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Towards Circular Tourism in an Emerging Balkan Destination: Evidence from Tourism SMEs in Shkodra, Albania

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Abstract

The transition towards a circular economy (CE) is increasingly recognized as a pathway to sustainable tourism development. However, empirical evidence from emerging destinations remains limited, particularly in the Western Balkans. This study investigates the adoption of CE practices among tourism SMEs in the Shkodra region of Albania, focusing on awareness, implementation, perceived benefits, barriers, institutional support, and tourist demand.

A quantitative approach was employed using a structured questionnaire administered to 54 tourism businesses. Data were analyzed through descriptive statistics, reliability testing, Spearman correlation, and regression analysis.

The findings indicate that although only 29.6% of respondents were familiar with the CE concept, many businesses had already implemented practices such as waste reduction, recycling, energy conservation, and local sourcing. CE adoption was positively associated with competitive advantage, while tourist demand emerged as a significant driver. Financial constraints, limited knowledge, and shortages of skilled personnel were identified as the main barriers. The study highlights the importance of financial support, capacity building, and market demand in advancing circular tourism transitions.

Keywords: circular economy; tourism SMEs; circular tourism; sustainability; Western Balkans.

1. Introduction

Tourism is widely recognized as a major contributor to employment, income generation, regional development, and local value creation, with a GDP contribution reaching \$10.9 trillion in 2024 (WTTC, 2025; Global Trends, 2025). However, tourism also places pressure on natural resources, energy systems, water consumption, waste management, and local ecosystems. Circular economy principles are increasingly viewed as a pathway for reducing the environmental externalities of tourism by promoting waste prevention, reuse, recycling, resource efficiency, and regenerative value creation (Rudan, 2023) (Renfors, 2023).

In tourism, circular economy principles can be applied through energy and water efficiency, waste separation, food waste reduction, local sourcing, reuse of materials, reduction of single-use plastics, and cooperation with local suppliers (Vuković et al., 2025) (Paja, 2025) (Rodriguez et al., 2024).

Tourism SMEs play a central role in this transition because they represent a significant part of the tourism value chain. In Shkodra region SMEs represent approximately 93% of the businesses (Instat, 2025). Hotels, guesthouses, restaurants, travel agencies, and local service providers directly influence resource use, waste production and tourist experiences.

Albania has also begun to develop a circular economy policy agenda, with particular relevance for SMEs and tourism-dependent regions (OECD, 2024).

In Albania, tourism has expanded rapidly in recent years, creating new opportunities for local economic development but also increasing pressure on natural and cultural resources. It has also increased the problem of waste management. The Shkodra region is a particularly relevant case because it combines urban, lake, mountain, cultural, and rural tourism, while its tourism sector is dominated by SMEs. Although recent Albanian studies have started to examine sustainable business models and circularity in agritourism, empirical research on circular economy adoption among tourism SMEs remains limited (Dionizi & Kërçini, 2025).

Against this background, this study investigates the adoption of circular economy practices among tourism SMEs in the Shkodra region. Specifically, it examines business awareness, adoption levels, perceived benefits, barriers, institutional support, and tourist demand. By focusing on an emerging Balkan destination, the study contributes empirical evidence to a literature that remains geographically concentrated in more developed tourism contexts.

Thus the study seeks to answer the following research question:

Research Question: How are circular economy practices adopted by tourism SMEs in an emerging Balkan destination, and what factors influence their implementation?

This main question is further explored through the following sub-questions:

SQ 1: To what extent are tourism SMEs aware of and implementing circular economy practices?

SQ 2: What benefits do tourism SMEs associate with the adoption of circular economy practices?

SQ 3: What barriers hinder the implementation of circular economy practices among tourism SMEs?

SQ 4: How do tourist demand and institutional support influence circular economy adoption and investment intentions?

2. Literature Review

The circular economy has emerged as a sustainability-oriented model that aims to reduce waste, extend resource life cycles, and support regenerative production and consumption systems. In contrast to the linear “take–make–dispose” model, circular

economy emphasizes resource efficiency, reuse, recycling, recovery, and value retention (Geissdoerfer et al., 2016) (Murray et al., 2015).

