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How Did It Come to Be? Circular Economy as Collective Stakeholder Action

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Introduction

In recent years, scholars have increasingly studied the circular economy (CE) as a practice-based strategic phenomenon, examining how businesses and stakeholders participate in the transformation of the economic system towards a regenerative and restorative model aiming to both minimise waste and find more efficient ways to use materials and natural resources (Bocken & Ritala, 2022). CE seeks to transform the linear production, distribution, use and disposal processes that minimise energy, material inputs, waste and emissions by closing material and energy loops towards a zero-waste economy (Geissdoerfer et al., 2020).

Although the development of CE as a concept has involved a variety of scientific and conceptual approaches over the last 40 years, ranging from studies on ecological economics to industrial ecology, the widespread adoption of CE began in 2010 with the introduction of a practice-based

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approach primarily driven by the Ellen MacArthur Foundation (EMF). The founding of the EMF initiated a central process of stakeholder engagement, encouraging networks of businesses to experiment with CE and translating it into a more pragmatic business-driven language (Blomsma & Brennan, 2017; EMF, 2013a, 2013b). This process of engagement later attracted other influential stakeholders that facilitated further diffusion, such as the World Economic Forum (WEF), through which the EMF extended and legitimated its narratives regarding CE to mobilise large-scale systemic solutions across the private and public sectors (EMF, 2013a, 2013b; EMF & WEF, 2014).

In this chapter, our objective is to explain how the CE concept has been performatively developed, diffused and accelerated its adoption since 2010. To do so, we adopt the theoretical lens of stakeholder engagement (Greenwood, 2007; Kujala et al., 2022). Stakeholder engagement refers to the quality of the relationships that businesses have with stakeholders, allowing them to build a common understanding of a focal issue, such as joint value creation, or to promote joint interest and collaboration (Bridoux & Stoelhorst, 2016; Bundy et al., 2018; Kujala et al., 2016). This relational approach mainly focuses on the dyadic relationship between the focal firm and its stakeholders (Bosse et al., 2009; Bridoux & Stoelhorst, 2016) through which businesses drive and control stakeholder relationships (Harrison et al., 2010). Organisations exist within a complex network of intertwining stakeholder relationships (Rowley, 1997), resulting in stakeholder multiplicity (Neville & Menguc, 2006) or multi-stakeholder networks (Roloff, 2008). Although these views serve to explain how focal firms manage their stakeholder networks, they fall short of explaining how focal stakeholders proactively engage with companies to develop, diffuse and accelerate the adoption of issues, practices and processes central to them. In particular, CE development has been driven by focal stakeholders who were neither reformative nor radical activists (Den Hond & De Bakker, 2007) but instead opted for coalition building. Important questions to explain these developments remain unanswered, such as: *How do focal stakeholders collectively engage and develop coalitions of business actors to advance the development of CE?* And: *How have such engagement processes driven the development*

of institutional infrastructure, enabling the transformation from a linear economic system towards circularity?

We answer these questions with a process model, arguing that the development of CE has involved a distinct type of collective action based on relational engagement between focal stakeholder organisations building coalitions of collective business–stakeholder action. Collective action refers to how groups of individuals and organisations overcome self-interest by working together to build institutions and governance norms (Ostrom, 1990, 2014). Recently, Patala et al. (2022) showed that CE implementation requires businesses and stakeholders to cooperate and adjust mutual roles, build new protocols for sharing resources and foster collective agency. Research on collective action institutions over the past 30 years has shown how communities of users have ensured the sustainable use of common-pool resources by establishing complex design principles that govern these resources (Albareda & Sison, 2020; Stern, 2011).

In our analysis, we focus on the organisational narratives surrounding the concept of CE employed by two focal stakeholder organisations—the EMF and the WEF—and one public actor—the European Commission (EC). We regard stakeholder engagement as a performative process through which these focal stakeholders coalesced with businesses around a central issue (Roloff, 2008) and framed practice-oriented conceptions of CE, leveraging its further development (Marti & Gond, 2018). Performativity refers to an understanding of how theories and concepts describe a phenomenon and produce social reality (Callon, 1998; Ferraro et al., 2005). In other words, theoretical concepts are continuously modelled through relational business and stakeholder engagement through practical and distributed experimentation (Ferraro et al., 2015).

This chapter makes three primary contributions to the extant literature. First, we introduce and initiate the development of the concept of *collective stakeholder action* (CSA), defined as *a process in which focal stakeholders engage with businesses and policymakers, developing coalitions of collective action to legitimise shared issues and the construction of institutional infrastructure*. Second, we conceptually advance a stakeholder engagement-driven approach to building broader business–stakeholder coalitions for collective action (Ostrom, 1990; Stern, 2011) as a form of

CSA, contributing to the literature on stakeholder engagement (Freeman et al., 2017; Kujala et al., 2022). Third, we provide empirical evidence on the types of performative devices, effects and behaviours relating to the development of CE from an early science-based understanding towards a more widely diffused practical and business-driven phenomenon, contributing to the literature on the effective boundaries of performative theories (Ferraro et al., 2005; Marti & Gond, 2018).

Conceptual Background

Stakeholder Engagement

Stakeholder engagement has become a core topic in research on stakeholder theory (Greenwood, 2007). Kujala et al. (2022, p. 5) defined stakeholder engagement as a set of “processes and strategies that firms and other organisations implement in their stakeholder relations”. Stakeholder engagement allows organisations to improve their positive moral impact on society and the economy, driving organisational legitimacy, responsible leadership and deliberative democracy; strategic and instrumental engagement based on the participation of stakeholders in business value creation, reciprocal economic advantage, resource contribution and firm economic and financial performance; and the pragmatic effect of problem solving (Kujala et al., 2022). Kujala et al. (2022) explored iterative and nonlinear activities and found a variety of one-way and two-way activities between an organisation and its stakeholders. These include dialogue, communication, negotiation, consultation, collaboration and joint decision-making (Greenwood, 2007; O’Riordan & Fairbrass, 2014). Stakeholder engagement is a core mechanism that businesses have adopted to explore novel concepts and practices in reciprocal business and stakeholder relationships (Freeman et al., 2017).

Most of these studies have examined how companies initiate engagement. In practice, we see that societal stakeholders often drive communication, dialogue and collaboration with networks of businesses. Studying how stakeholders relate to the firm, Roloff (2008) proposed a life cycle model of multi-stakeholder networks consisting of three stages: initiation

(deliberation and agreement), action (implementation and consolidation) and institutionalisation. Where Roloff (2008) mainly focused on organisational welfare and the issues of discussion in stakeholder networks, we focus on focal stakeholders engaging with businesses and policymakers towards building coalitions of collective action.

