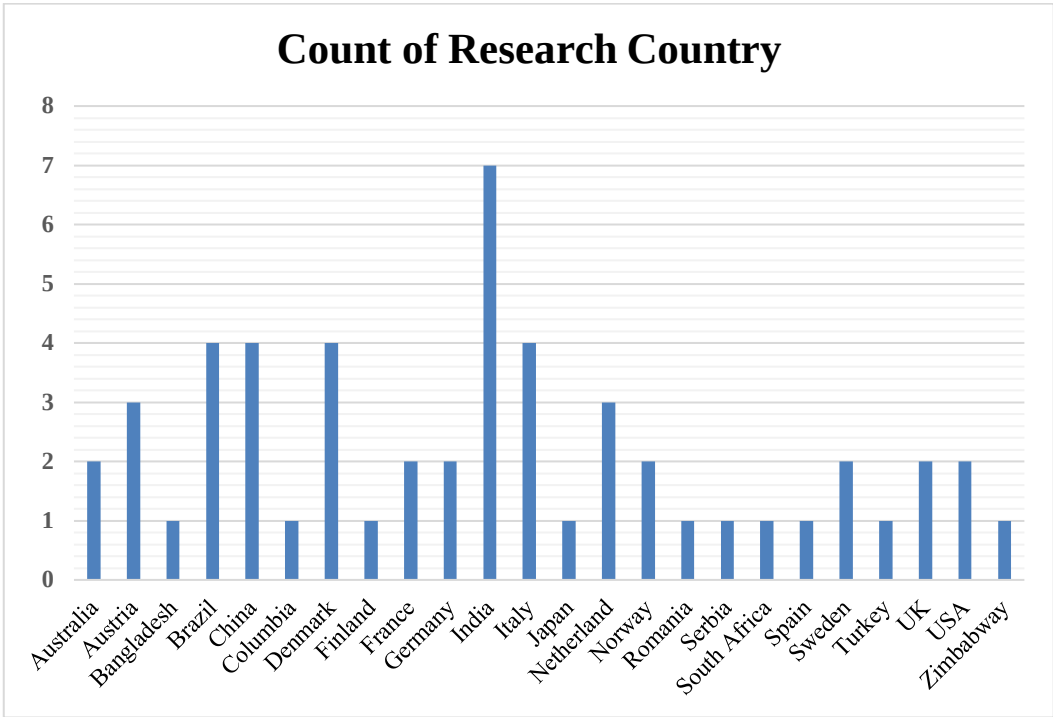


Table.1 Research Paper Count by Country

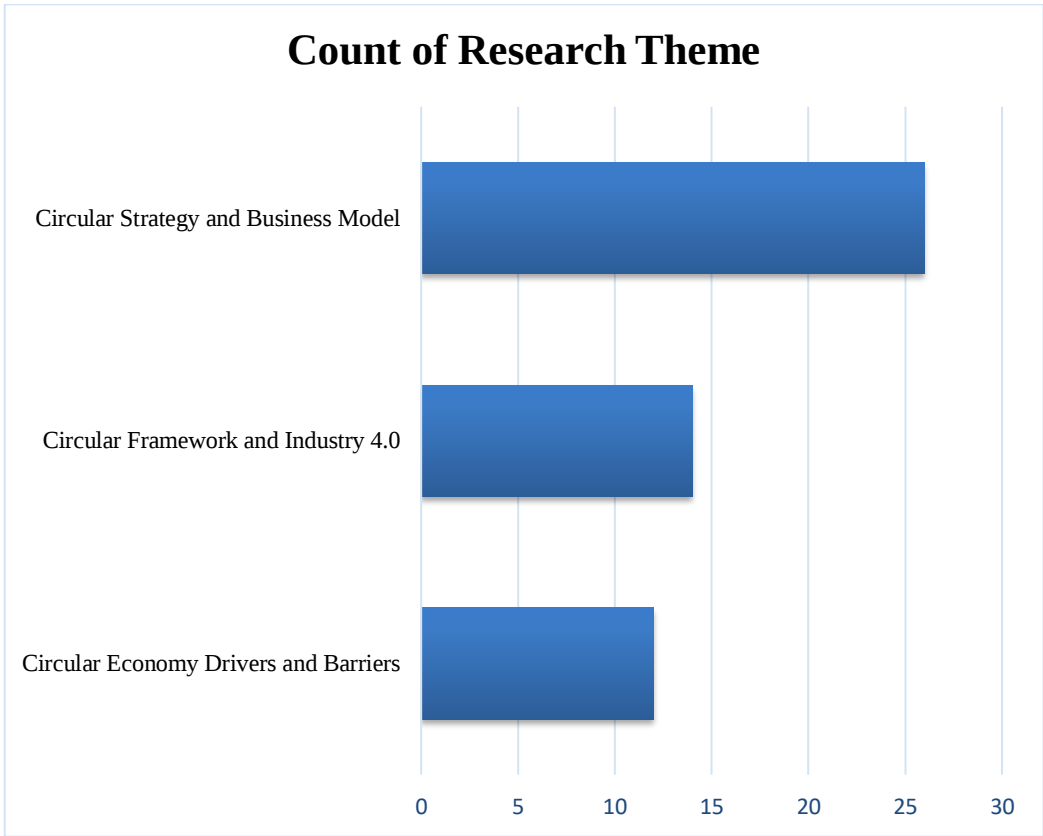


Table.2 Research Paper Theme Count

3. CIRCULAR ECONOMY PRINCIPLES

The circular economy is a model based on circularity that aims for minimum waste, increase resource utilization, and promote sustainability. It is a transition from the traditional linear consumption model, which follows a "take-make-dispose" architecture, where materials are extracted, products are transformed from raw material to finished goods, used, and then abandoned as waste. In contrast, the circular economy adopts a regenerative thinking, seeking to create a closed-loop architecture where input objects, products, and resources are kept in use for as long as possible. To make this planet greener & progressive it's important to move from Linear architecture to Circular architecture of economy (Fig.3).

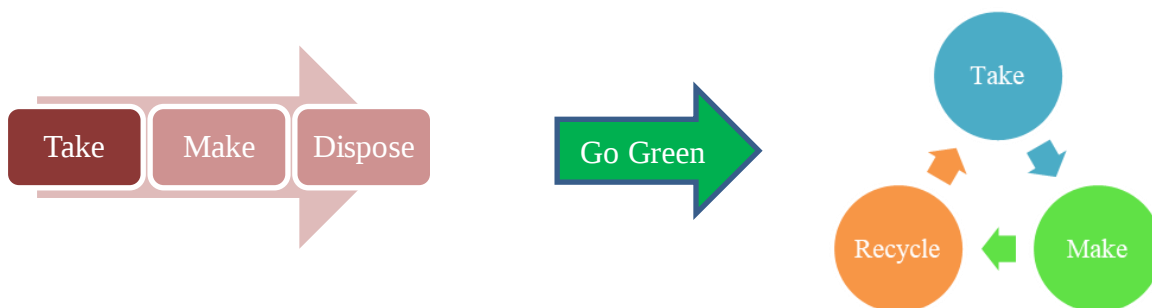


Fig.3 Linear Economy Verses Circular Economy

The Circularity has several principals to adopt in day to today operations in manufacturing.

Waste Reduction: The circular economy strives to minimize waste generation by constructing goods with a focus on longevity, repairability, and recyclability [6]. Waste is seen as a potential raw material, and efforts are made to recover and reuse materials, minimizing the impact on environment with disposal.

Resource Regeneration: Instead of depleting limited raw material, the circularity emphasizes the use of renewable resources whenever possible. By using regenerative resources, businesses can reduce their dependence on non-renewable materials and advocate environmental sustainability.

Product Usability Extension: One of the key principles of the circularity is extending the usefulness of product life. This can be achieved through robust design, repair solutions, refurbishment, and re-manufacturing [7]. By prolonging the life of goods, the demand for new replacements is reduced, resulting in lower consumption of material and generation of waste.

Closed-Loop Supply Chains: In a circularity, supply chains are designed to be closed-loop, meaning that finished goods and materials are continuously cycled back into the production process after use [7]. This involves designing products in a way that facilitates easy disassembly and recyclable, enabling the recovery of high value & critical materials.