According to UNECE (2022) tourism due to its multiplier effect can act as a catalyst for a broader shift towards a circular economy.

Tourism depends heavily on energy, water, food, land, transport, buildings, and natural resources. As a result, tourism destinations and businesses can contribute significantly to circular transitions by reducing waste, improving resource efficiency, supporting local supply chains, and redesigning services around sustainability principles (Kabil et al., 2024) (Strippoli et al., 2024) (Renfors, 2023).

Recent literature has shown that circular economy research in tourism is still developing. (Kabil et al., 2024), in a bibliometric analysis of 181 articles, found that the relationship between circular economy and tourism is growing but remains at an early stage. Waste management, recycling, resource efficiency, and sustainable destination development are among the most common themes.

In practical terms, circular tourism involves the adoption of practices such as reducing water and energy consumption, minimizing plastic use, recycling, composting organic waste, using renewable energy, reusing materials, and strengthening cooperation with local producers. These practices can help reduce environmental impacts while improving the sustainability performance of tourism destinations (Kiaušienė et al., 2024) (Strippoli et al., 2024).

Economically, circular practices can help businesses reduce operating costs, improve efficiency, and create new sources of value. For example, energy-saving measures, waste reduction, local sourcing, and reuse of materials can reduce costs while improving business performance (Kiaušienė et al., 2024). Cornejo-Ortega and Chávez Dagostino (2020) found that tourism businesses may already apply environmental practices even when their formal knowledge of circular economy remains limited.

Circular economy can also strengthen competitive advantage. As tourists become more attentive to sustainability, businesses that adopt visible environmental practices may improve their reputation, attract responsible customers, and differentiate themselves in competitive markets ((Sánchez, 2019) (Pattanaro & Gente, 2017). In this sense, circular economy adoption is not only an environmental strategy but also a business strategy. Despite the benefits associated with circular economy, tourism businesses face several obstacles when attempting to adopt circular practices. Financial constraints are among the most frequently reported barriers (Khan et al., 2021). For SMEs, these costs can be difficult to absorb, especially in seasonal tourism markets (Kiaušienė et al., 2024). Institutional barriers also influence adoption, the list of such barriers include; Weak policy support, limited awareness of subsidies, insufficient communication between public authorities and businesses, and lack of stakeholder coordination, which may reduce the effectiveness of circular economy initiatives (Circular Economy Policies in Europe: Assessing Regional Policy Integration, 2024). In emerging destinations, these institutional weaknesses can be more pronounced because sustainability governance is often still developing.

Most circular tourism studies have focused on developed destinations, especially in

Western Europe. However, emerging destinations may experience different adoption dynamics. SMEs in these contexts often face limited financial capacity, weaker institutional support, lower awareness of sustainability instruments, and fragmented governance structures (Dedić, 2024). At the same time, they may also have opportunities for circularity through local sourcing, community-based tourism, agritourism, and informal reuse practices.

The Western Balkans represent an important yet under-researched context for circular tourism studies. Despite growing policy attention to the circular economy, the region continues to face significant challenges, including inadequate waste management systems, low recycling rates, fragmented governance structures, limited infrastructure, and weak implementation capacity (Dedić, 2024) (Vukelić et al., 2023) (Mashovic, 2025) (GIZ, 2026). These constraints make the region particularly relevant for examining the factors influencing circular economy adoption in tourism. In Albania, circular economy initiatives are increasingly associated with SME development, environmental sustainability, and tourism-driven economic growth, highlighting the need for further empirical research in this area (Dedej et al., 2024).

Based on the literature, this study proposes five hypotheses.

First, knowledge is often considered a prerequisite for sustainability-oriented change. Businesses that understand circular economy principles may be more likely to adopt circular practices. Therefore:

H1: Circular economy knowledge positively influences the adoption of circular economy practices.