Bridoux and Stoelhorst (2022) noted that when businesses and stakeholders engage in joint value creation, focal firms might adopt one of two models of collective action governance. For instance, focal firms could take on a lead governance role, allowing stakeholders to make governance-related decisions. They could also take on a shared governance model in which they share power and decision-making relatively equally with stakeholders. These collective action models are largely reliant on a dyadic understanding between the business and the stakeholders, which explains joint value creation within the dyad. However, in doing so, they miss the crucial aspect of multiple firms engaging in networks of stakeholders (Patala et al., 2022).

Extending the research on stakeholder engagement and multiplicity, Freeman et al. (2017, pp. 4–9) proposed a framework for stakeholder engagement that included three primary dimensions: *(i)* analysing how firms and stakeholders create joint value and cope with complex challenges, including the establishment of common objectives as well as how interaction and cooperation are used to support collective learning, information sharing and trust building (Kujala et al., 2017); *(ii)* creating communication mechanisms and building stakeholder dialogue to facilitate the sharing of information and goals and *(iii)* learning about complex issues with stakeholders, using open-ended approaches to enhance collective goals and establishing mechanisms to help explore scientific knowledge (Heikkinen, 2017).

Stakeholder engagement enables managers to address challenges related to multiple meanings and interpretations of concepts. Managers also promote dialogue and discussion with stakeholders while emphasising commonalities and agreements on how to work towards shared goals (Mitchell et al., 2022). In this context, stakeholder engagement is a key process enabling businesses–stakeholder collective action, which we discuss next.

Institutions for Collective Action and Resource Governance

One of the primary approaches in collective action problem theory is to study how sets of individuals can achieve the governance of common-pool resources (Ostrom, 1990). We build on Ostrom's (1990, 2014) approach to institutions for collective action. Ostrom (1990) explained how individuals (common users and owners in local communities) organise rules for designing and building shared rules (collective action principles) to govern common-pool resources cooperatively. Ostrom (1990) studied settings in which local institutions emerged in different regions based on collective communication, negotiation, cooperation, conflict resolution and decision-making. She found that the emergence of these institutions was supported by local entrepreneurs bridging groups towards collective action (Ostrom, 1990). Her research revealed shared patterns of interactions between local groups of individuals who defined the following principles of collective action governance (Ostrom, 1990): they *(i)* negotiate concrete goals and define boundaries; *(ii)* define collective agreements through deliberation; *(iii)* drive deliberative and participatory decision-making processes; *(iv)* set up monitoring mechanisms; *(v)* establish sanctions for rule-breakers and *(vi)* create conflict resolution mechanisms. Local groups also *(vii)* require that public authorities recognise their proposals and *(viii)* move from local to nested solutions.

Subsequently, Dietz et al. (2003) and Stern (2011) broadened the framework of collective action in complex settings with common resources, including principles that enable multiple organisations to cope with the challenges associated with the governance of a planetary set of resources to engage in complex collective action. These principles include *(i)* investing in science and integrating scientific analysis in deliberations about collective solutions; *(ii)* promoting adaptation, learning and change; *(iii)* providing physical, technological and institutional infrastructures; *(iv)* providing necessary information and dealing with conflict and *(v)* inducing compliance with economic and financial incentives. An illustrative example of a complex institution for collective action is

the Global Partnership on Climate, Fisheries and Aquaculture, which governs climate action and marine biodiversity (Galaz et al., 2012).

In line with previous studies on the role of stakeholder legitimacy and influence in the development of public policymaking processes (Doh & Guay, 2006), the principles listed above illustrate how collective action can be achieved in complex settings (Albareda & Sison, 2020), such as collective action towards CE transformation. Importantly, it requires multiple organisations to work cooperatively and engage with stakeholder groups to influence policymakers and businesses and transform broader production and consumption systems (Patala et al., 2022). Such transformation requires collective action and the governance of shared resources (Patala et al., 2022) and the catalytic amplification of legitimacy and influence (Ansari et al., 2013).

Performativity and the Effects of Stakeholder Engagement on Collective Action

The final element of this conceptual background connects stakeholder engagement to collective action through the concept of performativity. Performativity is rooted in Austin's (1962) book *How to Do Things with Words*, which introduced the concept of "performative utterance", a statement with the power to assert its own implication. In organisation and management theory, this idea has been extended through several foundational tangents, inspiring a "performativity turn" in theory (Gond et al., 2016). Building on Austin's (1962) ideas of performative utterances and the previous work of Latour (1987), Callon (1998) introduced the "market thesis"—that is, the idea that the economy is partly a product of the study of economics rather than a passive form of studying it as an independent abstract idea of economics. The implication of Callon's (1998) thesis is that "economics performs the economy, creating the phenomena it describes" (p. 30).

Theories and concepts with such tendencies (i.e. constituting their own social realities) are typically considered to exhibit a form of "Barnesian" performativity (Mackenzie, 2006). In the economics context,

Mackenzie (2006, p. 30) explained how “an effect of the use in practice of an aspect of economics is to make economic processes more like their depiction by economics”. A central component of this idea—as well as the moniker for this conceptualisation of performativity—originates from Barnes (1983), according to whom “knowledge includes a self-referential component” (p. 538). The takeaway for our research is that concepts tend to develop self-referentially by citing earlier versions of themselves.

In exploring these ideas further, Marti and Gond (2018) proposed a process model for the emergence of performative theories, complete with a set of boundary conditions. These conditions include “material devices, strength of initial backers, visibility of effects, counteracting behaviours, discontent with the status quo, and sense-giving by convinced actors” (Marti & Gond, 2018, p. 493). We refer to these boundary concepts throughout our analyses.

Research Design

In this section, we present our research design, which is based on an interpretative discourse analysis of organisational narratives (Vaara et al., 2016). We also explain our research setting, data collection and data analysis.

Interpretive Analysis of Organisational Narratives

Narrative studies assume that reality is socially constructed through storytelling, visualisation, documents, language and communication processes (Bansal et al., 2018). Vaara et al. (2016, p. 498) define organisational narratives as “temporal, discursive constructions that provide a means for individual, social and organizational sensemaking and sense-giving”, noting that narratives carry “performative power” (Vaara et al., 2016, p. 499).

