



9

Alignment Through Value Consolidation Mechanisms—Focusing on Multi-Stakeholder Collaboration for Circular Economy

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Introduction

Societal problems, such as climate change, are difficult to resolve without cross-sectoral collaboration efforts. In multi-stakeholder settings, public, private, and third-sector stakeholders influence the circular economy and sustainability through standard-setting and co-regulating (Ewert & Maggetti, 2016), developing innovative operating models and solutions (Arsova et al., 2021; Mishra et al., 2019), provisioning green infrastructure, coordinating material cycles (Pinz et al., 2018), reframing agency (Gonzalez-Porrás et al., 2021), and familiarising new stakeholders with sustainable practices (Alexius & Furusten, 2020).

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Multi-stakeholder collaboration is characterised by institutional hybridity. Institutional hybridity means that organisational entities face a plurality of beliefs, values, goals, and practices arising from divergent institutional logics (Greenwood et al., 2011; Pache & Thornton, 2020; Skelcher & Smith, 2015). Different stakeholders adhere to different institutional logics (Cobb et al., 2016), which are “socially constructed historical patterns of material practices, assumptions, values, beliefs, and rules” (Thornton & Ocasio, 1999, p. 84). Institutional logics are important because they guide stakeholders in interpreting daily organisational reality and inform them about what constitutes appropriate behaviour, how to survive and succeed in the social world, and what is good and valuable (Friedland, 1991). Stakeholder engagement (Freeman et al., 2017; Kujala & Sachs, 2019) refers to a variety of processes that organisations and individuals—in this chapter, organisations and individuals who adhere to various institutional logics—attempt to collaborate, cooperate, and communicate with one another.

We approach the topic of stakeholder engagement in institutionally hybrid settings by focusing on alignment and misalignment (Corsaro & Snehota, 2011) in value-creating relationships between the stakeholders exercising circular economy. A stakeholder is typically understood as a “group or individual who can affect or is affected by the achievement of the organisation’s objectives” (Freeman, 1984, p. 46). In this chapter, we are particularly interested in those stakeholders who matter to collaborative value-creation activities (Mitchell & Lee, 2019). We limit the scope of our study to the cognition, goals, and practices that are aligned or misaligned (Corsaro & Snehota, 2011) in stakeholder engagement processes. More precisely, the purpose of this chapter is to investigate how alignment can be constructed through different value-consolidation mechanisms. Through value-consolidation mechanisms, stakeholders combine and decouple cognitions, goals, and practices of value creation that are guided by their divergent institutional logics.

We argue, in this chapter, that value-consolidation mechanisms are important for aligning institutional logics and enabling value creation in circular economy because societal value creation and the legitimacy

of governments are contingent upon private sector stakeholders' contributions while companies are dependent on government actions (e.g., Micheline & Fiorentino, 2012; Vakkuri et al., 2021). Combining the distinct elements of multiple logics, such as commercial logic, which seeks to maximise market value, and sustainability logic, which targets the preservation of natural resources, is integral to value creation in multi-stakeholder arrangements focusing on resource circulation. The engagement of stakeholders with divergent logics in joint value creation has been described in the earlier literature as both an opportunity and a challenge: the participation of divergent stakeholders can safeguard the appropriateness of activities, improve changes to acquire social and material support from various sources, and boost collaborative innovation and value creation (Pache & Santos, 2013). The presence of multiple institutional logics can also result in tensions and conflicts that hinder collaboration and compromise the ability to meet stakeholders' value-creation expectations (e.g., Oliver & Hussey, 2015; Skelcher & Smith, 2015).

Although the past literature has discussed the alignment of stakeholder interests and the benefits of such (e.g., Kujala & Sachs, 2019; O'Riordan & Fairbrass, 2014), the role, variance, and use of various value-consolidation mechanisms in the alignment of cognition, goals, and practices have not been analysed. We contribute to stakeholder engagement research by showing how and why constructing alignment through various value-consolidation mechanisms is relevant to circular economy utilising multi-stakeholder organising. We also broaden the discussion from alignment to misalignment in value creation as we argue that value consolidation mechanisms offer viable ways to start collaboration in settings where perfect alignment is difficult to achieve. We used an exploratory literature review approach (e.g., Adams et al., 2014) to locate various value-consolidation mechanisms in the past literature (e.g., Vakkuri & Johanson, 2020). To empirically study the use of value-consolidation mechanisms in alignment and misalignment, we adopted an in-depth case study approach (Yin, 2013). The case study results offer examples of the alignment of stakeholders' goals, practices, and cognitions through various value-consolidation mechanisms.

The cases investigated in this chapter are multi-stakeholder partnerships for circular economy innovation in Finland. Data are collected through semi-structured interviews with stakeholders and analysed using deductive content analysis.

The remainder of the chapter proceeds as follows: the next section presents the dimensions of alignment and value-consolidation mechanisms as forms of alignment. The third section explains the research method used in the study. The fourth section is devoted to empirical analysis, and the final section presents the discussion and conclusions.

Alignment and Misalignment of Cognition, Goals, and Practices in Multi-Stakeholder Settings

The first dimension along which we examine alignment is the cognitive dimension. Cognitive alignment describes the alignment of values, beliefs, and perceptions among actors (Corsaro & Snehota, 2011). This is related to how stakeholders understand and perceive value: what activities and outcomes do the stakeholders consider valuable and value-creating? Watson et al. (2018) have highlighted the importance of addressing and leveraging divergence in the value frames of different stakeholders to unleash their environmental innovation potential. Caldwell et al. (2017) have identified mutual knowledge as a necessary component of alignment, which, in their work, refers to knowledge stakeholders share and know they share. The extant literature often argues that the institution of shared values, assumptions, and beliefs steering organisational practices supports the co-existence of plural institutional logics (Pache & Thornton, 2020), while the maintenance of opposing values and beliefs makes collaboration more complicated (Rajala et al., 2021). Cognitive alignment can be observed in terms of cognitive proximity, e.g., how closely related the values and beliefs steering organisational practices are, and compatibility, e.g., how compatible these are, have been identified as beneficial for value creation

in multi-stakeholder settings (Nguyen et al., 2019). Cognitive alignment has been noted to facilitate communication and increase trust and reciprocity between stakeholders (Brass, 2003). The past literature has also highlighted the critical role of dialogues in locating cognitive misalignment and seeking alignment: they operate as fora for revealing and synthesising differing views and discourses arising from divergent institutional logics (Brown, 2009). Misaligned cognitions are contradictory facts, values, or beliefs signalling inconsistency. This inconsistency may or may not be beneficial.

