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A Decoupling perspective on Circular Business Model implementation: illustrations from Swedish apparel

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A Decoupling perspective on Circular Business Model implementation: illustrations from Swedish apparel

Abstract

Drawing on the concept of decoupling, from institutional theory in organizational studies, this paper explains how organizations mitigate demands for circularity. Seven Swedish apparel companies that have started collecting used clothes as a form of engagement with circular business models serve as case studies. The paper shows how outsourcing and internal separation allow these companies to buffer their business model and core way of creating value from emerging demands. It also shows how companies pro-actively work at influencing institutional demands for circularity by making these demands compatible with their own interests. The concept of decoupling thereby provides key insights into the development and implementation, or absence thereof, of circular business models.

Keywords: Circular business models, circular economy, decoupling, sustainable business models, institutional theory, product-service-systems

Highlights

- Decoupling allows firms to buffer business models from institutional demands
- Outsourcing and internal separation are means of decoupling
- Decoupling allow firms to showcase rather than truly adopt circular economy
- Firms influence institutional demands to appear circular but remain linear

1 Introduction

Circular business models (CBMs) involve value creation by exploiting value retained in used products to generate new offerings (Linder and Williander, 2015). Thus they entail activities such as repair, reuse, refurbishment, remanufacture, sharing, take-back and recycling (EEA, 2016), in contrast with linear models where value creation mainly involves virgin materials. Research focusing upon CBMs is fairly recent, although a type of CBMs, product service-systems (PSSs), has been examined extensively (Armstrong et al., 2015; Besch, 2005; Corvellec and Stål, 2017; Mont, 2002; Reim et al., 2014; Tukker, 2004). The insights from both these literatures indicate that although CBMs appear to have benefits, adoption has been slow (Reim et al., 2014; Tukker, 2015). Moreover, when CBMs are adopted, there seems to be a lack of integration in terms of how activities relate to the preexisting
business model. Subsequently, value creation remains primarily linear, and sometimes CBM activities do not survive beyond the test phase (Kant Hvass, 2016; Mont et al., 2006). Such missing integration is usually explained with functional arguments referring to the difficulties of certain offerings, for instance leasing, which increases financial risks (Linder and Willander, 2015). Certain products are also argued to retain too little value after use to permit new offerings (Tukker, 2015). This paper advances an alternative explanation for implementation patterns observed in relation to CBMs by arguing that the drivers and barriers of CBM adoption are not primarily functional but rather institutional (e.g., DiMaggio and Powell, 1983). Hence, we view CBM implementation as a firm-level enactment of an emerging institution, that of circular economy referring to a new and potentially dominant theme of corporate sustainability (Ghisellini et al., 2015; Stahel, 2016). The advantage of this framing is that it can explain why firms attempt to adopt CBMs despite apparent functional disadvantages, while at the same time it explains why integration remains incomplete.

Framing circular economy as an institution highlights how it emerges within multiple European societal sectors through regulative, normative and cognitive processes which prescribe organizational practices (cf. DiMaggio and Powell, 1983; Scott, 2001) regarding waste and production (lately evidenced by the European Union action plan for Circular Economy (EU, 2016)). CBMs constitute templates prescribing how firms should organize in order to align themselves with the circular economy institution (cf. Battilana et al., 2009). It means that firms engage with these templates mainly in order to be perceived as appropriate to their external environments (Suchman, 1995). However, because organizational actions are not completely transparent to stakeholders, decoupling between talk and action can be expected (Boxenbaum and Jonsson, 2008; Meyer and Rowan, 1977), especially as organizations face competing and contradictory demands (Greenwood et al., 2011). In other words, circular economy is not the only institution that shapes organizational practice, and CBMs are not the only type of organizational template that firms are expected to draw upon to align themselves with beliefs, norms and rules within their external environments. In particular, decoupling can be expected as corporate financial survival hinges upon the success of a linear value creation logic. Thus institutional theory argues that firms can, through decoupling, appear appropriate but still buffer their core processes from the many new trends and ideas regarding proper organizational conduct that circulate within their environments (Boxenbaum and Jonsson, 2008; Bromley and Powell, 2012; Meyer and Rowan, 1977; Westphal and Zajac, 2001).

While earlier decoupling literature focused on those instances where policies but not practices were implemented (Meyer and Rowan, 1977; Westphal and Zajac, 2001), recent literature has taken a greater interest in explaining the complexities involved as some implementation is in fact observed (Bromley and Powell, 2012). This recent focus makes this literature useful to draw upon in order to provide a theoretically grounded explanation for why CBMs are adopted but still inadequately integrated.
To develop our explanation we draw upon seven case studies of Swedish apparel firms’ adoption of in-store take-back systems (TBSs). We focus on Swedish apparel because here a mixture of regulative, normative and cognitive processes occur, seemingly driving the adoption of CBMs in Swedish apparel (Watson et al., 2014; Palm et al., 2014; Swedish Government, 2015; Mistra Future Fashion (MFF), 2015). There are, for instance, several large Swedish firms cooperating in the Textiles for Recycling Network aiming to create joint solutions for circular economy and calling attention to the environmental footprint of wasted clothes. Several firms have started referring to circular economy in their sustainability talk, reports and policies. We choose to focus on TBS as it is the most common CBM activity among Swedish firms, thus providing us with a large enough sample for comparisons. Moreover it is a crucial component of CBMs as regaining control of products after use is critical to being able to exploit any retained value (Östlin et al., 2009, 2008), but depending on how a TBS is setup, it may also exemplify limited integration with other business activities.