In this research, we study the development, diffusion and acceleration of the adoption of CE through focal stakeholders’ and public

actors' organisational narratives as a temporal discursive construction that provides the means for understanding the development of new concepts and ideas, as well as their growing influence and legitimacy for other actors (Vaara et al., 2016). The two studied focal stakeholders, the EMF and the WEF—together with public actors such as EC—have articulated these narratives in various publicly available documents, visualisations and online sources. As a research method, interpretive analysis of organisational narratives is an appropriate means by which to understand the development of CE. We adopt an interpretative approach to organisational narratives based on the premise that “narratives are conceptualized as people’s constructions of organisational phenomena” (Vaara et al., 2016, p. 503). This interpretative approach has been connected to sensemaking and organisational and institutional change, including the analysis of composite narratives. Composite narratives aim “to capture the collective meanings from a group of organisational members or organisations” (Vaara et al., 2016, p. 504). In this study, we construct and study a composite narrative of the three studied organisations surrounding the development of the CE concept.

Research Setting

Although theoretical antecedents to CE can be traced back to the 1960s (Blomsma & Brennan, 2017), we focus only on the latest decade of developments from 2010 to 2020. Selecting this timeframe was motivated by the inception of the EMF in 2010 and the publication of the EC’s (2020) *A New Circular Economy Action Plan for a Cleaner and More Competitive Europe*. Beyond the EMF, our research setting focuses on two selected organisations (the WEF and the EC) due to their public impact and narratives (Mantere & Vaara, 2008), with their central roles in the diffusion and adoption of CE.

Data Collection

As the empirical basis for our analyses, we identified several data sources from the sample organisations. Appendix 2.1 lists the documentary data

gathered in the form of reports, web pages, visual documents, event reports and videos from publicly available archival sources between 2010 and 2020. The bracketed numbers in Appendix 2.1 reference the empirical evidence, which we refer to in the text using those numbered identifiers.

Analysis

Following Mantere and Vaara (2008), we adopted an exploratory approach to the narrative data. We codified and structured the data based on a grounded understanding of the CE concept that developed over time. Our analysis followed four primary stages.

First, we mapped the involvement of the three studied organisations, focusing on organisational documents to identify and explore organisational narratives (Vaara et al., 2016) concerning the development of CE. Next, we studied the organisational narratives independently of each other. We concentrated on the roles of different organisations and how they presented their stakeholder engagement in their own publications. We looked for linguistic expressions, such as metaphors of CE-related concepts and practices. Analysing these linguistic choices helped us understand the actions taken for CE development and the specific modalities of engagement for each organisation. In the third stage, we focused on the relational discourses between the studied organisations as a composite narrative. We then examined and codified the roles of the different organisations in the joint construction of the CE concept.

We then evaluated the narratives in reference to boundary conditions of performative theories (Marti & Gond, 2018), which provided us with an analytical frame of reference for considering the relevance and influence of the various types of narratives, linguistic influences, contexts and roles the various involved actors adopted in jointly constructing the CE concepts. Based on our analyses, we identified four sub-processes related to CSA, along with their performative effects, as well as the primary roles of the studied organisations summarised in Table 2.1.

Table 2.1 Data structure

Sub-processes	Performative effects	Organisations
Pragmatic translation	Engagement to disseminate the CE concept, translating complex scientific concepts as a practice-based narrative	EMF
Collective definition	Engagement to collectively define CE as business practices	EMF WEF
Amplification and legitimisation	Engagement to extend and amplify the CE concept to the broader private sector; governments that support legitimate practice-based CE concepts	EMF WEF EC
Building institutional infrastructure	Attracting the support of policymakers that create new policies, action plans and regulations	EC
Outcome		
Slack for experimentation	Promoting funding and investment to drive CE experimentation	Firms

Findings

Stakeholder Roles

Our analysis revealed two primary stakeholder roles: (i) connecting businesses and other actors in multiple coalitions and (ii) influencing the development of and experimentation with novel business practices related to CE (Kourula et al., 2019; Roloff, 2008). Connecting stakeholders are initiators who bring together groups of firms, and influential stakeholders function as levers for increased legitimacy. For instance, the EMF adopted a connecting stakeholder role in 2010, enabling the initiation of stakeholder-led engagement in the diffusion of CE concepts, narratives and practices while connecting business actors in a coalition to construct shared understandings and goals. After these initial steps, the WEF eventually took on an influencing role, leveraging the early momentum of the coalition to build further legitimacy. The WEF has played a key role in developing the CE concept and narrative as an influential stakeholder, amplifying and legitimising its use and exerting

pressure on public actors. We also see how the EC, as a public actor, set up policy targets and drove the creation of the institutional infrastructure necessary to spur widespread business experimentation with CE.

Sub-Processes

Pragmatic Translation

The first sub-process emerges via the dissemination of the CE concept and narrative promoted by the EMF's communications since the organisation's inception in 2010. The EMF engaged in discussions with businesses seeking to clarify its own understanding of CE, translating the earlier, more complex scientific concepts into a more practice-based narrative in the process, as seen on the EMF timeline [1].

The EMF documentation revealed how its material releases have resulted in changes in prior scientific vocabulary to a simpler, more accessible CE narrative. For instance, in August 2011, the EMF released the animation video *Rethinking Progress: The Circular Economy* [2], which, as of writing, had over 1.3 million views under the original release. Since 2010, the EMF has also run collaborative projects and biannual workshops with its members, exploring varied CE-based strategies, business models and solutions [3]. The EMF has openly shared information and learning resources on CE with its members, partners and the broader community ever since.

According to its website [3, 6], the EMF works with leading businesses and public actors to disseminate and accelerate CE by explicating and visualising the continuous flow of materials in a circular context. One of the many visual material devices was the release of a *butterfly diagram of CE* with a comprehensive material flow diagram [11, p. 24]. Due to the successful dissemination of the diagram, in 2017, the EMF also produced and released a video called the *Butterfly Diagram Animation* [5].