The second dimension we use to explore alignment is related to collaborative goals. Goal alignment refers to the consistency and agreement of goals among stakeholders (Corsaro & Snehota, 2011). Stakeholders adhering to different institutional logics often have incongruent goals. For example, organisations conditioned by a commercial institutional logic may focus on financial goals, whereas organisations conditioned by a social logic may focus on social goals. Goal alignment relates to the processes in which shared goals are adopted, multiple complementary goals are accepted, or stakeholders develop new common goals, whereas goal misalignment refers to processes in which stakeholders continue pursuing their own goals or such goals are in direct conflict with one another. Caldwell et al. (2017) have discussed goal alignment in terms of mutual understanding of desired outcome goals and the timeframes needed to achieve them. In the same spirit, Emden et al. (2006) have discussed strategic alignment, which is comprised of goal correspondence and motivational correspondence. Here, goal correspondence refers to noncompeting goals that can lead to mutual gains. For example, commercial goals may be harnessed to produce the financial resources needed for social and environmental goals. The literature on institutional hybridity has extensively addressed goal incongruence and the need to align the organisational priorities where multiple potentially conflicting goals are present (Caldwell et al., 2017). Goal conflicts between stakeholders are among the central challenges in cross-sectoral settings (Rajala, 2020; Rajala et al., 2021). Being able to pursue divergent goals that are important to different stakeholders is often required to keep such stakeholders engaged in collaborative efforts serving common goals.

The third dimension, practice alignment, refers to the degree to which processes and competencies fit the actors and are integrated (Corsaro & Snehota, 2011). The possibility of aligning practices depends on the institutional logics of the stakeholders. Conflicting logics often generate practice misalignment that leads to stagnant and poorly functioning organisational arrangements, with questionable legitimacy, antagonistic practices, and coalitions of stakeholders with opposing views (Ingstrup et al., 2021; Pache & Santos, 2013; Skelcher & Smith, 2015). In comparison, compatible institutional logics typically offer a better premise for the smooth integration of the value-creating practices of divergent stakeholders. Often, value-creating practices that are not only compatible but also mutually supportive or synergistic are sought in collaborative multi-stakeholder settings. There is no uniform consensus on the effects of practice alignment. The research evidence has shown that practice alignment does not necessarily create positive value and misalignment does not inevitably lead to negative results (Ingstrup et al., 2021). Nevertheless, a typical argument in the literature has been that optimally aligned practices fortify one another, whereas misaligned practices harm one another while hampering organisational value creation (e.g., Delery, 1998).

The previous research literature has suggested that the outcomes of activities attempting to align cognitions, goals, and practices can be categorised as perfect alignment, partial alignment, partial misalignment, or misalignment (Ingstrup et al., 2021). If the stakeholders can reach perfect alignment:

1. their practices are compatible and complement each other
2. they share goals and aspirations
3. and they possess shared perceptions of what types of value they want to pursue and share common knowledge and a sense of reality.

While this is often described in the literature on institutional hybridity as an ideal state (e.g., Battiliana et al., 2012), it may be difficult to attain. More often, partial alignment may be reached. In this case, some but not all practices, goals, and cognitions become aligned. Sometimes, the situation is closer to partial misalignment, in which some elements of goals,

practices, and cognition fit together and support one another but stakeholders with incompatible goals or practices are more prevalent. Finally, misalignment indicates that stakeholders' goals, practices, or cognitions do not support one another or are contradictory, conflicting, or mutually exclusive (Ingstrup et al., 2021).

Dealing with Institutional Hybridity: Consolidation Mechanisms

Blending, transforming, and mixing are value-consolidation mechanisms commonly associated with a high level of alignment (see Fig. 9.1). Such mechanisms join practices, goals, or cognitions that support one another. This support motivates the alignment. Blending joins together two distinct institutional logics into an amalgamation, in which the previous element of distinct logics can no longer be bifurcated (Polzer et al., 2016). Blending is described as the “synergistic incorporation of elements of existing logics into new and contextually specific logic” (Skelcher & Smith, 2015, p. 440). Other sources discuss deep integration. For example, Emerson (2003) has introduced the concept of blended value, in which financial, social, and environmental values are indiscernible from one another. Similar ideas about joint or blended value have been addressed in discussions of stakeholder value creation (Freeman et al., 2020). Blending as a consolidation mechanism can be observed in the adoption of new context-specific shared goals and ways of thinking, or in the integration of practices of the stakeholders into a novel and shared practice in circular economy. Using mixtures of ideas from private-sector stakeholders to reshape public service designs typically are referred to as transforming value (Vakkuri & Johanson, 2020), but private-sector service designs can also be modified by applying public-sector influences. In mixing (Vakkuri & Johanson, 2020) or assimilation (Skelcher & Smith, 2015), elements can also be deeply integrated and mutually reinforcing but discernible from one another, and the practices and goals of various stakeholders may not be deeply altered. Although the goals and practices of value creation are integrated to derive benefits via their synergy, organisations may continue

to serve different stakeholder groups (Vakkuri et al., 2021) and maintain a modular structure in terms of their circular economy value creation.

The literature has also described value-consolidation mechanisms that are associated with partial alignment. Complementing (Jacobides et al., 2006), or coupling (Pache & Santos, 2013), has been proposed as another way to consolidate the institutional logics. In using complementary mechanisms, stakeholders seek “synergistic” combinations of institutional logics to create surplus value (Jacobides et al., 2006). Often, readily compatible and mutually beneficial elements in value creation are joined together. This may mean, for example, that an R&D alliance for circular innovations between public research and private stakeholders utilises the institutional logic typical of research institutions in generating and validating innovations and couples it with the commercial logic of a private enterprise to introduce a new technology to industry and rapidly distribute it. Expanded to value creation, selective coupling is a mechanism in which intact elements drawn from different institutional logics are selectively coupled in joint value creation. When stakeholders share some interests, employing selective coupling (Pache & Santos, 2013) is possible. For example, stakeholders may adopt a common goal that serves everyone’s interests, but otherwise, they continue to pursue their own unique goals.