The paper makes the following contributions: First, it adds to the PSS-/CBM literature through an institutional explanation for why firms engage with CBMs but then incompletely integrate them with core practices. This explanation shows the role of external demands for decisions regarding CBMs, something which has been missing from the literature. Moreover, we show how CBM implementation is a way for firms to mitigate external demands for circularity. Second, we put forth “decoupling by outsourcing” and “decoupling by internal separation” as two different strategies for firms to buffer their business models. Last, we also contribute to decoupling by showing that when environments are weakly rationalized, and firms themselves, rather than third-parties, shape emerging institutions, means are implemented that do not divert resources from core tasks. Instead decoupling enables firms to appear appropriate in relation to concerning issues, take action, while at the same time buffer core value creation and capture.

We proceed to demonstrate the above in the following manner: First, we present our theoretical points of departure, ending up with three questions guiding our analysis. Second, we present our methodological choices and measures, including a detailed description of data sources. Third, we present our findings, structured according to above-mentioned three questions. Finally, we discuss implications for studies on CBM adoption/implementation and decoupling respectively and conclude with some suggestions for future research and theoretical, practical and methodological implications.

2 Circular business models and decoupling

Despite several slightly different definitions of business models (Chesbrough and Rosenbloom, 2002; Osterwalder and Pigneur, 2005; Teece, 2010), there is reasonable consensus that they constitute a new unit of analysis (Zott et al., 2011) describing value creation and capture linked to a value proposition (Osterwalder and Pigneur, 2005; Richardson, 2008). Moreover, following Zott and Amit (2010), activities are key building blocks of business models, and analytical dimensions concern what
activities are performed, how they are linked, and who performs them. Hence business models can be understood as templates for organizing business activities that innovators can use (Doganova and Eyquem-Renault, 2009), and that reflect the strategies they realize (Casadesus-Masanell and Ricart, 2010).

Within the category of business models, sustainability models emanate from value propositions aiming to create not only economic but also social and/or environmental value (Stubbs and Cocklin, 2008); here CBMs represent a subcategory that deviates from linear value creation, proposing environmental benefits by creating value from waste or providing functions instead of products (Bocken et al., 2014). More precisely Linder and Williander (2015, p. 2) define CBMs as models where ‘the conceptual logic for value creation is based on utilizing economic value retained in products after use in the production of new offerings’. Hence, CBMs include activities enabling such utilizing, for instance TBSs, thus ensuring reliable flows of used products. In theory the business case for CBMs looks strong, as most products retain some kind of value after use, and those firms knowledgeable about how they were produced should be best suited to capture that value. However, in practice business logic remains mostly linear (ibid.). Moreover, when it comes to providing PSSs (Corvellec and Stål, 2017; Mont and Tukker, 2006; Mont, 2002) the literature argues that while leasing and renting models rely on retained value and should reduce virgin material costs (Vezzoli et al., 2015), they are often difficult to implement as for instance they involve radical changes to value network configurations (Mont et al., 2006; Tukker, 2015), challenge consumer preferences (Armstrong et al., 2015; Besch, 2005) or bring financial risks (Linder and Williander, 2015). In fact, the case against CBMs, particularly in consumer industries, is so strong that it seems strange that firms would develop and try to implement them in the first place. Hence the literature struggles to explain why adoption occurs. In addition it cannot really explain why firms often, despite that CBMs are not fully implemented, view their efforts as successful and proudly communicate them. Thus, there are gaps in the literature concerning both adoption and implementation. Subsequently, this paper argues that these actions are better explained by organizational institutionalism.

In relation to organizational institutionalism, different CBMs, such as those showcased in reports by the Ellen MacArthur-foundation (EMAF, 2013) or the Nordic Council of Ministries (Watson et al., 2014, Palm et al., 2014), constitute generalized templates prescribing how firms should organize themselves to align with circular economy as an emerging institution. Hence CBMs constitute interpretations of what circular economy means for firms, diffused into different industries by such reports. For instance, EMAF (2013) expresses a strong belief that this template is applicable in apparel. Organizational institutionalism refers to such diffusion mechanisms as different types of institutional carriers that transfer templates across industrial boundaries (Czarniawska and Joerges, 1996; Scott, 2003).
Within organizational institutionalism, decoupling constitutes a smaller stream (Greenwood et al., 2008), based on organizational institutionalism’s core tenet that organizations are shaped and influenced by institutions, consisting of rules, norms and beliefs part of their external environment (DiMaggio and Powell, 1983; Scott, 2001). Rules, norms and beliefs are, in turn, the outcome of regulative, normative and cognitive processes that work to limit organizational choice and produce similarities in practice and structure (see Figure 1).

While regulatory processes refer to the activities of the state and its agencies, professionals are key actors within normative processes (Scott, 2003, 2008). Lastly, cognitive processes refer to the creation of new knowledge and beliefs and how they affect organizations’ core assumptions (Hoffman, 1999; Maguire and Hardy, 2009). Institutions have influence as organizations seek to appear appropriate in relation to multiple constituencies, such as consumers, shareholders, key regulators, media and so on, that share some but not all expectations regarding proper organizational conduct (Greenwood et al., 2011).