Since 2012, the EMF has set a goal to achieve CE transitions by attracting partners, businesses, scholars and policymakers through demonstration projects, events, insights and learning resources:

To achieve the transition to a circular economy, we need to engage all parts of the system. This is why we work with businesses, international institutions, governments, cities, universities, non-governmental organisations, innovators, and many others. We create resources, publications and tools that help set effective policies, find new ways to do business and design better products [...]. The goal is to build circular economy capacity, address common barriers to progress, understand the necessary enabling conditions, and pilot circular economy practices. [7]

In 2013, the EMF published the report *Towards the Circular Economy: Economic and Business Rationale for an Accelerated Transition* [11]. In this document, they presented earlier scientific concepts from major scholars such as Professor M. Brungart (cradle-to-cradle design), Professor Roland (environmental technology), Professor W. R. Stahel (industrial symbiosis and performance economy) and biologist J. Benyus (Biomimicry):

Circular economy—schools of thought. The circular economy concept has deep-rooted origins and cannot be traced back to one single date or author. Its practical applications to modern economic systems and industrial processes, however, have gained momentum since the late 1970s as a result of the efforts of a small number of academics, thought-leaders, and businesses. The general concept has been refined and developed by the following schools of thought. Regenerative Design, Performance Economy, Cradle to Cradle, Industrial Ecology and Biomimicry. [11, pp. 26–27]

Based on these conceptions, the EMF has developed its own definition of CE:

The concept of the circular economy refers to an industrial economy that is restorative by intention. It aims to enable effective flows of materials, energy, labour and information so that natural and social capital can be rebuilt. It seeks to reduce energy use per unit of output and accelerate the shift to renewable energy by design, treating everything in the economy as a valuable resource. [12, p. 26]

The EMF also used pioneering experiences to explain CE with examples, such as using the concept of cascading material circulations [11, p. 33]. On its website, the EMF provided case examples to attract companies to explore the potential of circular business models:

In 1994, Ricoh established the Comet Circle™ as a catalyst for change. It expresses a comprehensive picture of how Ricoh can reduce its environmental impact, not only in its activities as a manufacturer and sales company, but also upstream and downstream—along the entire lifecycle of its products. [11, p. 29]

Collective Definition

The second identified sub-process arises from the EMF's engagement with businesses to collectively define CE as a business practice. The EMF engaged in a series of discussions with chief executive officers (CEOs), senior managers, board members and experts across a variety of countries, economies and industries [1, 3, 7]. These early negotiations involved balancing theory and practice, building an early joint understanding of the earlier largely theoretical frame of reference. To negotiate and translate these theoretical origins into practice, the early coalition drew on two otherwise disconnected knowledge frontiers: individually well-developed sets of earlier theoretical concepts and the myriad practicalities supporting or contrary to those ideas:

Ellen travels the world on her journey of learning. The next four years saw Ellen meeting with experts across a variety of countries, economies, and industries to better understand our global approach to the way the economy uses resources. [1]

The EMF's early discussions with companies convinced the set of founding company partners (B&Q, BT/Cisco, National Grid and Renault) [11] to further invest in the foundation's mission, as evidenced by their continued involvement. These companies acted as “powerful and high-status initial backers” (Marti & Gond, 2018, p. 495) for the

foundation, driving the construction of CE as a practical business-applicable concept. Marti and Gond (2018) suggested that having high-status backers serves as a form of risk mitigation; strong backers encourage experimentation with concepts due to the reduced cost of failure, whereas without such backers, the costs of a failed experiment are significantly greater. Given this logic, the credibility of these initial backers may have given other firms and organisations beyond the coalition a broader licence to experiment, enabling failed experimenters to later avoid potential backlash by referring to those credible backers as an ex-post justification for experimenting with the concept.

After the EMF's launch, their initial efforts focused on stakeholder-business communication, education and collective learning. As part of these educational efforts, the foundation gathered and disseminated CE examples and case studies through its website [3, 7–9] and other publications [11–14]. Based on a series of interviews from *The Circular Economy Show* [9], the EMF prepared a collection of videos with representatives of its strategic partners, in which they discussed how pioneering companies innovate and the challenges they experience in scaling CE solutions. These videos functioned as *material devices*, making the concept accessible to wider audiences and increasing its *visibility* (Marti & Gond, 2018).

The main driver for collectively defining CE was the strong cooperation between the EMF and the WEF. After publishing the first CE report [11] in 2013, the EMF published a second report titled *Towards the Circular Economy: An Economic and Business Rationale for an Accelerated Transition* [12], emphasising the global opportunities arising from CE. In 2014, the EMF and the WEF jointly released a third consecutive report titled *Towards the Circular Economy: Accelerating the Scale-Up Across Global Supply Chains* [13]. The report was supported by several key strategic partners (e.g. Cisco, Renault-Nissan and Nestlé), containing hints regarding the ongoing efforts to collectively define CE as a tool for engaging business networks:

This report with the World Economic Forum plays a crucial role in this market evolution by exploring how businesses can use the circular

economy to drive arbitrage opportunities across complex, global supply chains. [...] This report provides practical guidance on how businesses can address these leakage points to capture the value of the circular economy together with their partners—whether suppliers or wholesales/retailers—and consumers. [13, p. 3]

The collaboration between the EMF and the WEF continued with new joint publications on tangible and specialised issues through releases such as *The New Plastics Economy: Rethinking the Future of Plastics and Catalysing Action* [21]. Between these report releases, June 2013 saw a celebration of the first *Circular Economy 100 Summit* promoted by the EMF [10]. The event was based on a collaborative approach to defining best practices and roadmaps to transition from a linear model of production and consumption to a more regenerative circular model. According to the EMF website, the goal was to create mechanisms for collective problem solving, construct a repository of best practices for businesses engaging with CE and support actors in the private sector to scale up their CE capabilities. More than 30 companies participated, including industry and market leaders such as Unilever, Coca-Cola, H&M, Marks & Spencer and Vestas. The event also featured scholarly promoters of CE-related concepts, such as Michael Braungart and William McDonough.

Amplification and Legitimation

The third sub-process involves the amplification and legitimisation of CE concept, narrative and practices at scale. The 2014-released joint EMF and WEF [13] report sparked broad policy and practitioner interest, utilising the earlier visuals and highlighting early support from initial backers as points of leverage to sell the utility of the concept to broader—mainly economically driven—interest groups. In parallel, the WEF hosted events with leaders from industry, governments, academia and civil society to discuss the challenge of scaling CE in the Davos Forums [13]. Several companies had also been previously involved in the WEF Sustainable Consumption Initiative from 2008 to 2012 [36]. According to the EMF–WEF [13, p. 4], the participants were inspired

by the EMF's work, "which has emphatically set out the trillion-dollar economic case for a circular economy". These discussions involved several public actors, such as the EC, national governments and the Brazilian National Development Bank, which they called on to "become first movers in scaling up the circular economy" [13, p. 4].