Several studies discuss consolidation mechanisms that can be associated with misalignment, partial or otherwise. Conceptually, balancing is very close to complementing or coupling: it focuses on finding an optimal balance between different institutional logics in collaborative value creation (Pirson, 2012). However, competing and even contrasting logics are also considered, not just synergetic ones, as in coupling and complementing value. The aim is to find an optimal balance between alignment and misalignment stakeholder engagement. Polzer et al. (2016) report that, in practice, a high level of alignment is often difficult to reach. The authors introduce the idea of layering as a more robust option. The essential feature of layering is that different institutional logics coexist as recognisable layers at different organisational levels at multi-stakeholder collaborations for circular economy, like sediments in geology. Skelcher and Smith (2015) propose a similar notion,



Consolidation mechanism	Example of the type of alignment or misalignment*	Literature
Blending	Create a new practice by blending practices of Stakeholder A with practices of Stakeholder B in such a way that blended practices cannot be bifurcated anymore	Emerson (2003) Nicholls (2009) Skelcher & Smith (2015) Polzer et al. (2016)
Replacing	Replace the practice of Stakeholder A with the practice of Stakeholder B or <i>vice versa</i>	Campanale et al. (2021) Castellas et al. (2019) Mair et al. (2015)
Transforming	Change the current practice of Stakeholder A by incorporating the practices of Stakeholder B or <i>vice versa</i>	Vakkuri et al. (2021)
Mixing or combining	Retain practices of Stakeholders A and B while keeping them identifiable in the new combined practice	Vakkuri et al. (2021) Pache & Santos (2013)
Complementing	Use the complementing activities of Stakeholders A and B side by side but as separate practices	Jacobides et al. (2006)
Coupling	Join the appropriate practices of Stakeholders A and B together selectively to avoid conflicts	Pache & Santos (2013) Mair et al. (2015)
Layering	Retain those practices of Stakeholder A that are still responding to the demands faced by Stakeholder A and add the practices of Stakeholder B responding to new demands placed on Stakeholder A as layers on top of the practices of Stakeholder A (layered practices can be complementing, contradicting, or both)	Polzer et al. (2016) Vakkuri & Johanson (2020)
Balancing	Find an appropriate and balanced combination of the stakeholders' practices, some of which are in conflict (attempt to create a balance between the practices of Stakeholders A and B, which is used in the engagement processes between Stakeholders A and B)	Pirson et al. (2012) Saz-Carranza & Longo (2012)
Compromising	Practices of Stakeholders A and B are not adopted unmodified in compromises because this arrangement is most valuable, although not perfect for the parties	Vakkuri et al. (2021) Pache & Santos (2013)
Competing	Keep the competing practices of Stakeholders A and B in your arsenal and move fluidly from one practice to the opposite one in turbulent environments (competition over practice options)	Thorton & Ocasio (1999) Saz-Carranza & Longo (2012) Pache & Santos (2013) Skelcher & Smith (2015)
Decoupling	Decouple at least some practices of Stakeholders A and B by not using them in joint stakeholder practices	Pache & Santos (2013)
Contradicting	Allow the parallel utilisation of the contradictory practices of Stakeholders A and B (misalignment by acceptance of pluralism, relativism, subjectivity and/or ambiguity)	Castellas et al. (2019) Skelcher & Smith (2015)

*Each consolidation mechanism can also be applied to goals and cognitions, although the examples refer to practice alignment or misalignment.

Fig. 9.1 Value consolidation mechanisms and (mis)alignment

terming it segregation: functions oriented towards different logics are compartmentalised but remain interconnected.

Sometimes, the common ground between different stakeholders can be difficult to find. In such cases, a compromise between the stakeholders may be in order. Compromises require modifications to stakeholders' value creation. In deadlocks, compromises may be the most valuable resolution to conflicts between competing institutional logics, although they are not ideal for any individual party (Vakkuri et al., 2021). If compromises are not an option, allowing competing logics can be useful for enabling resource circulation in societies. Endorsing competing mechanisms enables stakeholders to shift from one institutional logic to another based on which logic fits the situation (Thornton & Ocasio, 1999). Keeping competing logics in the arsenal can be valuable in turbulent settings. Nevertheless, it is a risky tactic that does not help to resolve the tensions between the stakeholders.

There may also be collaboration in which the stakeholders have very little in common: each stakeholder continues to create value according to their logic, following their typical practices. As such, the collaboration remains merely symbolic. Taking part in partnerships for a circular economy may be a type of symbolic performance, in which the stakeholders seek reputation but have little interest in investing in joint value creation. Situations in which cognition, goals, and practices guided by different institutional logics remain disconnected from one another have been termed de-coupling (Pache & Santos, 2013). In specific circumstances, tolerating disconnection may be the most reasonable way to proceed because different partners can pursue their ambitions instead of engaging in never-ending power struggles relating to the ways they perceive circular economy and create value. Using contradictory practices is often associated with decoupling, but sometimes actors state directly that they want to promote contradictory practices simultaneously, such as privacy and openness. Finally, situations in which one of the logics becomes dominant and replaces others have been recorded (Campanale et al., 2021). This places the stakeholders back in alignment. In a way, a high level of alignment is achieved through replacement: in replacing value, all stakeholders begin to work according to, for example, a commercial logic, while other potentially relevant logics are marginalised.

Research Methods

In the first phase of the study, the Knowledge-Resource-Nomination Worksheet (KRNW) (Okoli & Pawlowski, 2004) and snowball sampling (i.e., referrals by other interviewees) were used in creating the sample of informants. Fifty-five experts from different organisations representing various positions at the frontlines of multi-stakeholder collaboration for circular economy were invited to take part in the study. Thirteen experts participated. Interview data were collected from May to August 2020 through semi-structured in-depth interviews performed via phone or online tools. Interviews were from 30 to 60 minutes in duration. The audio was recorded, and the interviews were transcribed verbatim. By using inductive content analysis and pattern matching (See Yin, 2013), data were used to identify various institutional logics relevant to multi-stakeholder collaborations for a circular economy. These logics motivated us to search value-consolidation mechanisms from the literature.

In the second phase, we purposefully selected two key cases. The cases were instrumental in the sense that they reflected emerging collaborative forms of organising in the circular economy and thus had the potential to reveal aspects related to the use of consolidation mechanisms applicable in the broader context. Two partnerships that strategically aimed towards alignment and that had a relatively broad partner network consisting of both public and private sector stakeholders were chosen. The multiple case study was selected as a research method because it was considered suitable for an in-depth look at social dynamics in real-life contexts at multiple sites (Stewart, 2012; Yin, 2013). Our approach involved theory-testing (e.g., Stake, 1995) which was intended to either confirm or disconfirm the use of value-consolidation mechanisms and alignment or misalignment in stakeholder engagement of the cases.