Decoupling was first mentioned by Meyer and Rowan (1977) to refer to organizational buffering as a means of protecting core technical operations from institutional demands. They argued that because the demands arising from institutional versus technical aspects of organizational environments are vastly different, organizations ceremonially adapt their structure to the former, while their actions cater to the latter. In short, to provide products and services of a certain price and quality, core operations need to be tight-coupled and efficient, which is different from satisfying stakeholders’ expectations of living up to various organizational norms and standards. To avoid interfering with their core operations, organizations draft symbolic policies and make symbolic decisions, but both remain unimplemented (Brunsson, 1989). This is made possible through weak internal and external monitoring, which renders it possible to operate in good faith and obscure operations to stakeholders. For instance, Westphal and Zajac's (2001) study of organizations’ stock-repurchase programs showed that since stock-markets do not monitor internal organizational practices, markets reacted positively to the mere decisions to repurchase stocks and failed to notice that decisions were never implemented.

However, a growing number of decoupling studies found several mechanisms that prompted organizations to, over time, recouple, that is actually implement policies that initially were ceremonially adopted (Haack et al., 2012; Hallett, 2010; Tilcsik, 2010). While such research focused on socio-environmental issues, viewing recoupling as a good thing, others found turmoil (Hallett, 2010) as incompetent external audiences came to dictate how organizations should be run (Sauder et al., 2009). Seemingly inspired by these latter concerns, Bromley and Powell (2012) suggested that decoupling between policy and practice has become less feasible for contemporary organizations. This is because external environments have become increasingly rationalized, containing strong ideas both
of what organizations should strive for (ends) and how they should do it (means), combined with increased capacities for external monitoring. For instance, firms are increasingly expected to address environmental issues such as climate change, waste, resource depletion and biodiversity loss even if such concerns may seem unrelated to core practices, and to do so in a standardized way, following set templates and best-practices. But ends may also refer to interests of various stakeholders, such as increasing shareholder-value, providing employment or paying taxes, and these in turn are tied to other types of standardized templates and norms for proper actions. Organizations then start to adopt and implement various practices, not because they fulfill organizational ends, or for that matter socio-economic ones (Dick, 2015; Wijen, 2014), but because they are aligned with strongly rationalized rules, norms and beliefs that cannot be ignored. Here, Wijen (2014) describes how socio-environmental standards become stricter over time, to reduce the risk of greenwash, which may paradoxically reduce the possibility of achieving socio-environmental ends as that achievement may actually demand a certain element of flexibility for involved firms. Standardized approaches may be less effective when confronted with different specific situations that arise in the business context.

This development, termed means-ends decoupling to refer to the gap between practices and organizational ends, creates an organizational complexity that potentially diverts resources from critical organizational tasks (Bromley and Powell, 2012). However, new patterns of decoupling possibly arise that may run horizontally between functional units or organizational groups rather than between policy and practice. In other words, the inability to decouple in the traditional sense generates complex patterns of activities that may be superficially integrated. For instance, Pache and Santos (2013) discuss selective coupling as a way out of this complexity, whereby organizations facing two contradictory organizational logics pick and choose what elements to combine. Yet, prevailing understandings of means-ends decoupling seem limited when it comes to explaining the patterns of such decoupling and an understanding of when and how organizational resources are diverted. We address such gaps by focusing on business models to understand contemporary decoupling. Thus we analyze whether implemented activities, what Bromley and Powell refer to as means (2012), are integrated with the core value creation logic, which may serve as a proxy for an organization’s core processes. In other words, if activities are well-integrated, they are coupled to the activities that contribute to a firm’s value creation and capture. For instance, for apparel firms design, sourcing and retailing are key activities, tightly integrated although devised differently in different apparel business models. Hence, whether a particular activity can be considered decoupled will depend on how it is linked to these core activities and thereby how it supports value creation and capture.

2.1 Summary of analytical frame
To summarize, we seek to understand CBM implementation by focusing on the activities CBMs entail, deriving the following three analytical questions:
First, how are adopted activities integrated with other (key) activities?

Second, given the importance of links between means and ends, what ends do CBM activities relate to?

Third, how can implementation patterns be explained by the regulative, normative and cognitive processes occurring in the organizational environment?

These three questions have guided the subsequent data collection as well as its analysis.

3 Method

As mentioned above, this paper relies on case studies, a suitable approach when the aim is to develop theoretical understandings regarding CBM implementation rather than to test particular propositions (Siggelkow, 2007). We began by first identifying Swedish apparel as a relevant industrial context regarding CBM adoption through experiences from previous studies of sustainability reports, but also through a series of reports from the Nordic Council of Ministries (Watson et al., 2014; Palm et al., 2014) that mapped out the prevalence of CBMs in apparel. Previous interviews with representatives from two trade associations in fashion confirmed that CBMs were on the industrial agenda. Moreover, there was also an ongoing government investigation regarding a possible extended producer responsibility for garments exemplifying a relevant regulatory process (Swedish government, 2016).

While similar activities could probably be observed in other industries as well, apparel appeared well-suited to study CBM adoption for two additional reasons: first, as a consumer industry it is sensitive to socio-environmental issues in general, thus subsequently normative and cognitive processes cannot be ignored; second, it is difficult to create/capture value from used clothes (Armstrong et al., 2015), particularly in relation to a streamlined “fast fashion”-focus, with agile and efficient supply chains that currently dominate the industry (Barnes and Lea-Greenwood, 2006; Cachon and Swinney, 2011). Thus apparel appears as an industry where functional arguments seem particularly unfit to explain CBM adoption.