In December 2012, the EC adopted the *Manifesto for a Resource-Efficient Europe* [53], led by the EC but also supported by scientists, such as J. Rockström, and CEOs, such as P. Polman (Unilever), as well as the World Business Council for Sustainable Development. The manifesto brought CE concepts to the front and centre of European policymaking. The combination of the Davos report and the EC manifesto was a powerful tool for CE legitimisation and sense-giving, driven by influential stakeholder organisations and leading to further CE adoption. Within only two years of the foundation's launch, the concept was brought to life in industries across the world through joint adoption by both companies and policymakers.

The EMF adopted a dual role, publishing different reports about the implementation of CE in Europe, such as *A Growth Within: A Circular Economy Vision for a Competitive Europe* [15] and *Achieving 'Growth Within': A €320-Billion Circular Economy Investment Opportunity Available to Europe up to 2025* [22].

A primary milestone towards building a collective action coalition around CE was the launching of the Platform for Accelerating the Circular Economy (PACE) [66]. In 2018, the EMF and the WEF, joined by the World Resources Institute, Philips, the United Nations Environment Programme and over 40 other partners, launched the PACE programme. In September 2019, PACE published the WEF white paper titled *The Next Frontier: Natural Resource Targets Shaping a Competitive Circular Economy Within Planetary Boundaries* [44]. In this document, the goal of the platform is stated as follows:

This White Paper offers initial reflections on the need and opportunity for strengthened metrics and integrating comprehensive natural resources targets to both accelerate innovation and more effectively track progress towards a circular economy. Without undermining the complexity of this task, the goal is to spark debate between academics, governments and

business on the scale and scope of action required to achieve a fully circular economy that operates within planetary boundaries. [44, p. 5]

Building Institutional Infrastructure

The fourth sub-process relates to policy frameworks and tools necessary to drive the implementation of new CE projects, resulting in supporting institutional infrastructure. In this sub-process, the focus is on the EC and its narratives, which are reflected in policy frameworks. The EC addressed the need for institutional infrastructure, elaborating on the financial and innovation support structures necessary for further transforming concrete business practices towards CE [56, 57, 62, 64].

In 2014, the EC published *Towards a Circular Economy: A Zero Waste Programme for Europe* [56]. This document established CE as a policy goal for facing current and future challenges related to the efficiency of natural resource use across a wide range of industrial fields while also considering the increasing insecurity of raw material supplies and growing concerns over climate change. The objective of the policy framework was to guide and support actors across Europe, including European Union (EU) member states, small- and medium-sized enterprises and large companies, providing them with incentives to move towards resource-efficient practices. The Commission highlighted the need to mobilise private investment and public funding instruments as incentives. The report also highlighted various actor roles and the challenges related to achieving the desired change:

Existing infrastructure, business models and technology, together with established behaviour, keep economies ‘locked-in’ to the linear model. Companies may lack the information, confidence and capacity to move to circular economy solutions. The financial system often fails to provide for investment in efficiency improvements or innovative business models, which are perceived as more risky and complex, deterring many traditional investors. [56, p. 3]

In 2015, the EC published *Closing the Loop—An EU Action Plan for the Circular Economy* [57]. This plan used the EMF’s report *Growth*

Within: A Circular Economy Vision for a Competitive Europe [15] as a guideline for the European action plan. The latter included measures for supporting and stimulating Europe's transition towards a CE, boosting the EU's global competitiveness, leveraging sustainable economic growth and creating new jobs. It highlighted the infrastructure and changes required to support CE concept and narratives in practice. These requirements encompassed production processes, including the reduction of primary raw material sourcing, resource use and waste generation throughout product life cycles. In turn, it was highlighted that consumption processes require a range of regulatory frameworks (e.g. ecolabels and product environmental footprints). The central proposal was to boost the market for secondary raw materials and water reuse, expanding raw material recycling to increase the security of supply within the EU. Finally, the action plan proposed launching EU-level funding programmes (e.g. Cohesion Policy, LIFE—the EU Programme for environment and climate action, COSME—the EU Programme for the competitiveness of enterprises and SMEs, the European Fund for Strategic Investment and the European Investment Bank). The action plan for CE [57] emphasised the goal of creating an institutional infrastructure:

The action plan focusses on action at EU level with high added value. Making the circular economy a reality will however require long-term involvement at all levels, from Member States, regions and cities, to businesses and citizens. Member States are invited to play their full part in EU action, integrating and complementing it with national action. [57, p. 3]

In 2019, CE was again promoted with the launch of the *European Green Deal* [53], a new agenda for sustainable growth. The strategy consists of a set of policy initiatives and funding programs aiming for a carbon-neutral Europe by 2050. This desired transition aims to reduce the pressure on natural resources and create sustainable growth and jobs. Later developments followed: in March 2020, the commission adopted the *New Circular Economy Action Plan (CEAP)* [62] as part of

the Green Deal, and in July 2020, the EU enacted the *Next Generation EU Recovery Plan* [54] to support member state economies. All of these policy frameworks developed by the EU have been affected to some degree by the stakeholder engagement initiated by the EMF, which is the central connecting stakeholder, and its early adoption of commercial constituents.

Outcome: Enabling Experimentation

As a result of these four sub-processes, we identified the primary outcome of increased slack resources for business experimentation. Business experimentation is a primary focus in studies using performative theories (Marti & Gond, 2018) in which concepts are often characterised as having self-fulfilling if not entirely self-propheying qualities. We find evidence of such performativity in the case of CE, arguing that increased experimentation today is based on the existence of CSA-enabled institutionalised funding programmes, which have enabled major businesses in Europe and elsewhere to experiment with funding to which they would not otherwise have had access, specifically regarding the use of CE as a driving force.

Large-scale business experimentation did not appear to factor into CE's main adoption trajectory in the early years of the concept's development (2010–2017). Over these early developmental years, mostly larger corporations already endowed with slack internal resources experimented with CE practices. In Europe, most of the later experimentation emerged via the implementation of new public funding and investment programmes—mainly promoted by the EC—and EU member states supported by the commission's directives or other funding instruments. For instance, in Finland, a major public transformation was driven by the publication of Finnish Innovation Fund, Sitra's *Roadmap to Circular Economy* in 2015 [67] and the implementation of a series of new national public funding instruments, which made CE a major goal for other public research and development funding agencies.

In 2017, the EC created the *Circular Economy Finance Support Platform* [52] to enhance the link between existing instruments and

potentially develop new financial instruments for CE, enabling small- and medium-sized enterprises, researchers and innovators to test CE concepts, tools and business models in publicly funded projects, providing companies with both rationales and incentives to participate in experimentation patterns. On this webpage, the EC explains how, from 2017 to 2020, the commission introduced several funding programmes to implement CE principles: the European Structural and Investment Funds, Horizon Europe (EU R&D programme “with a budget of €95.5 billion from 2021 to 2027”), Regional Policy support for CE and the LIFE programme. The EIB also finances and advises CE projects through the European Fund for Strategic Investments and the EU Finance for Innovators programme [52].