Second, circular economy adoption may improve business performance by strengthening reputation, customer satisfaction, efficiency, and market differentiation. Therefore:

H2: Circular economy adoption positively influences perceived competitive advantage.

Third, cost saving, environment improvement, business growth opportunities may improve business performance. Therefore:

H3: Perceived benefits positively influence circular economy adoption.

Fourth, financial, technical, organizational, and knowledge-related barriers may limit implementation. Therefore:

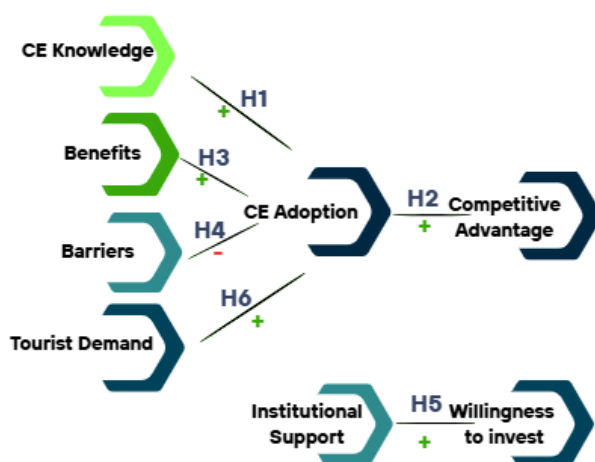
H4: Perceived barriers negatively influence circular economy adoption.

Fifth, institutional support and financial incentives may encourage businesses to invest in circular economy initiatives. Therefore:

H5: Institutional support positively influences businesses' willingness to invest in circular economy initiatives.

Finally, tourist demand may encourage businesses to implement sustainability-oriented practices. Therefore:

H6: Tourist demand positively influences circular economy adoption.



Source: Own elaboration

3. Methodology

The study was conducted in the Shkodra region, located in northern Albania.

In recent years, the region has experienced substantial growth in visitor numbers, particularly in areas such as Theth, Shiroka, Zogaj, Velipoja Beach and the Lake Shkodra basin.

The study employed quantitative research design based on a structured questionnaire administered to tourism businesses operating in the Shkodra region.

The survey was designed to investigate the awareness of circular economy concepts; familiarity with circular economy practices; implementation of circular economy initiatives; perceived business benefits; barriers to adoption; institutional support mechanisms; tourist demand for sustainable services; willingness to invest in circular economy initiatives.

A cross-sectional design was adopted, allowing the collection of data at a single point in time during March - October 2025 and providing a snapshot of current perceptions and practices among tourism SMEs. Data were collected from 54 tourism businesses operating in the Shkodra region.

The sample included: accommodation establishments; restaurants and food service providers; travel agencies; tourism service providers; mixed tourism businesses.

Although the sample size is relatively modest, it is considered adequate for exploratory statistical analysis.

Based on the survey responses, several composite variables were constructed for statistical analysis.

Table 1. Constructs, Items, and Reliability Measures

Reliability Statistics			
Construct	N of Items	Cronbach's Alpha Based on Standardized Items	Cronbach's Alpha
CE Awareness	8	.664	.665
Perceived Benefits of CE implementation	5	.897	.896
Perceived Barriers to CE implementation	3	0.744	.753
Tourist Demand	3	.669	.660

Source: Own elaboration

Reliability analysis indicated excellent internal consistency for the Perceived Benefits construct ($\alpha = 0.896$) and good reliability for Perceived Barriers ($\alpha = 0.753$). The CE Awareness ($\alpha = 0.665$) and Tourist Demand ($\alpha = 0.660$) constructs demonstrated acceptable reliability for exploratory research and were therefore retained for further analysis. Variables related to policy support and governance were analyzed individually due to insufficient internal consistency for scale construction.