The first case organisation, the CLIC Green Innovation Cluster (hereafter, CLIC), was based on a public-private partnership model between businesses and public research institutions. At the time of the study, the key stakeholders (owners and partners) were 30 forest, energy, and waste management corporations and 17 research partners. Collaborative value-creation activities between the internal stakeholders were organised

through co-innovation projects and two more permanent open innovation ecosystems, GreenE2 (focused on green energy) and 4Recycling (focused on solving plastic challenges through the circular economy principles). The activities were steered by a co-owned limited liability company formed by and for the partners. A visualisation of the stakeholders central to value creation in CLIC is provided in Appendix 9.1 CLIC and ECO3 stakeholder maps.

The second case organisation was the ECO3 Eco-Industrial Bio- and Circular Business Park (hereafter, ECO3), located in the city of Nokia, Finland. Like CLIC, ECO3 was based on a public–private partnership model. The city of Nokia steered the Park through a fully publicly owned limited liability company. Businesses located in ECO3 included two publicly owned municipal corporations (waste and water management) and a diverse group of small- and medium-sized enterprises representing the recycling, construction, and energy sectors. The research partners were public research institutions: Tampere University, LUKE Natural Resource Institute of Finland, and VTT Technical Research Centre of Finland. Material cycles handled in the ECO3 area included nutrients, wood, energy, and waste. Collaborative value creation between the stakeholders was organised through the ECO3 consortia, a regularly meeting group comprised of the key stakeholders. At the time of the study, there were 28 consortia members in total. A visualisation of the stakeholders central to value creation in ECO3 is presented in Appendix 9.1 CLIC and ECO3 stakeholder maps.

Because we explored stakeholder engagement in collaborative multi-stakeholder settings, we did not focus on one organisation as the “manager” of the process but, instead, understood stakeholder engagement in multi-stakeholder settings as a collective activity, as De Schepper et al. (2014) have proposed. Attention was directed towards stakeholders that were in a definitive role in the arrangement (Freeman, 1984) and responsible for value-creation activities (Harrison et al., 2019). Semi-structured online interviews ($n = 19$) that lasted from 30 to 60 minutes were collected from the key stakeholders of the cases (CLIC = 12, ECO3 = 7). The interview period was from February to August 2021. The audio was recorded, and the interviews were transcribed verbatim. In addition,

we collected strategy documents, project reports, annual reports, financial statements, and other materials for data triangulation (Flick, 2004) to verify and cross-examine the findings. The case data used for this study are represented in Table 9.1.

A directed latent qualitative content analysis method was used to analyse the data (Hsieh & Shannon, 2005). Deductive coding was performed by assigning codes to each value-consolidation mechanism in Fig. 9.1 (combining alignment dimensions with a specific value-consolidation mechanism) and coding the data with this a priori set of codes. Phrases were coded as meaning units. Only those phrases that were identified as signifying the coding categories (presented in Fig. 9.1) were coded. Both researchers participated in the coding process, and the coded data were compared to test the intercoder agreement.

Results

Institutional Logics of Finnish Circular Economy Field

Four archetypal institutional logics—commercial logic, public value logic, academic professional logic, and sustainability logic—were identified from the data. These are summarised in Table 9.2. Commercial logic, public value logic, and academic professional logic were more prevalent and dominant in specific types of organisations: private-sector stakeholders commonly leaned on a commercial logic, research stakeholders an academic logic, and public-sector stakeholders a public value logic. However, commercial logic was noted to also affect public sector organisations and research institutions, while private sector stakeholders could adopt some traits associated with public value or academic professional logic. Sustainability logic was an overarching form of logic that seemed to unite stakeholders from different sectors. The desire to combine relevant elements of more than one of the logics as means to pursue the ends of sustainability logics was present in both case organisations. Alignment was possible because it was possible to combine elements of the logics in value creation (e.g., cutting energy costs, which is important for sustainability logic, often also cuts financial costs, which contributes to value

Table 9.1 Data collected for the study

Phases and cases	Interviewee	Role	Organisation
Phase 1 Cross-sectoral collaboration for circular economy	1	CEO	Publicly owned corporation A
	2	Director	Publicly owned corporation B
	3	CEO	Publicly owned corporation C
	4	CEO	Public-private corporation A
	5	Branch manager	Industry federation A
	6	Branch manager	Industry federation B
	7	Director	Non-profit A
	8	Research director	Research institute A
	9	Research director	Research institute B
	10	Project coordinator	Research institute C
	11	Project coordinator	Research institute C
	12	Head of department	Public-sector organisation A
	13	CEO	Private-sector organisation A
Phase 2 Case CLIC	14	CEO	Public-private corporation A
	15	Head of Circular Economy	Public-private corporation A
	16	Head of Services	Public-private corporation A
	17	Project coordinator	Private-sector organisation B
	18	Researcher	Research institution A

(continued)

Table 9.1 (continued)

Phases and cases	Interviewee	Role	Organisation
	19	Project coordinator	Research institution A
	20	Researcher	Research institution C
	21	Researcher	Research institution D
	22	Manager	Private-sector organisation B
	23	Head of R&D	Private-sector organisation B
	24	Executive vice president	Research institution A
	25	Vice president	Private sector organisation B
	+ Secondary data: Research and Innovation strategy of CLIC (1), project reports (6), CLICs website (1), performance matrix (1), CLIC newsletters (6)		
Phase 2 Case ECO3	26	CEO	Publicly owned corporation C
	27	CEO	Publicly owned corporation D
	28	Head of Circular Economy	Public-sector organisation C
	29	Director	Public-sector organisation D
	30	Manager	Private-sector organisation C
	31	Vice president	Research institution A
	32	Researcher	Research institution E
	+ Secondary data: ECO3 website (1), ECO3 press releases and news (25), project reports (1)		

creation according to a commercial logic). Thus, interviewees perceived that joining together the four dominant logics could produce value for all stakeholders. Nevertheless, they also noted differences, inconsistencies, and tensions between the four logics, highlighting the need to also consider misalignment.

Cognitive Alignment in Collaborative Value Creation

In both case organisations, interviewees noted that cognitive distance between stakeholders' notions of value—what the stakeholders hold as important, meaningful, and beneficial—is not uncommon and varies between the stakeholders. For example, research organisations focusing on applied research and enterprises capable of agile innovations share cognitive proximity, while there may be a cognitive distance between basic research-oriented institutions and traditional multinational enterprises. In the former case, neither the private nor the research stakeholders follow archetypal sectoral institutional logics and may readily share common values, knowledge, or beliefs, while in the latter case, the archetypal logic is dominant in the organisations. Findings are summarised in Table 9.3.