The importance of funding instruments from this public and private investment support was emphasised on the EU’s website:

Financing circular economy projects is not a trivial matter for investors, and both businesses and the financial sector hit difficult barriers. The main challenge facing promoters of the circular economy looking out to financing their projects, is the perception and assessment of risks. In 2017 the European Commission set up the Circular Economy Finance Support Platform, to enhance the link between existing instruments and potentially develop new financial instruments for circular economy projects. [52]

Discussion

In this section, we discuss the theoretical implications of CSA. Based on our findings, we have defined CSA as a process where focal stakeholders (firms or business organizations) engage with other businesses and policymakers (public actors), developing coalitions of collective action to legitimise shared issues and the construction of institutional infrastructure. The process model explores how connecting stakeholders enable the pragmatic translation of scientific concepts into practice and their collective deliberation and continuously revised definition. Further, influential stakeholders drive these concepts’ amplification and legitimisation, while

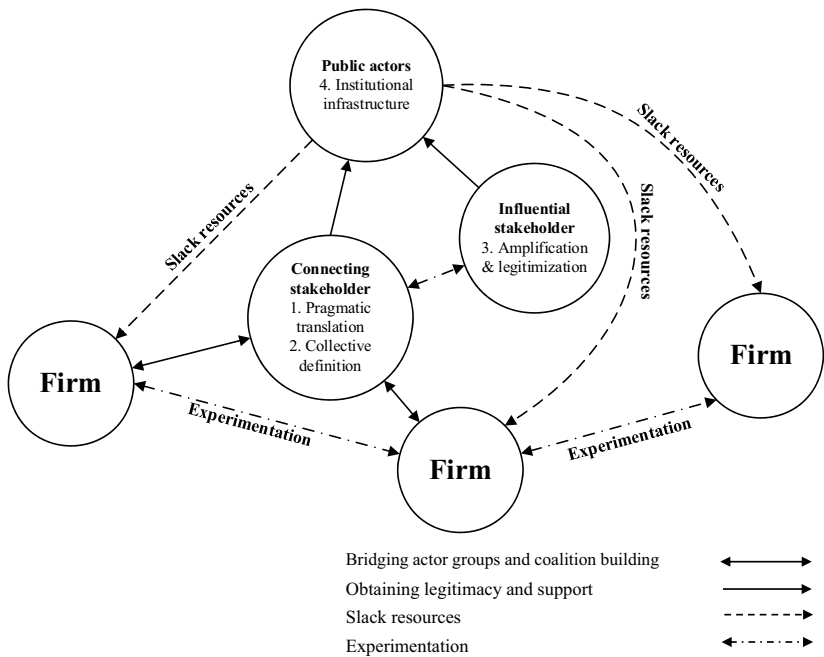


Fig. 2.1 Identified actor links in the collective stakeholder action process

influencing public actors that build supporting institutional infrastructure and facilitate slack resources. This process eventually leads to practical experimentation by business organizations. Figure 2.1 summarises the primary interactions between the categories of organisations involved across the identified sub-processes.

Theoretical Implications

This chapter makes three primary contributions to the literature. First, our conceptualisation of the CSA process advances research on collective action and institutional theory (Patala et al., 2022). Our approach differs from earlier collective action and institutional change models (Ansari et al., 2013) by focusing specifically on the role of stakeholders in initiating and cooperating with businesses to promote institutional change.

We have shown how such joint efforts are initiated by *focal stakeholders* bringing groups of firms together, rather than by *focal firms* bringing groups of stakeholders together. As the initiators, connecting stakeholders engage in dyadic and bidirectional relationships with other relevant actors: firms, influential stakeholders and public actors. Connecting stakeholders initiate CSA processes by building coalitions of diverse actors towards deliberation on concepts of interest and experimenting with alternative definitions until a resonant way of framing to attract further constituents is found. These early coalitions can later approach and convince influential stakeholders to join in the effort towards gaining further legitimacy and amplifying their reach. This distinction offers a fresh perspective on the study of collective action through the lens of stakeholder engagement (Kujala et al., 2022), intersecting and cross-pollinating theoretical perspectives (Bridoux & Stoelhorst, 2022; Roloff, 2008).

Second, we have identified two focal stakeholder roles necessary for driving institutional change: *building coalitions by connecting parties across sectors* and *creating institutional support as influential stakeholders*. Leaning on these roles, stakeholder engagement takes place across multiple levels and in several directions: firms engage primarily with connecting stakeholders, while connecting stakeholders engage with firms and other influential stakeholders. Early-stage coalitions seek to attract influential stakeholders who function as gatekeepers to the broader amplification and legitimisation of a central issue. Influential stakeholders joining early coalitions work to create future visions of shared issues and the expected changes they create. They leverage their institutional power and networks to further amplify and legitimise shared issues and concerns, exerting pressure on the public actors in charge of the policies required to effect institutional change. Engaging such influential stakeholders is instrumental to bringing public actors, governments and corporate actors together to facilitate the construction of institutional infrastructure enabling broader practical experimentation. Building such an institutional infrastructure has been recognised as an important enabling component of collective action, materialising, for instance, as the development of funding instruments (Dietz et al., 2003). For instance, some funding instruments initially developed for CE have

enabled firms beyond the early CSA coalition to access slack resources and experiment with otherwise unattainable R&D initiatives. Today, extended processes of experimentation with CE exist across a variety of industries (e.g. the construction, mobility and renewable energy sectors). These dynamics add an alternative viewpoint to prior analyses on the lead role and shared governance models (Bridoux & Stoelhorst, 2022), which also build on models of collective action.

Third, our analysis provides empirical evidence on the types of performative devices, effects and behaviours related to the development of CE from early science-based understandings towards a more practical and business-driven phenomenon as a collective deliberation process, contributing to the literature on the effective boundaries of performative theories (Ferraro et al., 2005; Marti & Gond, 2018). Such collective deliberation processes (Dietz et al., 2003; Stern, 2011) between key stakeholder groups (Freeman et al., 2017) involve dialogue and collective agreement on definitions between a focal stakeholder and the broader coalition (Kujala et al., 2022). Involving influential actors in collective efforts requires defining and refining early understandings with broader, more diverse sets of actors. Successful extension requires simplification, clear definitional guiding elements and rule-based deliberation (Ostrom, 1990; Stern, 2011). Research on cognitive complexity and framing suggests that complex understandings make acting difficult, whereas simpler understandings promote action due to fewer available alternative courses of action (Hahn et al., 2014; Wong et al., 2011). Educational simplification meant to increase accessibility may therefore have strong performative effects on concept adoption. We believe that simplification plays a key part in the later adoption of a concept by other interested actors, who may otherwise not have had access to similar material devices or to a sufficiently parsimonious framework for decision-making.