Data were analyzed using SPSS in four stages. First, descriptive statistics (frequencies, percentages, means, and standard deviations) were used to summarize respondent characteristics and key variables. Second, Spearman's rank-order correlation was applied to examine relationships among the study variables, as the data were collected using ordinal Likert scales. Third, multiple regression analysis was conducted to test the proposed hypotheses and assess the influence of independent variables on circular economy adoption. Statistical significance was evaluated at the 5% level ($p < 0.05$). The study adhered to ethical research principles, including voluntary participation, confidentiality, and responsible data management.

4. Results

The results are presented in four stages. First, descriptive statistics are used to examine circular economy awareness and implementation among tourism SMEs. Second, perceptions regarding benefits, barriers, institutional support, and tourist demand are analyzed. Finally, correlation and regression analyses are conducted to test the study hypotheses

4.1 Descriptive statistics

4.1.1 Profile of the Respondents and Businesses

A total of 54 tourism businesses operating in the Shkodra region participated in the survey. The sample consisted primarily of owners (50.0%) and managers (29.6%), ensuring that responses reflected informed strategic and operational perspectives regarding business practices and sustainability initiatives.

Table 2. Characteristics of the surveyed tourism businesses (N = 54)

Variable	Category	Frequency	Percentage (%)
Position	Owner	27	50.0
	Manager	16	29.6
	Other	11	20.4
Education	Secondary	18	33.3
	University	27	50.0
	Postgraduate	9	16.7
Years of operation	< 2 years	10	18.5
	2–5 years	13	24.1
	6–10 years	11	20.4
	>10 years	20	37.0
Employees	<5	24	44.4
	5–20	27	50.0
	21–50	3	5.6

Source: Own elaboration

Regarding educational background, 50.0% of respondents held a university degree, while 16.7% possessed postgraduate qualifications. In terms of business experience, 37.0% of the surveyed businesses had operated for more than ten years, whereas 18.5% had been active for less than two years.

The sample was dominated by micro and small enterprises, with 42.6% employing fewer than five employees and 50.0% employing between five and twenty workers. This profile reflects the structure of the tourism sector in the Shkodra region, which is largely characterized by small and family-owned enterprises.

Table 3. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Perceived level of CE implementation	54	1	4	3.00	.752
Barrier_high_cost	54	3.00	5.00	4.8519	.40782
Barrier_lack_knowledge	54	3.00	5.00	4.3889	.56357
Barrier_lack_trained_staff	54	3.00	5.00	4.2407	.69866
Willing_invest	54	4.00	5.00	4.9444	.23121
Perceived usefulness of subsidies to implement CE	54	2.00	5.00	4.6296	.59229
Perceived benefits of CE	54	1.00	4.20	3.3185	.59750
How_invest_CE	54	1.00	3.00	1.2778	.49208

Subsidies importance for CE adoption	54	2.00	5.00	3.3333	.64428
Perceived level of awareness regarding CE	54	1.00	4.00	2.9074	.44588
Policies and financial incentives	54	1.00	3.00	1.9444	.49208
Increase_tourist_interest_sustainability	54	1.00	4.00	3.4074	.78952
Tourist_ask_local_CE_practices	53	3.00	5.00	3.6604	.55273
Valid N (listwise)	53				

Source: Own elaboration

4.2 Perception regarding drivers and barriers to CE implementation

4.2.1 Awareness of Circular Economy Concepts and Practices

The findings reveal a relatively low level of formal awareness of the circular economy concept among tourism businesses. Only 29.6% of respondents reported being familiar with the concept of circular economy, while 48.1% indicated that they were not familiar with it, and 22.2% were uncertain.

Despite this limited conceptual awareness, respondents demonstrated an elevated level of familiarity with individual circular practices. More than 80% of businesses recognized practices such as waste recycling, reducing water and energy consumption, minimizing plastic use, reusing materials, and cooperating with local suppliers. In particular reducing water and energy consumption was recognized by 90.6% of respondents, while waste recycling was identified by 88.9%.

These findings suggest that tourism businesses are more familiar with practical sustainability actions than with the formal terminology associated with circular economy principles.

4.2.2 Adoption of Circular Economy Practices

The overall level of circular economy adoption among surveyed businesses was moderate (Mean = 3.00; SD = 0.75).