Circular Business Models: Circularity theories encourage the adoption of innovative business architecture, such as product-as-a-service, sharing economy platforms, and leasing arrangements [8]. These models incentivize manufacturers to maintain ownership of their products, promoting their longevity and ensuring proper end-of-life management.

Collaboration and Stakeholder Engagement: Implementing circular economy practices often requires collaboration between businesses, governments, consumers, and other stakeholders. Cooperation across various sectors can lead to a more effective and widespread adoption of circular principles [6].

System Thinking: A circular economy requires a shift towards universal and systemic thinking. It involves considering the complete life of product, starting from its birth as raw material to end-of-life state and identifying opportunities to optimize resource use and minimize environmental impacts [6].

Eco-design and Innovation: Circular economy principles encourage eco-design, where products are designed with sustainability in mind from the outset. Innovative model approaches can improve the utilization of materials and energy, also lead to easier disassembly and recycling.

Integrating these circularity theories into the manufacturing planning of Micro, Small, and Medium Enterprises (MSMEs) can bring multiple benefits, including reduced operational costs, increased resilience to resource price fluctuations, improved brand reputation, and a positive impact on the environment [8]. By embracing circularity practices, MSMEs can play a substantial role in promoting sustainability and driving positive change in the global economy.

4. CURRENT CHALLENGES FOR MSMEs IN ADOPTING CE PRACTICES

Here, the paper examines the specific challenges that MSMEs face in transitioning towards circular manufacturing processes. In general headwinds in CE adoption are inadequate financial sources, lack of knowledge and understanding of circular economy concepts, inadequate technological infra, and impending resistance to change (Fig.4).