Limitations, Critiques and Future Research

While the simplistic framing of the CE concept early in the CSA sub-processes spurred its adoption and legitimisation, the same simplification has resulted in limitations in its usefulness. Although initially grounded

in scientific studies, the pragmatic translation of CE has simultaneously undermined the complexity underlying the science behind its origins. Studies have highlighted that those current conceptions of CE are, from a scientific perspective, a “collection of vague and separate ideas from several fields and semi-scientific concepts” (Korhonen et al., 2018, p. 37). A simplified initial framing may be an effective onboarding tool for mobilising a critical mass of collective resources and supporters to initiate a coalition-level effort. However, to employ the right tools over the long term, all involved organisations should remain wary of relying on such early simplifications in the later stages. Oversimplified definitions may lead to, for example, miscalibrated funding instruments, which could lead to financing solutions that end up solving either the wrong problem or, worse, no problem at all.

Our conception of CSA is context-specific, emerging from an investigation of the development of CE. We recognise that CSA might also arise from alternative starting points and need not be driven by the initial processes of pragmatic translation. Such alternative starting points are beyond the scope of this study, and this point of departure may well be a product of our empirical context. Future research could build on our conceptualisation following the first sub-process, critically applying the remaining sub-processes to the study of other issues where stakeholder engagement is already present.

Conclusion

In this chapter, we have advanced *collective stakeholder action* (CSA) as a concept interlinking two important bodies of literature: stakeholder engagement and institutions for collective action. Empirically, we have studied the narratives employed by three major organisations and their respective roles in engaging with businesses to enable increased industry experimentation with the concept of the CE. As a result, we distilled a basic process of CSA consisting of four sub-processes: (i) pragmatic translation, (ii) collective definition, (iii) amplification and legitimisation and (iv) building institutional infrastructure. Collectively, this

process results in increased slack resources for business experimentation. Our insights contribute to a deeper understanding of the varied connecting and influencing stakeholder roles played by distinct organisations as drivers of collective action and as central coalition builders around issues of concern. Connecting stakeholder roles are key to initiating CSA processes, while influencing stakeholders are necessary to ensure their successful completion. We have also provided an alternative viewpoint to the traditional study of stakeholder engagement. In contrast to the conventional view of firms as the central organisers of stakeholders, we suggest that stakeholders, rather than firms, can also act as focal organising forces.

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Appendix 2.1: Data Sources

The squared brackets indicate the reference numbers for each piece of empirical evidence gathered. The numbers within the brackets are used to refer to these items in the text.

Organisation	Webpages and videos	Publications
Ellen MacArthur Foundation (EMF)	[1] EMF webpage. (2017). <i>Timeline</i> . https://ellenmacarthurfoundation.org/about-us/timeline	https://ellenmacarthurfoundation.org/publications
	[2] EMF. (2011). <i>Ellen MacArthur Foundation YouTube. Explaining the circular economy and how society can re-think progress</i> Animated Video Essay. https://www.youtube.com/watch?v=zCRKvdyHml	[11] EMF. (2013a). <i>Towards the circular economy: An economic and business rationale for an accelerated transition</i> (Vol. 1)
	[3] EMF webpage. Our network. https://ellenmacarthurfoundation.org/network/overview	[12] EMF. (2013b). <i>Towards the circular economy: Opportunities for the consumer goods sector</i> (Vol. 2)
	[4] EMF webpage. (2011). <i>The butterfly diagram: Visualising the circular economy</i> . https://ellenmacarthurfoundation.org/circular-economy-diagram	[13] EMF-WEF. (2014). <i>Towards the circular economy: Accelerating the scale-up across global supply chains</i> (Vol. 3)
	[5] EMF video. (2017). <i>Butterfly diagram animation</i> 10,849 views. April 7, 2017. https://www.youtube.com/watch?v=EgBivOsNtFg	[14] EMF. (2014). <i>A new dynamic: Effective business in a circular economy</i>
	[6] EMF. (2015). <i>TED Talk—The surprising thing I learned sailing solo around the world</i> . Speaker Dame Ellen MacArthur. March 2015. https://www.ted.com/talks/dame_ellen_macarthur_the_surprising_things_i_learned_sailing_solo_around_the_world?language=en	[15] EMF. (2015). <i>A growth within: A circular economy vision for a competitive Europe</i>
		[16] EMF. (2015a). <i>Delivering the circular economy: A toolkit for policymakers</i>
		[17] EMF. (2015b). <i>Towards a circular economy: Business rationale for an accelerated transition</i>
		[18] EMF. (2016). <i>The new plastics economy. Rethinking the future of plastics</i>
		[19] EMF. (2016a). <i>Intelligent assets: Unlocking the circular economy potential</i>
		[20] EMF. (2016b). <i>Circular economy in India: Rethinking growth for long-term prosperity</i>

(continued)

(continued)	Organisation	Webpages and videos	Publications
	[7] EMF webpage. About us: What we do. https://ellenmacarthurfoundation.org/about-us/what-we-do		[21] EMF–WEF. (2017). <i>The new plastics economy: Rethinking the future of plastics and catalysing action</i>
	[8] EMF webpage. <i>Transforming business: The leading voices of the circular economy</i> . https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/transforming-business		[22] EMF. (2017a). <i>Achieving “growth” within. A €320-billion circular economy investment opportunity available to Europe up to 2025</i>
	[9] EMF webpage. <i>The circular economy show</i> . https://ellenmacarthurfoundation.org/circular-economy-show/overview		[23] Webster, K. (2016). <i>The circular economy. A wealth of flows</i> . EMF. 2nd Edition
	[10] CE100 Annual Summit: <i>Making the circular economy a reality</i> . https://mba.polymers.com/media/news-ce100-annual-summit-circular-economy/		[24] EMF. (2017). <i>Urban biocycles</i>
			[25] EMF. (2017a). <i>Cities in the circular economy: An initial exploration</i>
			[26] EMF. (2017b). <i>A new textiles economy</i>
			[27] EMF. (2017d). <i>Circular consumer electronics: An initial exploration</i>
			[28] EMF. (2018). <i>The circular economy opportunity for urban industrial innovation in China</i>
			[29] EMF. (2018a). <i>Artificial intelligence and the circular economy AI as a tool to accelerate the transition</i>
			[30] EMF. (2019). <i>Cities and circular economy for food</i>
			[31] EMF. (2019a). <i>Reuse rethinking packaging</i>
			[32] EMF. (2019b). <i>Completing the picture. How the circular economy tackles climate change</i> . Reprint 2021
			[33] EMF. (2019c). <i>Financing the circular economy: Capturing the opportunity</i>