Within apparel, we conducted a systematic pre-study of company web pages and sustainability reports, working through a database registry of Swedish apparel firms with the largest turnover (Amadeus.bvdinfo.com). We looked for companies that through their activities facilitated value creation from second-hand clothes. The pre-study showed that TBSs, offering consumers the possibility to return used garments to the store, was by far the most common type of activity. We chose to focus on TBSs as our examples of CBM implementation to enable a large enough set of cases (n=7) to create some comparisons, although we are fully aware that TBSs in themselves do not constitute an example of value creation based on retained value. Whether the potential for such value
creation, offered by a TBS, was utilized by the case-firms depends upon how these activities are integrated into other functions such as design or sourcing and thus constitutes an empirical question.

We included almost all Swedish apparel firms with a TBS but had to exclude some that were small and difficult to obtain data on. After selection, seven (7) case firms were explored using qualitative methods: interviews, secondary materials such as web pages, videos, newspaper interviews and articles, company reports and 18 in-store observations (see Table 1 and 2). Interviews were mainly conducted with sustainability managers since they were the ones responsible for developing and implementing the TBS. Interviews and observations were conducted throughout spring 2016, and all interviews were recorded and fully transcribed, each lasting on average 45 minutes. The interview guide centered on the three analytical questions derived above which also guided the analysis. Subsequently, first we sought to establish the implementation patterns, second, we sought to understand how the TBS as an adopted mean related to various ends mentioned within the data, and third, we related these two findings to the observed institutional processes. Subsequently, data was coded with these theoretical themes in mind.

Table 1: Case studies

<table>
<thead>
<tr>
<th>Company</th>
<th>Turnover/$</th>
<th>Core BM</th>
<th>TBS-design</th>
<th>Data collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>H&amp;M</td>
<td>19 644¹</td>
<td>Integrated retailer – operates chain of stores; fast-fashion</td>
<td>With I:CO, collects in all stores world-wide; provides €5 voucher</td>
<td>Sustainability report, newspaper interview, videos, in-store observations</td>
</tr>
<tr>
<td>KappAhl</td>
<td>483²</td>
<td>Integrated retailer – operates chain of stores; fast-fashion</td>
<td>With I:CO, collects in Swedish stores but aims to expand, provides €5 voucher</td>
<td>Sustainability reports, interview sustainability manager, video, in-store observations</td>
</tr>
<tr>
<td>Lindex</td>
<td>373³</td>
<td>Integrated retailer – operates chain of stores; fast-fashion</td>
<td>With charity (Myrorna), collects in 50 stores, just made a decision to expand to all stores</td>
<td>Sustainability reports, interview sustainability manager, video, in-store observations</td>
</tr>
<tr>
<td>Gina Tricot</td>
<td>226⁴</td>
<td>Integrated retailer – operates chain of stores; fast-fashion</td>
<td>With charity (HumanBridge), over-the-counter.</td>
<td>Interviews sustainability manager, sustainability reports, in-store observations</td>
</tr>
<tr>
<td>Indiska</td>
<td>80⁵</td>
<td>Integrated retailer – operates chain of stores</td>
<td>With Myrorna, no voucher.</td>
<td>Sustainability reports, interview sustainability managers (1-2), in-store observations</td>
</tr>
<tr>
<td>FilippaK</td>
<td>56⁶</td>
<td>Single (premium) brand¹</td>
<td>On their own, over-the-counter, provides 15% discount.</td>
<td>Sustainability reports, interview sustainability manager (twice) &amp; store coordinator, in-store observations</td>
</tr>
<tr>
<td>Boomerang</td>
<td>23³</td>
<td>Single (premium) brand</td>
<td>Collects on their own, over-the-counter, provides 10% discount.</td>
<td>Interviews sustainability manager and marketing manager, in-store observations</td>
</tr>
</tbody>
</table>

¹ In MEURs, for fiscal year 2015  
² For fiscal year 2015  
³ For fiscal year 2013  
⁴ Fiscal year 2015, in MSEK: 210 (Boomerang) and 519 (FilippaK), exchange rate 9.3 SEK/EUR  
⁵ Price differential between a comparable jacket between non-premium and premium brands: ~250 EUR

Table 2: Data sources

<table>
<thead>
<tr>
<th>Company</th>
<th>Primary data</th>
<th>Secondary data (text)</th>
<th>Secondary data (videos)</th>
<th>Secondary data (homepage)</th>
</tr>
</thead>
</table>
4 Findings – CBM implementation in Swedish apparel

Below we describe observed patterns of CBM implementation and their links to other key firm activities.

Simply put, two different set-ups can be identified, depending on whether apparel firms outsource their TBS operations or keep them in-house. These in turn seem correlated with a number of specifics in terms of activities employed and their type of integration with firms’ business models, as well as the type of apparel firm (premium/fast fashion) that operates the respective TBS type. These contingencies are laid out in the top two rows of Table 3 (see Appendix). The key difference consists of whether activities beyond collection, that is transporting, warehousing, sorting, recycling and reselling, are outsourced to a third party. Fast-fashion firms outsource these activities and make no attempt to create and capture value from collected garments, whereas the two premiums (Boomerang and FilippaK)
carry out post-collection activities. However, these post-collection activities remain separated from these firms’ linear business model, having no links to design, sourcing and only some with retailing (second-hand items are sold in special stores).