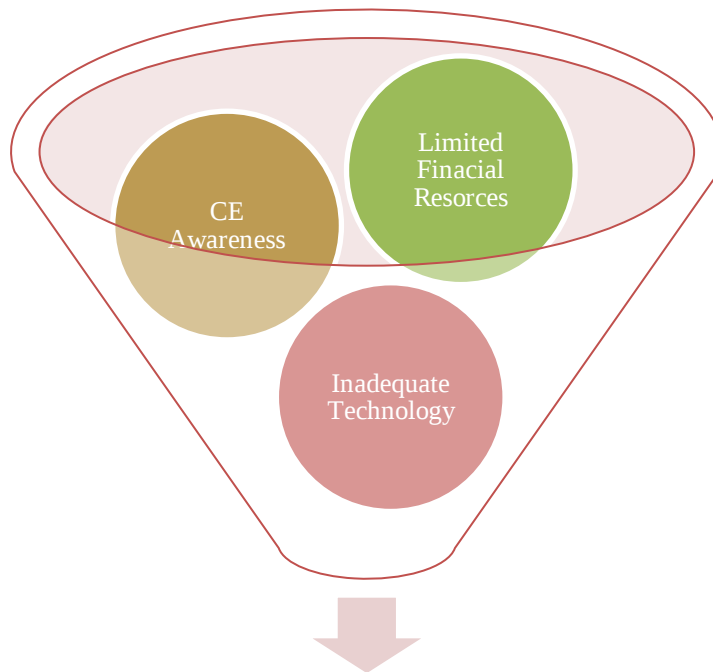


Fig.4 Headwinds of CE

Transitioning towards circular economy practices can indeed pose several challenges for Micro, Small, and Medium Enterprises (MSMEs). Here are some of the key challenges they may face:

Limited Financial Resources: MSMEs often have limited financial capabilities compared to larger corporations. Adopting circular economy practices may require upfront investments in new technologies, tools, machines, and infrastructure [3]. The cost of transitioning to circular manufacturing processes can be prohibitive for MSMEs, especially if they are already operating on tight budgets.

Lack of Awareness and Understanding: Many MSMEs may have limited knowledge and awareness of circular economy concepts and their potential benefits. They might not be familiar with the principles and strategies of

circular manufacturing, such as resource utilization & effectiveness, waste reduction, and product life extension [9]. Without detailed knowledge of the circular economy, MSMEs may be less inclined to invest in circular practices.

Inadequate Technological Infrastructure: Adopting circular economy practices often requires the integration of new technologies and innovative processes. However, MSMEs might lack the necessary technological infrastructure to implement circular manufacturing processes effectively. Upgrading or acquiring new technologies can be costly, and MSMEs may face challenges in finding appropriate solutions that align with their scale and budget [6].

Resistance to Change: MSMEs are often deeply entrenched in traditional linear business models and established manufacturing processes. Shifting to circular practices may require significant changes in their operations, supply chains, and product design. Resistance to change can stem from concerns about the disruption of established workflows, potential risks associated with new processes, and the need for retraining employees [10]. Overcoming this resistance and fostering a culture of innovation and adaptability can be a challenge for MSMEs.

Limited Collaboration Opportunities: Circular economy practices often rely on collaborative efforts across different stakeholders, including suppliers, customers, and waste management entities. MSMEs may face challenges in finding suitable partners and establishing collaborations to close the loops in their value chains [2]. Limited networking opportunities and lack of industry-wide cooperation can hinder the adoption of circular practices for MSMEs.

Addressing these challenges requires a multi-faceted approach. Governments and organizations can play a role in providing financial support, offering capacity-building programs, and promoting awareness and education around circular economy concepts. Moreover, industry associations and networks can facilitate knowledge sharing and collaboration among MSMEs to solve the initial huddles and jointly explore circular journey.

5. BENEFITS OF CE INTEGRATION FOR MSMEs

This section explores the potential benefits of adopting circular practices in MSMEs' manufacturing planning. It analyzes how these benefits can positively impact their bottom line, resource efficiency, market positioning, and overall environmental impact (Fig.5).