Respondents reported implementing several environmentally responsible practices, including waste separation, energy conservation, reduction of single-use plastics, and collaboration with local producers. However, the findings indicate that circular economy implementation remains partial and uneven across businesses.

The results suggest that many tourism SMEs have adopted selected circular practices, but a comprehensive circular business model has not yet been fully integrated into their operations.

4.2.3 Perceived Benefits of Circular Economy Adoption

The surveyed businesses generally perceived circular economy practices as beneficial.

The mean score for perceived competitive advantage was 3.32 (SD = 0.60), indicating that respondents moderately agreed that circular practices strengthen their market position.

Similarly, respondents reported positive perceptions regarding the economic and operational benefits associated with circular economy implementation. Businesses indicated that circular practices contribute to improved reputation, enhanced customer satisfaction, and improved service for their clients, placing them in a better competitive position.

The reliability analysis demonstrated excellent internal consistency for the perceived benefits construct (Cronbach's $\alpha = 0.896$), confirming the robustness of this measure.

4.2.4 Perceived Barriers to Circular Economy Adoption

The analysis identified several significant barriers limiting the implementation of circular economy practices.

Financial constraints emerged as the most important obstacle (Mean = 4.85; SD = 0.41), followed by lack of knowledge regarding circular economy implementation (Mean = 4.39; SD = 0.56) and lack of trained personnel (Mean = 4.24; SD = 0.70).

These findings indicate that tourism businesses perceive the transition toward circular economy models as challenging due to limited financial resources, insufficient technical knowledge, and shortages of qualified human capital.

The barriers scale demonstrated satisfactory reliability (Cronbach's $\alpha = 0.753$).

4.2.5 Institutional Support and Investment Readiness

Businesses expressed a strong willingness to invest in circular economy initiatives if financial support mechanisms were available. The mean score for readiness to invest under conditions of financial assistance was exceptionally high (Mean = 4.94; SD = 0.23). At the same time, respondents reported low awareness of existing public policies and financial incentives related to circular economy adoption (Mean = 1.94; SD = 0.49). Nevertheless, the perceived usefulness of subsidies was very high (Mean = 4.63; SD = 0.59).

These findings suggest that tourism SMEs are receptive to circular economy investments but require stronger policy support and improved access to financial incentives.

4.2.6 The Role of Tourist Demand

Respondents reported moderate levels of tourist interest in environmentally sustainable tourism services (Mean = 3.41; SD = 0.79) and moderate-to-high levels of tourist requests for sustainable business practices (Mean = 3.66; SD = 0.55).

The results indicate that tourists increasingly influence business decisions regarding sustainability and may act as an important driver of circular economy adoption within the tourism sector.

4.3 Correlation Analysis

Spearman correlation analysis was conducted to examine the relationships among the

main study variables.

Table 4. Spearman Correlation Coefficients

Correlations			Perceived level of CE implementation	Perceived benefits of CE	Perceived level of tourist CE request	Perceived barriers to CE implementation.
Spearman's rho	Perceived level of CE implementation	Correlation Coefficient	1.000	.534**	.312*	.192
		Sig. (2-tailed)	.	.000	.023	.163
		N	54	54	53	54
	Perceived benefits of CE	Correlation Coefficient	.534**	1.000	.283*	.116
		Sig. (2-tailed)	.000	.	.040	.404
		N	54	54	53	54
	Perceived level of tourist CE request	Correlation Coefficient	.312*	.283*	1.000	-.033
		Sig. (2-tailed)	.023	.040	.	.813
		N	53	53	53	53
	Perceived barriers to CE implementation	Correlation Coefficient	.192	.116	-.033	1.000
		Sig. (2-tailed)	.163	.404	.813	.
		N	54	54	53	54

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Own elaboration

Spearman's correlation analysis revealed a moderate positive relationship between perceived benefits of circular economy practices and the level of CE implementation ($q = 0.534$, $p < 0.001$), indicating that businesses recognizing stronger benefits are more likely to implement CE practices. A weak but statistically significant positive association was found between perceived tourist demand for circular economy practices and CE implementation ($q = 0.312$, $p = 0.023$). Perceived tourist demand was positively associated with perceived benefits of CE practices ($q = 0.283$, $p = 0.040$). No statistically significant relationship was found between perceived barriers and CE implementation ($q = 0.192$, $p = 0.163$).