To be clear, these examples of TBS implementation do not represent policy-practice decoupling: firms are not simply talking; they also take action. In some cases, as with Boomerang, the action even preceded talk: The Boomerang-effect was launched in 2008 and has only recently been described with circular economy-terminology. However, for most firms, talk clearly overshadows action, as some firms show circular diagrams, write about the need for paradigm-shifts and so forth in their sustainability reports (GinaTricot, 2015; KappAhl 2015; Lindex, 2015). Nonetheless, due to the lack of integration of the TBS, decoupling is rather horizontal, between the TBS and the activities linked to linear value creation that remain at apparel firms’ core. In terms of this lack of integration, we label these two patterns of CBM implementation “decoupling by outsourcing” and “decoupling by internal separation”.

Both types share the commonality that they infringe little on key activities of the linear models operated by these firms. As mentioned, there is no influence or link to sourcing and design (except a few upcycled interior products labeled “The effect collection” from Boomerang) and only limited impact on the activities within retailing. The collection occurs in the retail stores, where most of the case firms put up a cardboard box where consumers put their plastic bags of used garments of any brand. Boxes are located near the cashiers; thus store personnel can see that a consumer asking for a voucher has actually put something in the box, but there is little manual control beyond that. The store personnel empty the boxes and hand them over to the third party, sometimes by simply making a phone call when the box is full. Because volumes of collected items are not extreme, there is little infringement upon storage space or employee time. There is some extra work when collection occurs over the counter due to the element of manual control, and limitations on how many vouchers or discounts customers can receive may sometimes cause minor discussions. Nonetheless, the TBSs put little extra workload on retail staff, perhaps explaining their positive attitudes towards collection (evidenced by our observations).

Relatedly, premium brands’ resale of their own second-hand garments seems somewhat profitable (e.g., Hvass, 2015), but resale does not offer value capture on a par with selling new garments: flows are too small and unreliable. Instead premiums’ TBSs are framed as a service to consumers (the discount), or as important PR, signaling something essential regarding premium garments’ long-lasting quality/style. Hence, despite being internally separated in terms of activities, premiums’ TBSs do support linear value creation as a marketing activity. In other words, it seems that their second-hand resale validates their brand claims of “long-lasting simplicity” (FilippaK) or “timeless quality” (Boomerang).
In the fast-fashion-approach, the contracted third party does everything beyond collection – all activities involved in utilizing these garments, including selling them on several different markets. However, when firms provide a €5 voucher, the TBS incurs a cost: third parties (I:CO and Myrorna) pay nowhere near that amount for the kilos of garments they purchase. Simply put, fast-fashion firms are buying old garments from consumers and selling them to third-parties at a consistent loss. This may explain why some firms are not that eager to increase their collected volumes as it would increase their costs.

When benefits and costs are added up, it seems that TBSs offer little value capture; but in both types of set-ups, TBSs also divert few resources from the firms’ key activities.

4.1 The multiple ends of TBSs

As described above, in the terminology of decoupling theory, a TBS constitutes the adopted means. If these means have little chance of actually achieving their suggested ends (Dick, 2015), or if evaluation of whether ends are met is systematically lacking, it is a sign of means-ends decoupling (Bromley and Powell, 2012). Below we display the different ends mentioned in relation to TBSs. These can be categorized as either internal or external, depending on whether ends relate to internal strategy or are directed at the organizational environment.

4.1.1 Internal ends

Above all, TBSs are framed as part of firms’ sustainability strategy rather than their business strategy. Even if it is possible to create and capture value from reselling used premium clothes, other avenues for circular value creation, for instance using recycled textiles, is currently difficult. Recycled fabrics are more expensive and making new clothes out of collected garments would be hugely expensive. Rather, TBSs are motivated as something that firms need to do alongside other sustainability concerns.

In terms of more precisely exemplifying how a TBS is referred to in sustainability policies, H&M for instance includes it as one of their seven commitments, entitled “Reduce, reuse and recycle” (H&M, 2015), and FilippaK frames their TBS as part of their work towards “circular design” (FilippaK, 2014). Others that lack formal sustainability policies instead refer to them loosely on their web pages (Indiska, Boomerang). Hence, engaging in TBSs seems to enable firms to engage in talk about the circular economy, showcasing circular diagrams (H&M, 2015; KappAhl, 2015), reporting on waste as a resource and expressing non-binding aspirations alongside other concerns (Gina Tricot, 2015; FilippaK, 2015; Lindex, 2015). At the other extreme we find Boomerang, for which the TBS (labeled the Boomerang effect) for a long while constituted its entire approach to sustainability.

While H&M are proud to talk about the volumes they collect (7684 tonnes (H&M, 2015)) and set a target to increase these volumes, others collect more modestly and state that they are not necessarily the ones that should be collecting garments (120 tonnes in total (Sustainability manager, KappAhl)).
Here goals are instead related to the number of stores or markets offering TBSs. Somewhat surprisingly there are no goals regarding what should be done with collected garments, how much to resell or recycle for instance, but then again several firms have outsourced the control over such performance to third parties.

Some firms have goals of increased sourcing of sustainable materials, and this is talked about in relation to TBSs, but these two are in fact unrelated: Garments collected through a TBS are not the same ones sourced to make new clothes, partly because that would force firms to transport recycled fibers back to producer countries. Still, H&M set the goal for 2015 to increase their use of recycled fabric by 300%, but in terms of sustainable alternatives, organic cotton is by far their most common material.