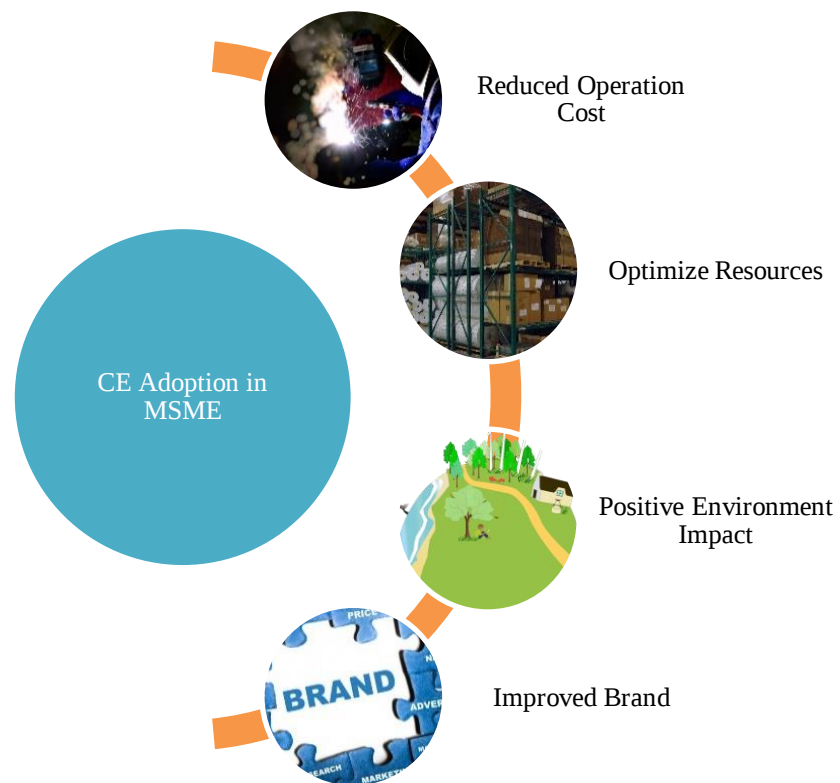


Fig.5 CE Adoption Impact on MSME

Circular economy integration can offer numerous advantages to Micro, Small, and Medium-sized Enterprises (MSMEs) in their manufacturing planning. By embracing circular practices, MSMEs can experience several benefits that positively impact their bottom line, resource efficiency, market positioning, and overall environmental impact. Here are some key benefits:

- **Cost Savings:** Adopting circular economy principles often leads to reduced costs for MSMEs. By designing products with durability, reparability, and recyclability in mind, businesses can extend the lifespan of their products, reducing the need for frequent replacements [3]. Additionally, using recycled or refurbished materials can lower procurement costs, while waste reduction measures decrease disposal expenses. Below are some of the examples of impact on cost saving through circularity principles.
 - **Extended product lifespan:** Durability of product is an important aspect of design, MSMEs can create goods that last longer and require fewer repairs or replacements. For example, a furniture manufacturer can use high-quality materials and sturdy construction techniques to ensure their products have a longer lifespan. This reduces the costs associated with producing and replacing products frequently [11].
 - **Reparability:** Building products that are easy to repair can save MSMEs significant costs. For instance, a smartphone manufacturer can design devices with modular components that can be easily replaced or repaired instead of replacing the entire device [12]. This reduces the need for costly replacements and can lead to substantial cost savings.
 - **Recyclability:** Designing products for easy disassembly and recycling allows MSMEs to recover valuable materials, reducing the need for raw material procurement. One of the examples of such a case is a packaging company can create recyclable packaging materials that can be collected and reused in the manufacturing process. This reduces the costs associated with purchasing new raw materials and waste disposal [13].
 - **Use of recycled or refurbished materials:** MSMEs can lower procurement costs by using recycled or refurbished materials instead of purchasing new ones. For example, a clothing manufacturer can source pre-consumer textile waste from other industries and use it to create

new garments. This reduces the costs of sourcing raw materials and contributes to waste reduction [13].

- Waste reduction measures: Implementing waste reduction measures, such as recycling, reusing, or repurposing waste generated during production processes, can help MSMEs cut down on disposal expenses. Example is a food processing company can implement a waste management system that composts food waste or uses it for animal feed. This reduces the costs associated with waste disposal and potentially generates additional revenue streams [10].

Overall, adopting circular economy principles can lead to cost reductions for MSMEs through extended product lifespan, repairability, recyclability, using recycled or refurbished materials, and implementing waste reduction measures. These practices not only contribute to environmental sustainability but also provide economic benefits for businesses.

- **Enhanced Resource Efficiency:** Circular practices encourage MSMEs to optimize the use of resources throughout the entire product lifecycle. By implementing strategies such as remanufacturing, refurbishing, and recycling, businesses can extract more value from their inputs, minimizing waste and maximizing the utilization of raw materials.
 - Reduced resource consumption: According to a report by the Ellen MacArthur Foundation, transitioning to circular economy practices could lead to a 28% reduction in global resource consumption by 2050 compared to a business-as-usual scenario [14].
 - Increased resource efficiency: The European Union estimates that implementing circular economy principles could increase resource productivity by up to 3% per year, resulting in significant cost savings and reduced environmental impact [1].
 - Waste reduction: A study conducted by Accenture and the World Economic Forum found that circular economy strategies could help reduce global waste generation by 80% by 2025 [15].
 - Economic benefits: The Ellen MacArthur Foundation estimates that shifting to circular economy models could generate \$1 trillion in annual savings globally by 2025 [15].
 - Job creation: According to a report by the International Labour Organization (ILO), the transition to a circular economy could create 6 million additional jobs globally by 2030, particularly in areas such as remanufacturing, repair, and recycling [16].
 - Material savings: The World Economic Forum states that circular economy practices have the potential to save up to 40% of global material inputs by 2050 [9].
 - Cost savings: A study conducted by the McKinsey Center for Business and Environment found that circular economy initiatives, such as product remanufacturing and recycling, could lead to cost savings of up to 50% for businesses [17].
 - Environmental benefits: The adoption of circular practices can help reduce greenhouse gas emissions, water usage, and air pollution associated with resource extraction and waste disposal [5].

It's important to note that these figures are general estimates, and the specific impacts of circular practices can vary depending on the industry, region, and specific strategies implemented by MSMEs.