The findings suggest the existence of implicit circularity among tourism businesses in the Shkodra region. Although awareness of the formal concept of Circular Economy remains relatively low, many enterprises reported implementing practices consistent with CE principles, including resource efficiency, waste reduction, local sourcing, and reuse initiatives. This indicates that circular behaviors may emerge from practical

business considerations rather than explicit knowledge of the CE framework.

4.4 Regression Analysis - Hypothesis Testing

Multiple regression analyses were performed to test the proposed hypotheses.

Table 5. Results of Regression Analysis

Hypothesis	Relationship	B	p-value	Result
H1	CE Knowledge → CE Adoption	0.109	.433	Not Supported
H2	CE Adoption → Competitive Advantage	0.627	<.001	Supported
H3	Perceived Benefits → CE Adoption	0.655	<.001	Supported
H4	Barriers → CE Adoption	0.144	.300	Not Supported
H5	Institutional Support → Investment willingness	0.138	<.319	Not Supported
H6	Tourist Demand → CE Adoption	0.344	.012	Supported

Source: Own elaboration

The regression analysis revealed that CE knowledge did not significantly predict the level of CE implementation ($\beta = 0.109$, $p = 0.433$). The model explained only 1.2% of the variance in CE implementation ($R^2 = 0.012$). Therefore, H1 was not supported. This finding suggests that tourism businesses may engage in circular practices regardless of their formal understanding of Circular Economy concepts, indicating the presence of implicit circularity within the sector. In contrast, CE implementation significantly and positively influenced perceived competitive advantage ($\beta = 0.627$, $p < 0.001$). The model explained 39.3% of the variance in competitive advantage ($R^2 = 0.393$). The evidence shows that businesses implementing higher levels of circular economy practices perceive greater competitive benefits, supporting H2.

Regression analysis showed that perceived benefits significantly predicted the level of CE implementation ($\beta = 0.655$, $p < 0.001$). The model explained 42.9% of the variance in CE implementation ($R^2 = 0.429$), indicating that businesses perceiving greater economic, environmental, and operational benefits were substantially more likely to adopt circular economy practices. Therefore, H2b was supported.

Regarding perceived barriers, this variable did not significantly predict CE implementation ($\beta = 0.144$, $p = 0.300$). The model explained only 2.1% of the variance in implementation levels ($R^2 = 0.021$). Therefore, H3 was not supported. This result suggests that although businesses recognize various obstacles to CE adoption, these barriers do not appear to significantly influence implementation behavior within the surveyed sample.

Regression analysis showed that institutional support did not significantly predict willingness to invest in CE practices ($\beta = 0.138$, $p = 0.319$). The model explained virtually none of the variance in investment willingness ($R^2 = 0.000$). Therefore, the hypothesis proposing a positive effect of institutional support on investment readiness was not supported.

Finally, perceived tourist demand significantly and positively influenced CE implementation ($\beta = 0.344$, $p = 0.012$). The model explained 11.8% of the variance in implementation levels ($R^2 = 0.118$), indicating that businesses perceiving stronger customer demand for sustainable

practices were more likely to implement circular economy initiatives.