While adopting a TBS could be understood as a marketing activity, communicating brand value, it also works directly as a sales point: a consumer is attracted by the possibility of the discount and therefore buys a garment in that particular store. For premium brands, the discount can be quite substantial, 15% of a FilippaK-jacket that costs 400€ clearly exceeds the 5€ voucher offered by their competitors H&M and KappAhl.

4.1.2 External ends
The TBS is also put forth as a signal, to make consumers reflect upon the value of their clothes and to appreciate this. While this ambition seems contradictory to providing consumers with a voucher or a discount if they turn parts of their wardrobe into waste, firms that have chosen this set-up argue that it is hard to change behaviour without an incentive. Firms try to solve this apparent dilemma through the use of communicative framing, for instance presenting the TBS with the message of “wear, love and give back” (KappAhl, 2015). Of course, this signal of sustainable consumption somewhat drowns in the other messages from “fast fashion”-firms, regarding the introduction of new garments, sales, and discounts that aim to get consumers to value the new rather than what they already possess (cf. Campbell, 2014).

Nonetheless for most firms, TBSs are described as a means to achieve circular economy in the context of the Swedish apparel industry. This refers to a state where supply-chains would be closed so that garments are either resold or recycled and amounts of virgin materials added are minimized. Through the meetings of Textiles for Recycling Initiative and other investigations, several obstacles against this end have been identified (Ekström and Salomonson, 2014). For instance, a complete infrastructure for recycling has to be built, which includes finding and scaling up suitable technologies, improving logistics, matching design with recycling needs (reduce use of blended materials) but also coming up with a solution on how to transport back recycled fabrics to producer countries. Today, there are virtually no garments being produced in Sweden so collected fabrics have to be transported back to their suppliers’ factories in India, Bangladesh and China. In the context of these understandings, TBSs
are seen as a crucial first step to create this infrastructure. For instance innovators looking for new recycling technology need substantial amounts of second-hand garments to experiment with, and projects are on the way that cater to this need.

Nonetheless, as a goal for the TBS, such industrial transformation seems opaque; more precisely it is of course impossible to show how a TBS could achieve this, especially as much of the activities surrounding it are currently contracted to parties outside the apparel industry.

4.2 Institutional processes in apparel

Apparel firms face several stakeholder demands. The industry has endured prolonged and severe criticism for using cheap labor, excesses of chemicals and water, and driving increased consumption (Allwood et al., 2008). Of late the amount of material from garments going to waste has been stressed (Fletcher, 2013). The wastefulness of the industry seems obvious when one considers the environmental and social footprint of producing garments, including some 26000 liters of water used to make one cotton t-shirt, then only used a few times before possibly being put in the household trash (WRAP, 2014). Several parallel processes have occurred, generating new industry-level rules, norms and beliefs, putting circular economy and the issue of garment waste on the agenda (see Figure 2 for some chronologically arranged examples).

First, a regulative process commenced in 2015 as the Swedish environmental agency suggested an extended producer responsibility, and the agency was asked by the government to further investigate such a policy. Regulation could make garment waste the legal responsibility of apparel firms instead of municipalities, who are currently responsible (Swedish government, 2015). As of this study, the investigation was ongoing, closely supervised by the sustainability managers interviewed (through the Textiles for Recycling Initiative). The respondents claimed that the agency process constituted no external pressure, perceiving themselves to be more ambitious and perhaps also more knowledgeable, than the agency. Moreover, the investigation, appeared very receptive to the advice that apparel firms provided to it, which added to respondents’ impression that any regulation would adapt to firms rather than the other way around.

In relation to regulatory efforts, actions taken by the Nordic Council of Ministries (Watson et al., 2014; Palm et al., 2014) should also be mentioned, seemingly inspiring efforts and involving representatives from some of the firms. Although the Nordic Council of Ministries does not have any legislative power, it is still a prestigious intergovernmental body that could drive certain issues politically and perhaps lobby for certain legislation.

In terms of normative processes, our findings show how sustainability managers increasingly came to stress the importance of circularity and garment waste. While the state investigation did not provide
strong external pressure to act, it can be interpreted as the reason for why several sustainability managers joined the Textiles for Recycling Initiative, and why this group kept meeting, as it sought to react to the agency’s moves. And this initiative possibly constituted an important arena for normative processes, by promoting and discussing TBSs within the group of sustainability managers.

Sustainability reports are also important channels for displaying professional norms regarding what issues sustainability entails (or so the remarkable similarities found within these reports would suggest). However, all in all, Swedish apparel is a small industry, and firms are very aware of what their competitors are doing, and how they positions themselves in relation to consumers. Although sustainability managers do not admit to comparing themselves with each other, they argue that their consumers do that, and thus competitors’ moves cannot be ignored.

In terms of new knowledge, there have been a few salient, ongoing research projects, such as the research program Mistra Future Fashion (2009-ongoing), where several of the respondents collaborate through advisory boards. But a string of “grey”-papers have also been influential in shaping an emerging knowledge of circularity in apparel. Included in them we find oft cited figures from WRAP-reports concluding that a large amount of clothing remains unused in consumers’ wardrobes, and initially it was a report from a Swedish research institute (Carlsson et al., 2011) that revealed the tonnes of garments that ended up in Swedish household waste. Such information forms the basis of a prevailing understanding among firms that waste is a critical issue.