- **New Revenue Streams:** Circular economy integration can create new revenue opportunities for MSMEs. For instance, businesses can offer product repair, refurbishment, and remanufacturing services, generating income from extending the lifespan of their products. Furthermore, by recycling and repurposing waste materials, MSMEs can explore secondary markets for recycled materials, contributing to additional revenue streams [18]. Here are some examples of how circular economy integration can create new revenue opportunities for MSMEs:
 - Product repair services: MSMEs can offer repair services for their products, extending their lifespan and generating income from repairs. For example, an electronics company can provide repair services for smartphones, laptops, or other electronic devices, charging customers for repairs and replacement parts [20].
 - Refurbishment and resale: MSMEs can refurbish and resell products that have been returned, damaged, or outdated. For instance, a furniture manufacturer can refurbish used furniture, giving it a new lease on life and selling it at a reduced price as a refurbished item [21]. This

allows the business to generate additional revenue from products that would have otherwise been discarded.

- Remanufacturing: Remanufacturing involves restoring used products to a "like-new" condition, offering a cost-effective and sustainable alternative to producing new goods. MSMEs can specialize in remanufacturing specific products, such as automotive components or industrial machinery [22]. By remanufacturing, they can sell the restored products at a lower cost than new ones while still generating revenue.
- Recycling and repurposing waste materials: MSMEs can explore secondary markets for recycled materials. For example, a paper manufacturer can collect and recycle waste, paper from their production process or from other sources, and then sell the recycled paper to packaging companies or other businesses that use recycled materials. This creates a new revenue stream from the sale of recycled materials [8].
- Product leasing or sharing models: MSMEs can adopt business models where they lease or share their products instead of selling them outright [23]. This allows them to retain ownership of the products and generate recurring revenue through leasing fees or subscription-based models. For instance, a fashion brand can offer clothing rental services, allowing customers to rent garments for a specific period instead of purchasing them .
- Material recovery and resale: MSMEs can recover valuable materials from their products or waste streams and sell them in secondary markets. For example, a computer manufacturer can disassemble and recover components such as metals, circuit boards, or plastics from end-of-life computers, and then sell these materials to recycling facilities or other manufacturers who use them as raw materials[24].

By implementing circular economy principles and exploring these revenue opportunities, MSMEs can not only reduce waste and environmental impact but also generate additional income streams, contributing to their overall sustainability and profitability.

- **Competitive Advantage and Market Positioning:** Embracing circular practices can differentiate MSMEs in the market and improve their brand image. Consumers are becoming increasingly conscious of environmental issues, and they often prefer products from companies that demonstrate sustainability efforts. By positioning themselves as environmentally responsible businesses, MSMEs can attract environmentally conscious customers and gain a competitive edge. Below cases demonstrate how embracing circular practices can differentiate MSMEs in the market and improve their brand image:
 - Consumer preference for sustainable products: A Nielsen survey found that 73% of global consumers say they would or probably change their consumption habits to reduce their environmental impact [25]. According to a survey by Accenture, 62% of consumers worldwide want companies to take a stand on environmental issues and are more likely to buy from brands that are environmentally friendly[10].
 - Competitive advantage and brand differentiation: A report by the Ellen MacArthur Foundation indicates that companies embracing the circular economy can gain a competitive advantage, as 87% of global consumers prefer products that are designed to be reused or recycled [12] .A study by BCG (Boston Consulting Group) found that companies that prioritize sustainability outperform their peers by 4.8% in terms of shareholder return [3].
 - Positive brand perception and loyalty: According to a Cone Communications study, 87% of consumers are more likely to buy from companies that advocate for social or environmental issues they care about [26]. A study by Unilever revealed that one-third of consumers now choose to buy from brands they believe are doing social or environmental good.

Examples of MSMEs leveraging circular practices for brand differentiation is Ecover, a manufacturer of eco-friendly cleaning products, has incorporated circular theories into their business execution. They use recycled plastic in their packaging, promote refilling of their products, and prioritize the use of renewable resources [27]. Their commitment to sustainability has helped them stand out in the market and appeal to consumers seeking environmentally friendly alternatives.

By embracing circular practices and promoting their sustainability efforts, MSMEs can differentiate themselves in the market, attract environmentally conscious customers, and build a positive brand image. This can lead to increased customer loyalty, market share, and long-term business success.

- **Enhanced Resilience and Supply Chain Stability:** Circular economy principles can improve supply chain resilience for MSMEs. By adopting a closed-loop approach to materials and products, businesses can reduce their dependence on scarce resources and mitigate the impacts of supply chain disruptions, contributing to greater stability and long-term viability. Below are some facts about how circular economy principles can improve supply chain resilience for MSMEs:
 - Resource security and scarcity: The World Economic Forum estimates that by 2050, global resource consumption could triple due to increase in population and urbanization. According to a report by Circle Economy, the circular economy could help reduce primary resource extraction by 28% and decrease reliance on scarce resources, ensuring their availability for future generations [2].
 - Mitigating supply chain disruptions: The COVID-19 pandemic highlighted vulnerabilities in global supply chains, leading to disruptions in production, logistics, and sourcing. By implementing circular practices, MSMEs can diversify their supply chain, reduce dependence on single suppliers, and create localized networks for sourcing materials, reducing the risk of supply chain disruptions.
 - Greater stability and cost savings: The Ellen MacArthur Foundation estimates that circular economy principles could generate \$700 billion in material cost savings annually by 2030 [30].

