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Private Enterprises in Vietnam in the Circular Economy Aim for Sustainable Development

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Abstract

Circular economy is an economic model in which design, production, consumption and service activities aim to reduce the exploitation of raw materials and extend product life cycles, limit waste generated and minimize negative impacts on the environment. Circular economy is an inevitable trend and an important solution to help Vietnamese private enterprises develop sustainably. To successfully transition from a linear economic model to a circular economy, providing information for administrators to make decisions

related to circular economy content needs to be given importance. In Vietnam, the private economic sector has a high contribution to the economy but faces many difficulties in production and business activities in a globally competitive environment. Therefore, to move towards sustainable development, private enterprises need to learn and convert production and business processes from a linear economic model to a circular economic model.

Keywords: Private Enterprise, Circular Economy, Sustainable Development

1. Introduction

Many studies find that the industrial economy brings a lot of damage to the environment. Inefficient processes consume too many natural resources, creating waste and environmental pollution. A lot of businesses use natural capital in the form of oil, wood, minerals or natural gas and return it to nature as waste, most of which does not decompose naturally and cannot be reused. Circular economy partly contributes to increasing value for businesses, reducing resource exploitation, reducing waste treatment costs, and minimizing environmental pollution. Circular economy is turning the output waste of one industry into input resources of another industry or circulating within a business itself. In today's era of increased environmental awareness, the role of circular economy is fundamental to improving operational efficiency and enhancing sustainable development of businesses.

The circular economy model approach is a natural extension of lean thinking and manufacturing governed by the philosophy of delivering value to customers without waste. Circular economy involves thinking about resource inputs in terms of alternative fuels and raw materials, energy efficiency and waste reduction for the benefit of all stakeholders. Circular economy partly contributes to increasing value for businesses, reducing resource exploitation, reducing waste treatment costs, and minimizing environmental pollution. Waste treatment and environmental treatment are major problems for the private economic sector in Vietnam. One of the effective solutions to solve this problem is to develop production and business processes at private enterprises according to the circular economy model. Therefore, transforming the circular economy model is an inevitable task for private enterprises in Vietnam to move towards sustainable development. During that transition process, Vietnamese private enterprises need to be aware and provide directions to make the transition highly effective.

2. Theoretical basis

The concept of circular economy was first mentioned by Pearce and Turner (1990) ^[9], circular economy is used to refer to a new economic model based on the basic principle "everything is an input to something else", completely unlike the perspective of the traditional linear economy. According to the Ellen MacArthur Foundation (2013) ^[6], circular economy describes an economy that is designed and operated with the main goal of minimizing, controlling and eliminating the harmful effects of toxic chemicals and enhancing renewable energy and eliminate waste. Circular economy operates based on the principles of:

Design to eliminate waste; Enhance resilience through diversity; Use renewable energy; Think systematically; and waste is also raw material. According to the United Nations Industrial Development Organization (UNIDO), a circular economy is a closed cycle in which waste is reused and becomes raw materials for production, thereby reducing all negative impacts. To the environment, ecosystem and human health. In Vietnam, the concept of circular economy is mentioned in Article 142, Law on Environmental Protection, specifically: "Circular economy is an economic model in which design, production, consumption and service activities aim to reduce the exploitation of raw materials, extend product life cycles, limit waste generation and minimize negative impacts on the environment". So, simply put, circular economy is turning the output waste of one industry into input resources for another industry or circulating within a business itself. Circular economy partly contributes to increasing value for businesses, reducing resource exploitation, reducing waste treatment costs, and minimizing environmental pollution.

According to the World Commission on Environment and Development (1987), sustainable development is defined as "A development process in which the needs of the present generation are met without depriving them of the opportunity to meet their own needs of future generations". This is a global goal expressed through the United Nations' Sustainable Development Goals (SDGs), including 17 goals and 169 targets to address major economic, social and environmental challenges. According to Holmberg and colleagues (1992), sustainable development includes economic sustainability (especially economic growth), social sustainability (especially implementing progress and social justice; hunger eradication and poverty reduction and create jobs) and environmental sustainability (especially treating and overcoming pollution, restoring and improving environmental quality; preventing fires and deforestation; rational exploitation and economical use of resources nature). According to Aktin and Gergin (2016), sustainable activities should combine social, environmental, and economic benefits to achieve goals set by customers and stakeholders through collaborative efforts to keep parties. Sustainable development models (SDGs) are global goals set by the United Nations to address economic, social and environmental challenges announced in 2015 and expected to be implemented by 2030. Some examples of sustainable development models are: (1) Renewable energy model: Using clean and renewable energy sources such as sun, wind, water to reduce greenhouse gas emissions and save energy. cost savings. Some pioneering countries in this field are Denmark, Germany, Sweden... (2) Organic agriculture model: Using environmentally and health-friendly farming methods such as not using toxic chemicals, enhancing biodiversity, and protecting land and water sources. Some countries with developed organic agriculture are India, Türkiye, Italy... (3) Green economic model: Using policies and technology to create sustainable and equitable economic growth, reduce poverty and inequality, respect human rights and conserve natural resources. Some countries applying this model are Rwanda, Costa Rica, New Zealand...