Moreover, the rationale for attempting to advance a circular economy in Swedish apparel is anchored in the perception that economic development and population growth call for radical improvements in resource use to sustain firms’ growth and welfare. This statement runs like a mantra through the discussions of circular economy and points to the future. Thus even if there are many perceived problems with enabling circularity in apparel at present, including low resource prices and the lack of cheap recycling, the beliefs about the future make a circular economy imperative for businesses.

In Table 3 (see Appendix) we choose to combine our conclusions regarding the normative and cognitive processes. These processes coalesce into an emerging awareness that waste is a critical sustainability issue in its own right. Moreover, it points to the development of an industry-level enactment that is particular to Swedish apparel, facilitated by arenas such as the Textiles for Recycling Initiative and the Nordic Council of Ministries. This enactment entails the understanding of circular economy as a chief, albeit future, concern for apparel firms, with TBSs representing the primary way of acting. To some extent, adopting a TBS takes on the role of a norm that apparel firms cannot readily ignore: Firms such as Lindex and Gina Tricot that had been lagging behind with TBS implementation have somewhat reluctantly now started developing their own versions of these activities.

Although a clearly limited approach to circularity, TBS implementation is put forth as a step in the right direction, as the firms wait for obstacles such as consumers’ reluctance and technological
difficulties (for cheap and reliable recycling) to disappear. Thus in terms of institutional pressure, these regulative, normative and cognitive processes dictate that firms need to attend to waste and circular economy, but that full CBM implementation is not currently realistic. Moreover, these findings also point to the relative influence of apparel firms in shaping and participating in the institutional processes, rather than simply reacting to them.

4.3 Summary of findings

The pattern of CBM implementation displays a decoupling where two forms emerge: outsourcing and internal separation. It is not a matter of closing loops, as collected garments are not used for the generation of new clothes, at least not by the retailers that collected them. While the TBS represents a cost to the firm in outsourcing, it generates some value capture through reselling used products through internal separation. However, both forms share the commonality of little invasion on key linear activities and value creation. The main conclusion is that decoupling is horizontal, resulting in a gap between the TBS and the linear business model that still dominates these firms.

Second, it seems that the TBS caters to multiple ends, but is mainly framed as part of a sustainability policy. In this sense, findings would appear to support the critique of Bromley and Powell (2012) that there is a risk of diverting resources from core tasks (if we assume that core tasks are the ones expressed by the current linear business model). On the other hand, what seems evident is that any infringement upon key activities and resources is very modest, so the risk of diverting necessary resources seems low. Nonetheless, it appears that the ends that a TBS caters to are both many and opaque, rendering TBSs difficult to evaluate and suggesting that a means-ends decoupling is present.

Third, our observations of the institutional processes suggest that apparel firms’ institutionalized environments have not reached a high level of rationalization. External stakeholders do not provide any strict monitoring of firms’ circular economy-activities, and there has not emerged clear standards or operating principles, including evaluation metrics, that would force firms to take further steps and implement strict measures. Wijen (2014) argues that clear standards and principles tend to emerge, for instance concerning socio-environmental standards, thus decreasing the leeway for adopting firms to do as they please. However, the analysis of the regulative, normative and cognitive processes concerning circularity clearly shows that considerable leeway remains. However, this leeway appears collective rather than individual. Apparel firms are proactive in relation to state regulators or other third-parties, but they cannot ignore each other’s moves. Instead new beliefs and norms regarding circular economy are enacted through a more or less collective and informal agreement that TBS is an appropriate means. However, TBSs invade little on their operations while allowing them to seemingly address the issue of clothing waste. Firms collectively engage in institutional work by participating in shaping the regulative, normative and cognitive processes and thereby they can influence how the circular economy institution emerges in their industry.
5 Discussion

The aim of this paper has been to provide a theoretically-grounded explanation for why firms adopt CBMs while the same time explaining why implementation remains incomplete. Bringing together the PSS- and CBM literatures with that of decoupling-literature enables us to attend to several apparent “mysteries” at once:

First, PSS/CBM literature explains why CBM adoption and implementation is inertial by presenting several findings regarding the functional problems of CBMs (Kant Hvass, 2016; Linder and Williander, 2015), particularly in consumer-markets (Tukker, 2015; Tukker and Tischner, 2006) such as clothing (Armstrong et al., 2015). These accounts typically contest the claims made by promotional agencies such as the EMAF (EMAF, 2013). Successful PSSs typically involve expensive products (Tukker and Tischner, 2006), technically advanced and in need of service and maintenance, that can be easily dismantled; little of this refers to many consumer goods, especially garments. In addition the importance of fashion and branding as value-adding is identified as something that reduces the propensity for a PSS to work (ibid.). Armstrong et al., (2015) add some additional arguments regarding the hygiene problem to suggest that clothes may be particularly difficult. Hence, it would seem a mystery that consumer firms, particularly in apparel, choose to adopt CBMs and attempt to implement them, albeit incompletely. Especially difficult to explain is that they cede control of their return flow to third parties since it is argued that maintaining control of return flow to insure predictability and reliability is critical for the success of CBMs (Östlin et al., 2009, 2008). On the other hand, these previous functional accounts do seem to explain the difference in implementation patterns observed between our premium and non-premium firms. As premium firms can resell garments at a profit, they are incentivized to control TBSs, while non-premiums do not have this incentive. This difference is reflected in our findings.