By adopting closed-loop approaches and reusing/recycling materials within their supply chains, MSMEs can reduce the costs associated with raw material procurement and disposal, leading to greater financial stability. Examples of how circular economy principles improve supply chain resilience for MSMEs: Interface: Interface, a global carpet manufacturer, implemented a closed-loop recycling system called ReEntry® to recover used carpets from customers [31]. The recovered carpets are then recycled into new carpets. This approach reduces the company's reliance on virgin resources, increases supply chain resilience by securing a local source of recycled materials, and reduces waste disposal costs.

By embracing circular economy principles, MSMEs can enhance supply chain resilience by diversifying sourcing, reducing dependence on scarce resources, mitigating supply chain disruptions, and achieving cost savings. These strategies contribute to greater stability and long-term viability for businesses in an increasingly resource-constrained world.
- **Compliance with Regulations and Standards:** As governments worldwide tighten environmental regulations and standards, circular economy integration can help MSMEs remain compliant and avoid potential penalties or reputational damage resulting from non-compliance. European Union Waste Framework Directive: The European Union has implemented the Waste Framework Directive, which aims to promote circular economy principles and reduce waste generation [33]. MSMEs in the EU that adopt circular practices, such as waste reduction, recycling, and product design for durability, align with these regulations and avoid potential penalties or non-compliance issues.

By integrating circular economy principles, MSMEs can align with environmental regulations and standards, reducing the risk of penalties, legal consequences, and reputational damage. Compliance with regulations not only safeguards businesses but also demonstrates their commitment to sustainability and responsible business practices, enhancing their market position and attracting environmentally conscious customers.
- **Access to Funding and Investment Opportunities:** Investors and financial institutions increasingly favor businesses with sustainable practices. MSMEs that demonstrate a commitment to circular theories may find it easier to access funding, attract investments, and form partnerships with environmentally conscious stakeholders. According to a study by the Global Sustainable Investment Alliance, sustainable investment assets reached \$35.3 trillion globally in 2020, demonstrating the growing interest in environmentally responsible investments [34]. Many investors prioritize companies with sustainable practices, including circular economy integration, as they are seen as less risky and more likely to achieve long-term financial success. Businesses that embrace circular economy principles can attract partnerships with stakeholders who prioritize sustainability. Sustainability-focused organizations, NGOs, and industry alliances often seek collaborations with MSMEs that align with their mission and demonstrate sustainable practices.

- **Positive Environmental Impact:** Perhaps the most significant benefit of circular economy integration for MSMEs is its contribution to environmental preservation. By reducing waste, promoting recycling, and adopting more sustainable manufacturing practices, MSMEs can significantly lower their carbon footprint and help protect the environment for future generations.
 - Waste reduction and resource conservation: The Ellen MacArthur Foundation estimates that circular economy practices could lead to a 48% reduction in greenhouse gas emissions by 2030 [35]. By implementing circular practices, MSMEs can reduce waste generation, conserve resources, and minimize environmental degradation associated with resource extraction and waste disposal.
 - Carbon footprint reduction: According to the World Resources Institute, global material extraction and processing contribute to approximately half of global greenhouse gas emissions [13]. Circular economy integration helps MSMEs reduce their carbon footprint by promoting resource efficiency, extending product lifespan, and minimizing the need for new resource extraction and energy-intensive production processes.
 - Sustainable manufacturing practices: Adopting circular economy principles encourages MSMEs to adopt more sustainable manufacturing practices, such as using renewable energy, minimizing water consumption, and reducing emissions.

These practices contribute to environmental preservation by minimizing the impact of manufacturing activities on ecosystems, air quality, and natural resources.

In conclusion, integrating circular economy practices into manufacturing planning can bring a range of benefits to MSMEs, positively impacting their financial performance, resource efficiency, market positioning, and environmental sustainability. Embracing circularity is not only a way to drive business success but also a responsible approach towards building a more sustainable and resilient economy.

6. STRATEGIES FOR CE INTEGRATION IN MANUFACTURING PLANNING FOR MSMEs

This section outlines actionable strategies that MSMEs can adopt effectively and integrate circular economy theories into their manufacturing planning. It may include capacity building, partnership with stakeholders, leveraging technology, and exploring circular business models.

Integrating circular economy guidelines into production and engineering planning can be a transformative process for MSMEs (Micro, Small, and Medium Enterprises) that not only benefits the environment but also provides innovative business avenues and cost savings. Here are some actionable strategies for MSMEs to successfully embrace circular economy practices in their manufacturing planning (fig.6):