In CLIC, finding a functional balance between conflicting and synergetic perceptions was an often-used value-consolidation mechanism. CLIC sought to combine academic professional logic and commercial logic in value creation to produce innovations and technologies. Balancing mechanisms were used to seek mutually beneficial combinations and prevent competition between cognitive frames informed by different logics. Data pointed towards a threshold indicating there is a fine balance between academic freedom and profit maximisation. One logic attempting to take over could lead to cognitive dissonance and competing frames on value and value creation. The quotation below demonstrates how balancing, as a consolidation mechanism, is adopted to avoid cognitive misalignment when the stakeholders are in danger of slipping from complementing cognitions to competing and contradicting ones:

Table 9.2 Institutional logics in the circular economy field

Institutional logic	Cognition	Goals	Practices
Commercial (corporate) logic	Value is understood as financial profit and created for the shareholders. Other forms of value (environmental, social) created for stakeholders and society legitimate commercial activities	Goals of value creation, such as profit maximation and growth percent, are typically defined in corporate strategy through corporate processes and may vary. The board and shareholders exert control over the goals	Value is created by producing products or services that can be exchanged in the market. Typical processes include new product development and market expansion
Public value logic	Value is understood as contributions to society and citizens' welfare. Created value must benefit citizens	Goals of value creation are typically related to supporting the economy and increasing the welfare of the citizens through jobs and tax revenues. Goals are defined through democratic processes. Local actors must comply with operational and budgetary goals defined by the governing bodies higher in the government hierarchy	Value is created by adjusting market price mechanisms with taxation, producing public goods and services and steering and regulating actors
Academic professional logic	Value is understood as the accumulation of scientific knowledge and theoretical development and impacts of this process for society	Goals of value creation are related to producing state-of-the-art knowledge in the areas of research interest and providing education that benefits the society	Value is created by producing scientific publications and distributing new knowledge in society (e.g., creating research impact). Typical processes include collecting data, testing, and developing theories and teaching

(continued)

Table 9.2 (continued)

Institutional logic	Cognition	Goals	Practices
Sustainability logic	Value is understood as the protection and/or regeneration of natural resources and human welfare for future generations. Economic, environmental, and social values are under focus simultaneously, and respecting ecological boundaries while satisfying basic social needs forms a basis for all human activities.	Goals in value creation are typically related to the reduction of CO ₂ emissions, the reduction of waste (and the use of virgin materials), and establishing sustainable economic growth. Goals can be adopted from international sustainability agreements and programmes (for example, the UN Sustainable Development Goals)	Value is created by protecting natural resources and human wellbeing. Typical processes include saving energy, protecting natural resources, and securing a sustainable financial and social position

Table 9.3 Synthesis of the results

Case	Consolidation mechanisms used in cognitive (mis)alignment	Consolidation mechanisms used in goal (mis)alignment	Consolidation mechanisms used in practice (mis)alignment
CLIC	<p>Partial alignment: Soft mixing and balancing as a primary value consolidation mechanism in cognitive alignment between commercial and research logics. Both logics have been infused with sustainability logics to different degrees. Stakeholders retained their typical mindsets and value perceptions but had inherited influences from one another. Occasional misalignment occurred when there was cognitive distance: in these cases, contradictions and competition were allowed to prevail</p>	<p>Partial alignment: Situational. Mixing, balancing, complementing, coupling, and compromising between commercial and academic professional logics, depending on stakeholders involved. Goals were coupled and mainly readily compatible. Goals were coupled when they were readily compatible. Temporal use of replacing mechanism was also detected</p>	<p>Partial misalignment: Employment of consolidation mechanism at the practice level was highly situational and dependent on the actors involved. Layering value was most used. Other uses of consolidation mechanisms varied from compromises and decoupling to complementing and selective coupling, which were used to obtain joint funding or meet other external expectations</p>

(continued)

Table 9.3 (continued)

Case	Consolidation mechanisms used in cognitive (mis)alignment	Consolidation mechanisms used in goal (mis)alignment	Consolidation mechanisms used in practice (mis)alignment
ECO3	<p>Partial alignment: Soft mixing as a primary value-consolidation mechanism between commercial and public value logics. Public and private logics were infused with sustainability logics. Stakeholders retained mindsets and values typical for their sectoral logics but had inherited influences from one another. Occasional contradicting and competing value were also observed</p>	<p>Partial misalignment: Layering as primary value consolidation mechanism between public value and commercial logic, but also decoupling was used. Stakeholders hoped that goals could be more synergistic in the future</p>	<p>Partial misalignment: Layering value-creation practices between governmental, private, and research stakeholders. Stakeholders mainly created value separately but benefitted from one another's value creation</p>

In these projects, we aim to bring a business perspective and economic side to these solutions at an early stage so that they would be techno-economically viable and operationalisable as a business [activities], these solutions that we develop. But on the other hand, research institutions wish for, and in my opinion, they should have academic freedom, so that money is not the first thing we bring into the discussion, [or] the economic side, because that we way can get that out-of-the-box thinking that produces these break-through solutions. Yet there is the risk that we go into too high-flying things, which are not in any way viable in a business sense and can never be operationalised at a large scale. So how do we combine them so that realism would be part of academic thinking, but we would not limit big innovations. (CLIC Interviewee, private sector stakeholder)

Mixing could be used when institutional logics enhanced one another and were readily compatible. Due to the differences between business and academic logic, the interaction of academic professional and commercial logics mostly led to more subtle forms of mixing, in which stakeholder thinking was not modified but new understanding emerged from collaboration. The following extract demonstrates this type of mixing resulting in partial alignment:

The businesses have operated in a certain way. They have had certain views about research organisations. Research organisations have operated in a certain way, and they have had certain thoughts about business organisations. And, in a way, hybridisation has taken place, which means that we understand the views of others. (CLIC Interviewee, facilitator)

The construction of cognitive alignment was an iterative process: several interviewees at CLIC referred to learning processes in which actors' views, mental frames, values, and perceptions mixed over time or were consciously shaped through dialogue. Because participation was voluntary and actors maintained their autonomy, blending in the form of novel identities and mindsets was not evident. However, the integration of different perspectives was sought after. While research activities retained an academic professional logic, "the business perspective was

included from the beginning”, as one informant stated. Some interviewees noted that full alignment would be difficult to attain due to the boundaries of commercial logic. As an example, public and environmental value creation was possible if there was a chance for profit-making in the foreseeable future. A common mantra we encountered in the content analysis is represented in the following:

A business works in a way a business does in any case. No matter in what type of network the company operates, the logic will not change. (CLIC Interviewee, research stakeholder)

In ECO3, where research involvement was not as strong but public actors were more closely involved, the search for cognitive alignment between commercial, public value, and sustainability logic was very much present. Mixing was the primary mechanism for aligning the three logics. The businesses in ECO3 were seeking profits and growth from circular solutions, so a sustainability logic was noted to be present in the value thinking of private stakeholders. Generally, the relationships between commercial and sustainability logic in value creation were considered unproblematic by many of the informants because sustainability logic was something all the stakeholders involved in the partnership shared. The research and public partners were noted to diffuse alternative ideas and enhance sustainability logic in the system, which advanced value creation. However, a few informants also pointed out that mixing may have limits and eventually lead to conflicting and competing cognitive frames demonstrating either contradicting or competing values, as the following extract displays:

There is always that idea of striving for growth, and then if one thinks of a sustainable economy, then one strives for something other than growth, and it brings certain dynamics to how that value is structured there and what kind of value creation is expected. (ECO3 Interviewee, public sector stakeholder)

Consortia meetings between value-creating stakeholders were noted as essential fora in which stakeholders “hear introductory speeches and

reviews from different organisational members in the consortia” and “create common conceptions based on mutually shared knowledge”, which “empowers and opens new perceptions through the vast knowledge capital of the network”, as interviewees described them. Due to these fora, stakeholders held value perceptions more commonly associated with other sectors. For example, a private stakeholder was discussing the preservation of natural recreational areas by increasing the use of circular products, whereas public sector stakeholders might refer to the importance of being competitive. Some noted that value perceptions should be “broader” and different forms of value increasingly balanced or blended, as the following quote indicates: “This pursuit away from fossil fuels and living within the boundaries of nature’s carrying capacity... means that we should more closely combine economic and ecological thinking and make these two bubbles collide” (ECO3 Interviewee, public sector stakeholder). The quotation reveals that high levels of cognitive alignment were generally perceived as enhancing collaborative efforts serving sustainable development by the interviewees. The quotation also indicates that stakeholders in ECO3 employ mixing as a mechanism of cognitive alignment, in which different ideas are identified and shared but necessarily not blended.

Goal Alignment in Collaborative Value Creation

Data from CLIC indicated that goal alignment was closely tied to partner selection at the early stages of collaboration. Because CLIC was a project-based organisation, goal alignment between research stakeholders and private sector stakeholders was typically constructed at the beginning of each project, where goals were defined as part of the project agreements. Project goals and contracts worked as a boundary object that helped stakeholders to construct alignment. A boundary object is an ambiguous goal that provides a common identity to public and private stakeholders, although the goal often means something different to each stakeholder. In practice, the parties in the partnerships are attempting to achieve the goal used as a boundary object, although they define the goal differently and pursue its achievement in different ways (Rajala, 2020).

Balancing and complementing were used to craft goals that operated as boundary objects. In defining the vision, mission, and purpose for the ecosystems in CLIC, the key stakeholders “seek joint value-creation opportunities” (signalling complementing value), although “it takes time to find a common vision and way to realise it if you have 10 to 20 organisations”, as one interviewee noted (to signal balancing value). Typically, stakeholders could retain their own more specific goals in their operations but share the higher level goals, such as the generation of new circular innovation. Because neither direct business development nor deep engagement in theoretical debates was a suitable goal for all partners, the second-best option was to pursue more vaguely defined and abstract goals that would not lead to competition between the partners at the network level. Thus, the aim was to make compromises and find broad goals at the strategic level, which could transform the competing strategic goals of the partners into complementary sub-goals in the partnership. For example, the goal of innovation as a boundary object offered a sense of balance by enabling the use of dissimilar goals, some of which are tailored to commercial logic while others are specifically designed for academic scholars. Dissimilar sub-goals offered complementary value, and in some cases, even mixing of goals was beneficial under the broader goal of innovation. A complementary approach to the goals adherent in institutional logics was evident in the quotation below, which signals the activation of balancing and complementing value consolidation mechanisms:

In a way, the university is fulfilling its core mission, which means that it is doing research and providing education based on research, and in that industry [related to the circular economy], these collaborative projects and programs provide a meaningful context. So, the starting point of research is chosen in a way that is also benefitting the industry and the science in general. (CLIC Interviewee, research stakeholder)

Although balancing was predominant, some comments pointed towards selective coupling, in which only those goals that were readily compatible were combined. Private-sector interviewees spoke about “strategic fit”: They took part in those projects that were readily aligned with their own strategic goals and stayed out from others.

In CLIC, external factors sometimes encouraged the use of replacing in goal alignment. The Finnish funding system incentivised researchers to opt for business perspectives instead of the archetypal institutional logic of academia. As one interviewee from a research institute put it, “The approach is business-oriented so that we will do these projects to serve the needs of the companies”. This may, in some cases, result in a logic of replacement instead of mixing.

In ECO3, the interviewees described how the arrangement had been built through close interaction among stakeholders, as well as how goal setting was a more organic and iterative process that took place among consortia members. At the same time, this goal setting was not as defined and codified as in CLIC: stakeholders in ECO3 did not have “one common agenda”, as interviewees stated. Each of the stakeholders retained their own goals, signifying partial misalignment through both layering and decoupling. Some interviewees noted that goals should be increasingly aligned and that developing a joint agenda could benefit the partners. For example, increasingly employing complementing mechanisms in goal alignment would allow SMEs in the area to bundle their complementary offerings and help advance circular economy in large public infrastructure projects, as one of the interviewees envisioned:

This kind of joint development thinking into value creation [is needed]. I mean, it is part of that future that we can adjust these different interests and perspectives towards what we are aiming for together. (ECO3 Interviewee, private sector stakeholder)

Interview data pointed towards a layered structure, in which the research stakeholders’ goal was to provide new circular solutions and transfer expertise and knowledge to businesses, whereas the business stakeholders’ goal was to apply the knowledge to the development of new circular solutions for profit. This structure formed the basis for the goals of the city, which aimed, among other things, for new jobs, healthy entrepreneurial communities, and climate neutrality. The interviewees emphasised the importance of layering the goals of public and private stakeholders. Layering the strategic goals of research and business partners was required for social value creation:

We can generate thoughts about strategic changes relating to climate change and circular economy [when the public sector is taking part], and that is something that cannot be done in a purely market-led way, so when public partners are involved, value for society can be created. (ECO3 Interviewee, public sector stakeholder)

Thus, achieved goal alignment in CLIC can be characterised as partial alignment, where as ECO3 represented partial misalignment. The cases employed different consolidation mechanisms. Findings from both cases are summarised in Table 9.3.