5. Discussion

The findings provide important insights into the adoption of CE practices among tourism SMEs in the Shkodra region. One of the most notable results is the discrepancy between formal awareness of the CE concept and the implementation of circular practices. Although fewer than one-third of respondents reported familiarity with CE terminology, many businesses had already adopted practices such as waste reduction, energy conservation, plastic reduction, and collaboration with local suppliers. This suggests that CE practices are often adopted pragmatically, driven by operational needs, cost-saving opportunities, and customer expectations rather than by a formal understanding of circular economy principles. The absence of a significant relationship between CE awareness and adoption supports previous studies indicating that businesses may engage in sustainability-oriented activities without explicitly identifying them as circular economy initiatives (Cornejo-Ortega & Chávez Dagostino, 2020; Dedić, 2024). The results further reveal that CE adoption is positively associated with perceived business benefits and competitive advantage. Businesses implementing a higher number of circular practices reported improvements in reputation, customer satisfaction, and market positioning. This finding supports previous research suggesting that sustainability can contribute to competitive differentiation and long-term business resilience (Pattanaro & Gente, 2017). Tourist demand also emerged as a significant driver of adoption, highlighting the growing influence of environmentally conscious consumers and suggesting that market forces can encourage sustainability transitions even in contexts where regulatory support remains limited.

At the same time, financial constraints, limited knowledge, and shortages of trained personnel were consistently identified as major barriers to implementation. Although these barriers did not significantly explain differences in adoption levels, their high ratings indicate that they represent structural challenges affecting the sector as a whole rather than individual businesses. Similar obstacles have been reported in previous studies of SMEs, where limited resources and technical capacity often restrict the adoption of sustainability-oriented innovations (Kiaušienė et al., 2024).

Finally, the findings highlight the importance of institutional support. While awareness of existing policy instruments was relatively low, respondents expressed a strong willingness to invest in circular initiatives if financial assistance were available. This suggests that grants, subsidies, training programs, and advisory services could play an important role in accelerating CE adoption. Overall, the results indicate that circular tourism development in emerging destinations is shaped less by conceptual awareness and more by perceived business benefits, market demand, and supportive institutional conditions.

6. Conclusion

The study examined the adoption of CE practices among tourism SMEs in the Shkodra region, an emerging tourism destination in Albania. The findings reveal that although formal awareness of the circular economy concept remains relatively low, many businesses have already implemented practices such as waste reduction, recycling, energy conservation, and collaboration with local suppliers. This indicates that the adoption of circular practices is often driven by practical business considerations rather than by a formal understanding of CE principles.

The results show that CE adoption is positively associated with perceived competitive advantage. Businesses implementing circular practices reported benefits in terms of improved reputation, customer satisfaction, and market positioning, supporting the view that sustainability can create both environmental and economic value. Tourist demand also emerged as a significant driver of adoption, suggesting that growing consumer preferences for sustainable tourism services encourage businesses to engage in circular practices.

Financial constraints limited technical knowledge, and shortages of trained personnel were identified as major barriers to implementation. Although these barriers did not significantly explain differences in adoption levels, they represent common structural challenges affecting tourism SMEs. Respondents also expressed a strong willingness to invest in circular initiatives if financial support mechanisms were available, highlighting the importance of institutional support. The weak relationship between institutional support and CE implementation may reflect the limited visibility and effectiveness of existing support mechanisms.

From a practical perspective, tourism managers should view circular practices not only as environmental initiatives but also as opportunities to enhance efficiency and competitiveness. Policymakers should strengthen financial incentives, training programs, awareness campaigns, and communication regarding available support mechanisms. Integrating circular economy principles into local tourism strategies and fostering collaboration among businesses, public institutions, and educational organizations may further support the transition toward sustainable tourism development.

Overall, the findings suggest that circular economy adoption among tourism SMEs is shaped primarily by perceived business benefits, market demand, and enabling support mechanisms. Strengthening these factors may accelerate the transition toward more sustainable and competitive tourism systems in emerging destinations.

Limitations and Future Research.

The findings are based on a relatively small sample of tourism SMEs from a single destination and rely on self-reported data, which may affect generalizability and introduce respondent bias. Furthermore, the cross-sectional design limits the ability to establish causal relationships between the examined variables.

Future research should investigate circular economy adoption across multiple destinations

and explore the role of digitalization, smart technologies, and artificial intelligence in supporting sustainability transitions.

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