

Adoption of circular economy practices in agricultural SMEs: A comparative study of the UK and Nepal

Smriti Dhungel

ABSTRACT

Agricultural small and medium-sized enterprises (SMEs) face increasing pressure to adopt sustainable business models as part of the broader transition toward a green economy. However, their capacity to implement circular economy (CE) practices varies significantly across institutional and resource contexts. This study addresses the limited empirical understanding of how CE adoption unfolds in agriculture by undertaking a comparative analysis of agricultural SMEs in Nepal and the United Kingdom. The study investigates how CE practices are established within these firms and examines their implications for environmental sustainability and business performance.

A comparative mixed-methods survey design was employed. Quantitative data were collected through structured closed-ended questions and analysed using SPSS, while qualitative responses embedded within the same instrument were thematically analysed using NVivo to facilitate cross-country interpretation. The findings reveal a pronounced awareness gap: 61% of UK SMEs reported prior knowledge of CE principles compared to 19.4% in Nepal. Institutional support structures also differed considerably. In Nepal, 47.2% of SMEs relied on advisory or NGO-led technical support, whereas 22.4% of UK SMEs reported engagement with support mechanisms that were more policy-driven in nature. Adoption patterns reflect these contextual differences: Nepalese SMEs prioritise low-cost resource efficiency strategies, while UK SMEs implement more diversified initiatives, including renewable energy integration and biodiversity-oriented practices. Across both contexts, environmental improvements were reported more consistently than economic or social gains.

Overall, the findings demonstrate that circular economy adoption in agriculture is not solely a firm-level strategic choice, but a context-dependent and staged transition shaped by institutional environments and internal resource capacities. The study contributes comparative insights into how agricultural SMEs navigate green economy transitions under contrasting socio-economic conditions.

Keywords: Circular Economy; Agricultural SMEs; Nepal; United Kingdom; Resource-Based View; Mixed Method