Practice Alignment in Collaborative Value Creation

When CLIC used consolidation mechanisms in the practice level, there was a high situational variation in the mechanisms employed at different projects and different sub-activities with different stakeholders. This was the case because joint value-creation activities were typically organised as projects, and there were very few routine activities. Moreover, the technological readiness level of innovation, competencies, and resources for the stakeholders, among other project or activity-specific factors, explained the variations in the value consolidation mechanisms used.

CLIC utilised compromises, selective coupling, complementing practices and layering. In some situations, practice alignment was described as a compromise or selective process, in which the stakeholders accepted some changes to and constraints on their typical processes but mostly maintained their practices as “business as usual”. Otherwise, selective coupling often meant that CLIC temporally combined synergetic practices and value-creating in funding applications to obtain public funding targeted for cross-sectoral collaboration, although the value of the project was eventually created separately and occasionally even decoupled manner in the typical value-creation processes of each partner. In layering, the outcomes of the value-creation processes of research stakeholders (e.g., new knowledge) were used as inputs in the typical value-creation processes of private sector stakeholders, or vice versa. This is described in the extract below:

These types of projects have been put together in which research institutions are core actors and the businesses are there to co-finance it. And it is done [in practice] as research that the private partners steer, and right beside those [research activities], there are private R&D projects that are strongly linked with the thematic area of the collaborative development, and the thematic area can utilise the research results. (CLIC Interviewee, research stakeholder)

Although the blending of value-creation practices appeared in strategic narratives through terms such as “value co-creation”, in practice, the projects had tight schedules and limited budgets and resources available, and a high level of practice alignment was rarely achieved. In some projects or their sub-parts, more effort was made to find complementary resources and practices. In these situations, operations were often compartmentalised into different cross-sectoral technology teams to group partners with readily compatible institutional logics, as shown below:

In the preparation phase, we have more and more moved into that direction [that we ask] whether all the relevant competence and expertise can be found from this binary arrangement wherein, at one end, there are research organisations and, at the other end, there are businesses. Or do these side-streams and side-products require that kind of specialisation, and does their piloting and testing require specialised know-how, or is it far from the core operations, so we need another actor specialised for it? For example, in one project, we had a water treatment company included because it was not part of the core competencies or business of these [metal] factories. It was recognised that it makes more sense to find a partner with a much broader view on this topic and that is a better entity to work in collaboration with the university than the factory that is, in no way, specialised in it [water treatment]. (CLIC Interviewee, research stakeholder)

Sometimes, a commercial logic focused on generating new products prevented stakeholders from seeing complementary benefits in field-level collaboration. In one such instance, private stakeholders perceived

specific practices as nonrelevant, although, eventually, these practices offered complimentary benefits, as the following extract indicates:

We had one project where we brought in legal expertise from Helsinki University, and part of the businesses, at the beginning, were saying, because they were technical people and engineers there, that we don't need this. What is this? We are not interested in this. However, as the preparations progressed, I noticed that everyone took a tremendous interest in that project area, although they initially thought it couldn't be a part of a technologically oriented project. But if you think about the circular economy, the legal framework, it's really important because circular solutions often collide with legal requirements or the absence of frameworks. (CLIC Interviewee, public-private stakeholder)

Because ECO3 was an eco-industrial partnership rather than a networked industry cluster like CLIC, public-sector organisations representing regional administration and research institutes created a basis for private value creation by building a knowledge base and infrastructure. In this arrangement, value-creating competencies existed in their layers but complemented one another. Businesses focused on their operations. Research partners practiced their value-creating activities by providing knowledge inputs that were transferred into the system. All actors maintained their autonomy, but layers remained interconnected. The layering mechanism was described in statements such as the ones below:

Company X pays us a sum of money and gets the results of the research, for example, a technological solution. As a result, their competencies and capabilities increase, but the information has monetary value [for the business when commercialised]. (ECO3 Interviewee, research stakeholder)

Responsibility for the implementation... is, especially, at city organisations... where these kinds of services are produced, starting from business services to zoning and infrastructure... the organising role of [the fully city-owned limited liability company] has been concluded as working well. This type of limited liability company within the network in its role as a small and agile organisation within this environment... and

everyone who practices business operations there, they are independent companies that make fully independent and voluntary decisions. (ECO3 Interviewee, public stakeholder)

In both case organisations, the boundary between value-creating processes and practices between the stakeholders typically remained clear, and value-creation processes that served different stakeholder expectations placed on the network were guided by the distinct logics of each partner. This manifested layering value (see Table 9.3). CLIC also used complementing and coupling value on an ad hoc basis.

Discussion

This chapter has strengthened the stakeholder-oriented perspective on value creation in the circular economy. The circular economy value-creation discussion has traditionally been very company-centric and customer-value-focused, even though multi-stakeholder participation is considered vital in realising the vision of circular economy that goes beyond business-as-usual (Tapaninaho & Heikkinen, 2022). The value promise of multi-stakeholder collaborations for circular economy is based on the capacity to employ the logics of private-sector, public-sector, and third-sector stakeholders to serve collaborative value creation in a meaningful way. This chapter expands the discussion on multi-stakeholder value creation for circular economy by proposing ways to better understand the alignment of collaborative value-creating relationships in settings where the stakeholders adhere to different institutional logics.

The cases show that alignment was not pursued symmetrically at all levels and fronts but, instead, could be better understood as a dynamic and emergent process in which different consolidation mechanisms were employed depending on the situation and the stakeholders involved. Both cases seemed to strategically pursue a high degree of alignment. However, the dominant alignment status in the CLIC was partial alignment, whereas partial misalignment was emphasized in ECO3. This underlies the challenge of aligning cognitions, goals, and practices,

in multi-stakeholder settings in which value-creating stakeholders are autonomous organisations and collaboration is voluntary.