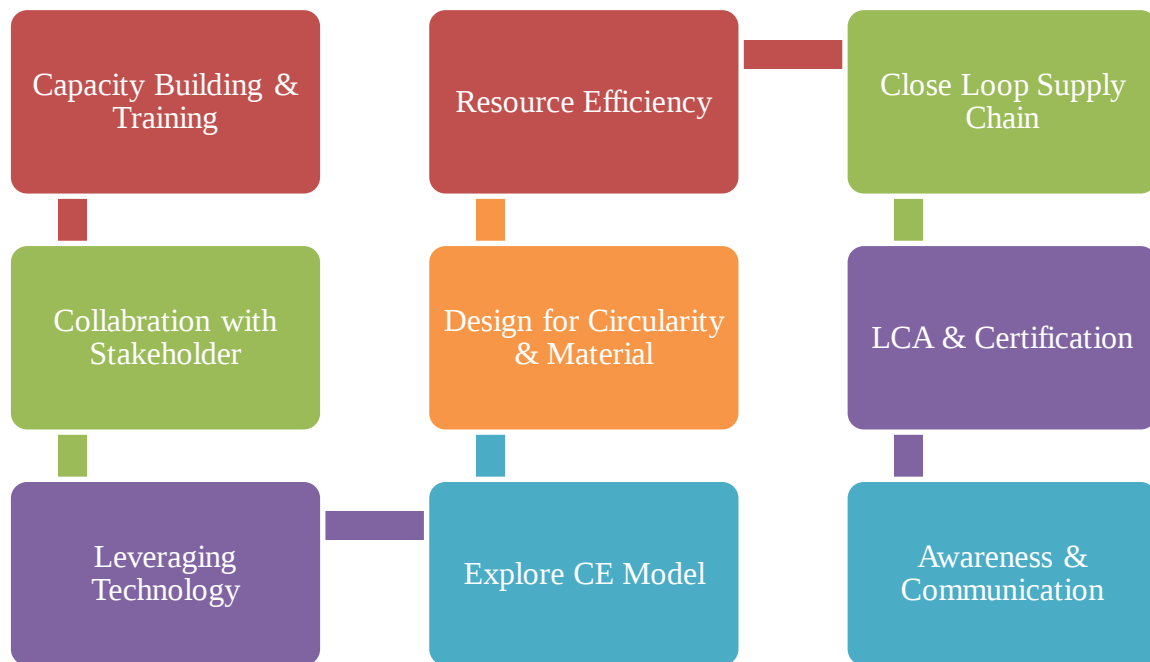


Fig.6 CE Adoption Steps

- **Capacity Building and Training:** MSMEs should invest in capacity building and training programs for employees to spread knowledge about circular economy principles and practices [36]. Training should focus on identifying opportunities for waste reduction, material reuse, and recycling, as well as recognizing the potential benefits of circular business models.
- **Collaboration with Stakeholders:** Engage in partnerships and collaborations with suppliers, customers, waste management companies, and other participants to foster the circularity approach across the value chain. Collaborate with local recycling facilities to establish efficient material recovery processes for the products and by-products generated during manufacturing.
- **Leveraging Technology:** Adopt technologies that support circular economy initiatives, such as 3D printing, which enables on-demand manufacturing, optimizing inventory and reduce waste. Implement IoT (Internet of Things) and smart devices to supervise resource consumption, product life cycles, and supply -delivery efficiency, enabling data-driven decisions for sustainability improvements [20].
- **Exploring Circular Business Models:** Implement product-as-a-service models, where MSMEs retain ownership of their products and lease them to customers. This encourages product robustness, repairability, and upgrades, reducing the waste formation. Consider remanufacturing or refurbishing used goods to widen their usable life and provide cost-effective alternatives to customers [38].
- **Material Selection and Design for Circularity:** Choose materials with a focus on recyclability, biodegradability, and low environmental impact. Design products with modularity and disassembly in mind to facilitate easy repair, reuse, and recycling.
- **Resource Efficiency and Waste Reduction:** Conduct waste audits to identify areas for waste reduction and increased resource efficiency. Implement lean manufacturing principles to minimize overproduction and optimize material use.
- **Closed-Loop Supply Chains:** Aim to create closed-loop supply chains by sourcing recycled or recyclable materials and integrating them back into the production process. Encourage customers to revert used goods for recycling or refurbishing.
- **Lifecycle Assessments and Certification:** Conduct lifecycle assessments to understand the environmental effect of goods and processes and identify areas for improvement. Consider obtaining certifications such as Cradle to Cradle (C2C) to demonstrate commitment to circular economy practices [39].

- **Raising Awareness and Communicating Value:** Communicate circular economy initiatives to customers, suppliers, and other stakeholders to create reliance and promote sustainable Ideas [39]. Highlight the environmental and financial advantages of circular economy incorporation to attract environmentally conscious consumers. By incorporating these strategies into their manufacturing planning, MSMEs can take significant steps towards adopting circular economy principles, contributing to a more sustainable and resilient future.

7.CONCLUSION

The conclusion summarizes the key findings and highlights the significance of circular economy integration in production and engineering planning for MSMEs. It reinforces the potential benefits for MSMEs, the environment, and the economy at large and encourages further research and collaboration in this field. In conclusion, the integration of the circular economy in manufacturing planning for Micro, Small, and Medium Enterprises (MSMEs) holds immense potential and offers several advantages for both businesses and society. Throughout this discussion, we have explored various aspects of the circular economy and its application in the manufacturing sector, particularly for MSMEs.

Firstly, we have seen that embracing circular economy principles can lead to significant cost savings and improved resource efficiency for MSMEs. By adopting circularity ideas such as product life extension, resource recovery, and remanufacturing, MSMEs can reduce their reliance on virgin materials, lower production costs, and minimize waste generation [40]. These measures not only contribute to the bottom line of businesses but also enhance their overall competitiveness. Moreover, the adoption of circular economy practices in manufacturing planning has substantial environmental benefits. MSMEs that give priority to resource conservation and waste reduction contribute towards the less greenhouse gas emissions, energy consumption, and pollution levels [41]. By closing the loop and promoting the reuse, repair, and recycling of materials, MSMEs play a crucial role in preserving natural resources, mitigating climate change, and safeguarding ecosystems.