Circular economic development is an inevitable trend of sustainable development. The four main reasons this transformation is required include: The increase in demand for raw materials, while these raw materials are increasingly depleted, especially for mineral resources, non-renewable

resources; Dependence on other countries, especially countries that depend on other countries for raw materials. This dependence leads to global political tensions; Impacts on climate change (emission of greenhouse gases, especially CO₂) increase the process of extreme climate change, causing extremely serious consequences. The transition to a circular economy with the goal of sustainable energy use will reduce climate change; Create economic opportunities, especially for business and science in the areas of innovation, design, recycling and creativity.

3. Orienting private enterprises in Vietnam in the circular economy towards sustainable development

According to Article 183 of the Vietnam Enterprise Law 2020, a private enterprise is an enterprise owned by an individual and bears all responsibility for the enterprise's operations with all assets. In a private enterprise, the owner of a private enterprise has the right to decide on all activities of the enterprise without having to consult anyone. The unlimited liability regime helps businesses build trust with customers and business partners. However, raising capital is difficult because private enterprises are not allowed to issue securities, and the unlimited liability regime of private enterprises has high risks.

In Vietnam, the private economic sector's contribution to the economy is high. According to statistics from the Ministry of Planning and Investment, by the end of 2021, domestic private enterprises attracted 58.1% of labor, accounting for 59.3% of assets and generating 57.8% of net revenue of businesses in Vietnam. However, during operation, private enterprises are facing many difficulties. According to the results of the Provincial Competitiveness Survey (PCI), the biggest difficulty that Vietnamese private enterprises are facing is accessing credit, in addition to finding customers and finding business cooperation partners... are the causes that private enterprises encounter. Vietnam is a country with a high rate of deep integration into the economy, especially participating in bilateral and multilateral free trade agreements and new generation free trade agreements. Most of these agreements have regulations and agreements on sustainable development, environmental protection, response to climate change and must comply with waste and gas emission standards. This is the premise to promote Vietnamese private enterprises to accelerate the transition to a circular economy model. To implement circular economy towards sustainable development, the orientation for private enterprises in Vietnam is as follows:

Vietnamese private enterprises need to build an in-depth economic growth model, effectively use input resources, apply science and technology to industries, especially waste treatment to regenerate raw materials. Regulations on the roadmap to replace fuels, products using hazardous materials, and single-use products with environmentally friendly fuels and materials, products that can be used multiple times and extend their useful life uses of the product.

Vietnamese private enterprises need to adjust energy planning, gradually reducing dependence on forms of energy from fossil fuels and hydropower; Control and selectively attract investment projects based on consideration of factors such as production scale, production technology, environmental techniques and project implementation location. Develop a technology conversion roadmap based on the criteria of energy saving and

efficiency and waste reduction.

Vietnamese private enterprises implementing circular economy need to be associated with technology development, digital economy and Industrial Revolution 4.0. New technology will help implement an effective circular economy model, reduce pollution, preserve nature and biodiversity, and avoid overexploitation of resources; At the same time, create new job opportunities... ensuring the goals of this model.

To expand the circular economy, Vietnamese private enterprises need to clearly determine what their top priorities are. Instead of producing products as quickly and cheaply as possible, product durability and sustainable production processes are the key factors. Products need to be designed to be easily recycled if they are to avoid ending up in landfills.

4. Conclusion

For Vietnamese private enterprises, the circular economy model helps businesses become more flexible, increase the ability to respond to changes in raw material supply, reduce raw materials, and increase renewable materials, thereby creating new profits. Circular economy also creates demand for new services for businesses to find business opportunities. New services that may arise are logistics services for collection and support of recycled products, marketing services and sales services aimed at extending the life of products, remanufacturing parts and components, product renewal services... Many new production and business models aiming closer to the circular economy in the private sector have been implemented quite successfully, creating many production and business opportunities and improving economic competitiveness. We can mention the eco-industrial park model in Ninh Binh province, Can Tho city and Da Nang city, helping to save 6.5 million USD/year; model of processing aquatic by-products; Vietnam packaging recycling alliance. To transform the circular economy model in Vietnamese private enterprises, alongside the efforts of businesses, The State needs to continue to improve the policy and legal system to promulgate regulations and standards for circular economy development in accordance with new trends in the region and the world. Use technical, environmental standards, tax tools... to limit the overuse of resources and waste in the production process. Strongly innovate the economic growth model based on the efficiency of using capital and labor inputs, sustainable economic growth associated with economical and effective use of resources.

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