To contribute to stakeholder engagement research, the consolidation mechanisms presented in Fig. 9.1 propose a framework for analysing alignment of various dimensions relevant to collaborative value creation in multi-stakeholder settings. Consolidation mechanisms can be used in theorising about and explaining both difficult and flourishing stakeholder relationships, and future studies can investigate their effects on the outcomes of collaborative value creation. In stakeholder engagement, such mechanisms can be described as an activity of consolidation (i.e., attempts to consolidate practices) or as an outcome of consolidation (i.e., practices are consolidated). This shows that consolidation mechanisms do not always respect the conceptual boundaries of stakeholder activities and impacts, which indicates that some social phenomena can move fluidly across conceptual boundaries and complicate the development of a stakeholder engagement lexicon. To describe phenomena moving across conceptual boundaries, the stakeholder engagement literature may need to consider the concept of fluidity (e.g., Harrison et al., 2019; Parmar et al., 2010).

As a second contribution to the stakeholder literature, the chapter showed that partial misalignment can be beneficial in circular economy settings where multiple institutional logics of different stakeholders intersect. The stakeholder literature typically emphasises joint interest while avoiding trade-offs (Freeman et al., 2020), whereas our data displayed that partial alignment and misalignment are intentionally used to enable value-creating collaboration (e.g., Watson et al., 2018). For stakeholder engagement literature, this indicates that imperfect alignment is not always unintended or unwanted, because it can operate as an enabling condition for cooperation, as Ingstrup et al. (2021) have previously suggested. We observed that, sometimes, the partial misalignment was strategic, whereas, at other times, it was a reactive action to avoid deeper conflict between incompatible logics. Acknowledging the diversity of consolidation mechanisms in stakeholder engagement can promote collaboration in settings where stakeholders must draw legitimacy and funding from multiple institutions, although stakeholders'

logics are not readily compatible or easily combined (e.g., Vakkuri & Johanson, 2020).

Because the research was conducted as a case study, the results are not generalisable beyond the investigated cases. Furthermore, the investigated cases were recently established organisations, and several interviewees noted that the alignment process was still “evolving” or “iterative”. For example, Polzer et al. (2016) noted that some institutional logic combinations can be transitional. This study describes value consolidation in a short review period and the reported state may not be long-lasting. The results reflected the interviewees’ perceptions of alignment of goals, values, and practices. Thus, decoupling can be underrepresented in the results because the respondents may not be aware of the full extent of decoupling when the focus was on finding joint interests in stakeholder engagement. Finally, because the study was theory testing, the results showed possibilities regarding the use of consolidation mechanisms. However, drawing any robust causal inferences about the relationships between consolidation mechanisms, institutional logics, alignment types, or value-creation outcomes is not possible, because we examined only two cases. More robust examinations of these relationships are left to subsequent studies.

Conclusions

In this chapter, we presented a novel theoretical framework combining the three dimensions of alignment (cognitive, goal, and practice) and consolidation mechanisms identified from the extant research literature. We used this to explore how circular economy stakeholders pursue and develop alignment in multi-stakeholder value creation by employing different value-consolidation mechanisms. We show that value-consolidation mechanisms can inform the analysis of value-creating stakeholder relationships and provide a more nuanced way of understanding the alignment of stakeholders’ cognitions, goals, and practices as part of stakeholder engagement.

Future studies on stakeholder engagement in collaborative value-creation processes are needed. First, the proposed theoretical framework

can be further tested in different settings. Second, the study field is missing studies investigating the links between alignment and misalignment from the perspective of value-consolidation mechanisms. Lastly, interlinkages across consolidation mechanisms could be further investigated at the cognitive, goal, and practice levels to enhance the knowledge of these mechanisms.

Appendix 9.1 CLIC and ECO3 Stakeholder Maps

See Figs. 9.2 and 9.3.

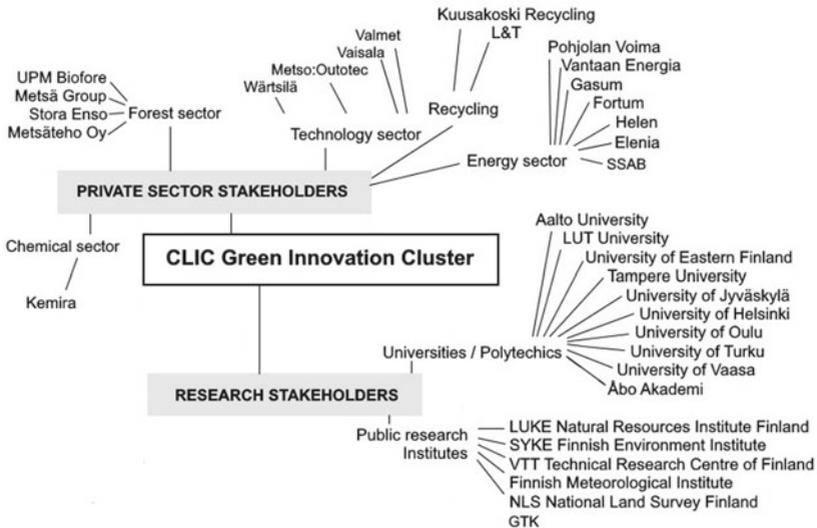


Fig. 9.2 CLIC Stakeholder Map

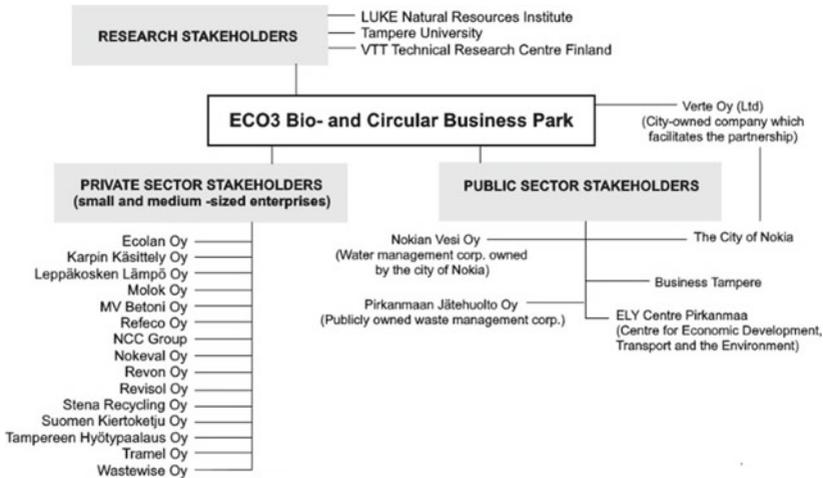


Fig. 9.3 ECO3 Stakeholder Map

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