(continued)

(continued)	Organisation	Webpages and videos	Publications
World Economic Forum (WEF)		Circular Economy Initiative. https://www.weforum.org/projects/circular-economy	[34] EMF. (2020). <i>The circular economy: A transformative Covid-19 recovery strategy. How policymakers can pave the way to a low carbon, prosperous future</i>
			[35] EMF. (2020a). <i>Upstream innovation: A guide to packaging solutions</i>
			[36] WEF. (2013). <i>Sustainable consumption: Stakeholder perspectives</i>
			[13] EMF–WEF. (2014). <i>Towards the circular economy: Accelerating the scale-up across global supply chains</i> (Vol. 3)
			[37] WEF. (2015). <i>Intelligent assets: Unlocking the circular economy potential</i>
			[38] WEF. (2016). <i>Project Mainstream Urban Biocycles</i> . In partnership with the EMF
			[39] WEF. (2016a). <i>Design and management for circularity—the case of paper</i>
			[40] WEF. (2016b). <i>The new plastic economy</i> rethinking the future of plastics
			[21] EMF–WEF. (2017). <i>The new plastics economy: Rethinking the future of plastics and catalysing action</i>
			[41] WEF. (2017a). <i>Shaping the future of production: Four contrasting perspectives 2030</i> . White paper. In collaboration with A.T. Kearney. March 2017

(continued)

(continued)	Webpages and videos	Publications
Organisation		
		<p>[42] WEF. (2018). <i>Recovery of key metals in the electronics industry in the People's Republic of China: An opportunity in circularity</i>. White paper. January 2018. Created as part of the Platform for Accelerating the Circular Economy</p> <p>[43] WEF. (2018a). <i>Circular Economy in cities: Evolving the model for a sustainable urban future</i>. White paper. In collaboration with PwC</p> <p>[44] WEF. (2019). <i>The next frontier: Natural resource targets shaping a competitive circular economy within planetary boundaries</i>. White paper. In partnership with International Resource Panel and PACE</p> <p>[45] WEF. (2019a). <i>Harnessing the fourth industrial revolution for the circular economy consumer electronics and plastics packaging</i>. White paper. In collaboration with Accenture Strategy. January 2019</p> <p>[46] WEF. (2019b). <i>A new circular vision for electronic time for a global reboot</i>. In support of the UN e-waste coalition. In cooperation with PACE. January 2019</p> <p>[47] WEF. (2020). <i>Forging ahead: A material roadmaps for the zero-carbon car</i>. Circular Cars Initiative Materials. In collaboration with McKinsey & Company. December 2020</p>

(continued)

(continued)	Organisation	Webpages and videos	Publications
			[48] WEF. (2020a). <i>Raising ambitions: A new roadmap for the automotive circular economy. Circular cars initiative and business models cluster</i> . In collaboration with Accenture Strategy. December 2020
			[49] WEF. (2020b). <i>The road ahead: A policy research agenda for automotive circularity. Circular cars initiative and policy workstream</i> . December 2020
			[50] WEF. (2020c). <i>Facilitating trade along circular electronics value chains</i> . White paper. September 2020
			[51] WEF. (2020d). <i>Plastics, the circular economy and global trade</i> . White paper. July 2020
			[52] European Commission (EC) webpage. <i>Platform financing circular economy</i> . https://circulareconomy.europa.eu/platform/en/financing-circular-economy
			[53] European Commission (EC) webpage. <i>A European Green Deal</i> . https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en
			[54] European Commission (EC) webpage. <i>Next Generation Recovery Plan for Europe</i> . https://ec.europa.eu/info/strategy/recovery-plan-europe_en
			[55] EC. (2012). <i>Manifesto for a resource-efficient Europe</i> . Brussels. December 17, 2012
			[56] EC. (2014). <i>Towards a circular economy: A zero waste programme for Europe</i> . COM(2014) 398 final/2
			[57] EC. (2015). <i>Closing the loop—An EU action plan for the circular economy</i> . COM (2015) 614 final
			[58] EC. (2015a). <i>Closing the loop—An EU action plan for the circular economy</i> . Annex. COM(2015) 614 final

(continued)

(continued)	Webpages and videos	Publications
Organisation		<p data-bbox="213 220 284 691">[59] EC. (2018). <i>A European strategy for plastics in a circular economy</i>. Brussels, 16.1.2018 COM(2018) 28 final</p> <p data-bbox="292 220 362 691">[60] EC. (2018a). <i>A European strategy for plastics in a circular economy</i>. Annex. Brussels, 16.1.2018 COM(2018) 28 final</p> <p data-bbox="370 185 441 691">[61] EC. (2019). <i>Report on the implementation of the Circular Economy Action Plan</i>. Brussels, 4.3.2019. COM(2019) 190 final</p> <p data-bbox="449 185 542 691">[62] EC. (2019a). <i>Accelerating the transition to a circular economy. Improving access to finance for circular economy projects</i>. March 2019</p> <p data-bbox="549 201 642 691">[63] EC. (2019b). <i>A circular economy for plastics. Insights from research and innovation to inform policy and funding decisions</i>. Brussels</p> <p data-bbox="650 185 721 691">[64] EC. (2020). <i>A new circular economy action plan for a cleaner and more competitive Europe</i>. COM/2020/98 final</p> <p data-bbox="729 185 799 691">[65] EC. (2020). <i>A new circular economy action plan for a cleaner and more competitive Europe</i>. Annex. COM/2020/98 final</p> <p data-bbox="807 185 900 691">[67] Sitra. (2015). <i>Finnish roadmap to a circular economy (2016–2025)</i>. https://www.sitra.fi/en/projects/leading-the-cycle-finnish-road-map-to-a-circular-economy-2016-2025/</p>
Other	[66] Platform for Accelerating the Circular Economy (PACE). https://pacecircular.org/	

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