Furthermore, the integration of the circular economy in manufacturing planning can have significant economic advantages. It opens new business opportunities and enables MSMEs to tap into emerging markets for circular products and services. By adopting innovative business models, such as leasing, sharing, or selling refurbished products, MSMEs can diversify their revenue streams and access new customer segments. Additionally, the circular economy fosters job creation, as it requires specialized skills in areas such as recycling, remanufacturing, and reverse logistics [42]. It is important to recognize that the moving from Linear to Circular is not without its challenges. MSMEs may face barriers such as limited access to finance, lack of awareness or expertise, and potential regulatory hurdles. Overcoming these obstacles requires supportive policies, targeted financial incentives, capacity building initiatives, and collaborative efforts among stakeholders [5]. Governments, industry associations, academic institutions, and other relevant actors should work together to provide the necessary support and enable MSMEs to embrace circular practices.

In conclusion, the integration of the circular economy in production and engineering planning for MSMEs offers tremendous potential benefits for industries, the environment, and the economy at large. It represents a transformative method that redefines traditional linear production and consumption patterns. The circular economy promotes sustainable growth, resource efficiency, and resilience, paving the journey to become sustainable and prosperous future.

To unlock the full potential of circular economy integration in MSMEs, further research, innovation, and collaboration are essential. It is imperative to develop and disseminate best practices, share knowledge and experiences, and foster learning networks among MSMEs. Additionally, policymakers should continue to promote an enabling environment that incentivizes circular methods and supports the transition of MSMEs towards more sustainable and circular industrial models. By embracing the circular economy, MSMEs can become drivers of sustainable development, contributing to the achievement of the United Nations Sustainable Development Goals (SDGs), and creating a more inclusive and environmentally friendly economy. Let us continue to explore and unlock

the opportunities presented by the circular economy, recognizing that sustainable and circular manufacturing planning is not just a necessity but also a catalyst for long-term prosperity and well-being.

8. RECOMMENDATIONS

Lastly, the research paper presents actionable recommendations for stakeholders, including MSMEs, policymakers, industry associations, and academia, to promote the widespread adoption of circular economy practices in MSME manufacturing planning. By adopting circular economy principles, MSMEs can play a pivotal role in advancing sustainability in the manufacturing sector while simultaneously enhancing their own resilience and competitiveness in an ever-evolving economic landscape.

Here are some actionable recommendations for stakeholders, including MSMEs, policymakers, industry associations, and academia, to promote the widespread adoption of circular economy practices in MSME manufacturing planning:

1. **Raise awareness and provide education:** MSMEs, policymakers, industry associations, and academia should collaborate to raise awareness about the benefits of circular economy practices in manufacturing planning. Conduct workshops, seminars, and training programs to educate stakeholders about the principles and strategies of the circular economy.
2. **Develop supportive policies:** Policymakers should create a conducive policy environment that encourages MSMEs to adopt circular economy practices. This can include offering incentives such as tax benefits, grants, or subsidies for implementing circular economy strategies. Additionally, policymakers can establish regulations that promote the use of recycled materials, encourage product design for durability and repairability, and discourage waste generation.
3. **Foster collaboration and knowledge-sharing:** Industrial associations can play a crucial role in facilitating collaboration among MSMEs and promoting knowledge-sharing. They can organize forums, conferences, or online platforms where MSMEs can exchange best practices, success stories, and challenges related to circular economy practices. Such platforms can also connect MSMEs with experts and researchers from academia.
4. **Provide technical assistance and access to resources:** MSMEs often face resource constraints when it comes to implementing circular economy practices. Policymakers and industrial associations should work together to provide technical assistance, training, and access to resources such as funding, technology, and infrastructure. This can help MSMEs overcome barriers and enable them to adopt circular economy practices effectively.
5. **Encourage collaboration between academia and industry:** Academia should actively engage with MSMEs and industrial associations to conduct research, develop innovative solutions, and provide technical expertise in circular economy practices. Collaboration can lead to the development of sustainable manufacturing processes, eco-design guidelines, and new business models that support the circular economy.
6. **Establish a monitoring and evaluation framework:** It is important to monitor and evaluate the progress of circular economy initiatives in MSME manufacturing planning. Stakeholders should collaborate to establish a framework that tracks key performance indicators, measures the impact of circular economy practices, and identifies areas for improvement. This data can inform future policies and strategies.
7. **Create networks and partnerships:** Stakeholders should encourage the formation of networks and partnerships between MSMEs, policymakers, industrial associations, and academia. These collaborations can leverage collective knowledge, expertise, and resources to drive the widespread adoption of circular economy methods. Partnerships leads to the development of innovative solutions and the scaling up of successful circular economy initiatives.

By implementing these recommendations, stakeholders can contribute to the transformation of MSME manufacturing planning towards a more sustainable and circular approach, benefiting both the environment and the long-term viability of MSMEs.

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