Organizational institutionalisms offer a theoretically underpinned answer to the mystery of why firms take an interest in, and engage with, CBMs in the first place. It states that firms are aligning themselves with institutional processes to ensure fit with rules, norms and beliefs. However this introduces a second mystery. If firms only want to appear appropriate, why don’t they simply adopt symbolical circularity-policies? Why do they take real action? According to Bromley and Powell (2012), this is because institutional environments offer strong prescriptions of the activities that need to be taken and that firms are more transparent. In short, talk is not enough. This, in turn, introduces our third and final mystery, because for Bromley and Powell (2012), means-ends decoupling is suggested to induce diversion of resources away from core tasks and create problems for firms, and perhaps generate internal conflicts as means and ends come into conflict. Yet that does not seem to be the case for our observed patterns of CBM implementation.
We find the answer to why in our third key finding: the demands within organizational environments that relate to circular economy are not concrete enough. Rather circular economy is an emerging institution, vague enough to be malleable. Crilly et al., (2015) in a recent paper, show convincingly that vague language enables larger leeway. When stakeholders interested in sharp and measurable goals that can be evaluated are present they may force organizations to become more concrete, and the monitoring of an institution becomes stricter. Here the strongest institutional influence seems to be that of apparel firms’ peers, which creates a situation where circular economy certainly cannot be ignored, but the prescribed means, TBSs, is non-invasive in relation to the business models prevailing among peers. Thus findings testify to the possibility of considerable collective leeway, enabling firms to interpret how a TBS should be implemented and what circular economy means in their industry. But it is also equally important to take part in shaping the institution as it emerges, to engage in institutional work (Lawrence et al., 2011; Lawrence and Suddaby, 2006).

Thus our study reveals many previously neglected dimensions of why firms choose to engage with CBMs and the partial way they implement them. This revelation broadens our understanding of these phenomena and enables us to see how CBM adoption and implementation can function as political means in a struggle over practice between firms and stakeholders. These patterns are likely to found in other industries where circular economy is emerging but lacks the support of strong institutional carriers and institutional processes. When the demands for circularity are vague enough, CBM adoption can both be a way to respond to external demands and to mitigate them. Adoption of a certain type of practices, for instance TBSs, influences just what an appropriate response, in that particular industry, entails. Thus firms can collectively choose a form of implementation that does not cost too much and allows them to continue to operate in a linear fashion.

In addition, our study, and the theoretical approach it illustrates, should also be relevant for the broader debate concerning the development and implementation of business model innovation for sustainability (Bocken et al., 2014; Schaltegger et al., 2016). This is because a decoupling-based approach highlights the importance of the context as a driver for engagement with and implementation of new business model activities, and how the influences of this context affect internal practices. A firm does not choose to adopt a particular approach to sustainability in a vacuum but is influenced by cognitive, normative and regulative processes. By focusing on the context, a decoupling approach can provide new explanations for why a firm chooses to implement a certain type of sustainable business model over another. But, as shown, this approach can illuminate why this is done in a particular way in relation to prevailing business models. For instance, marginal implementation may follow when external pressures are weak and there is a lack of transparency. In such a situation firms can obtain sufficient legitimacy in relation to peers, regulators and other audiences by mainly talking about business model innovation for sustainability and doing some smaller things. Thus organizational institutionalism provides a theoretically grounded account of what may be understood as a new form
of greenwashing, concerning the development and (partial) implementation of sustainable business models. Nonetheless, the decoupling-perspective we use here is only one of many possible ways to draw on organizational institutionalism. We hope that we, by doing so, will inspire other sustainability-researchers to tap into this rich area of theorizing.

6 Conclusions

Drawing on the decoupling perspective, we set out to explain why firms engage with CBMs, despite proven difficulties, but also why they do not fully implement them. Our results show how institutional processes prompt apparel firms, through emerging demands, to engage with circularity, but also that decoupling allows them to mitigate demands and buffer linear value creation and refrain from closing loops. Primarily two strategies are used: outsourcing and internal separation. Differences between the values retained in the product, here garments, may explain what strategy a firm chooses.

Theoretically, this implies that we need a better understanding of the institutional processes that occur in the context of the firms’ engaging, not only with CBMs, but also with other kinds of sustainable business models. The clarity of demands, and unity in terms of what activities are prescribed, are likely to strongly influence how and if firms decouple their efforts and retain prevailing and unsustainable ways of creating value. On the other hand, the leeway provided by unclear demands may also provide firms with the room to experiment and engage in learning. Moreover, we also need to understand if regulatory, normative and cognitive processes differ in their effects upon engagement. For instance, our case seems to suggest that regulatory processes prompt firms to engage with a particular issue, while normative influences, from their peers, prompt them to do so in a particular way.

In terms of how firms’ sustainability impacts can be improved, it seems that the possibility to mitigate emerging demands by decoupling needs to be taken into consideration. While firms on the one hand may need a certain leeway to experiment and learn in relation to sustainability issues, they are on the other hand likely to primarily pursue their own interests. Thus forceful oversight mechanisms, albeit with some flexibility, need to be created that can detect and curtail decoupling while not hindering learning (cf. Wijen, 2014). But important for sustainability professionals is perhaps also to confront the tendency for new sustainability issues and trends to continuously succeed each other. As a new concept arrives and an old one fades away, the possibilities for decoupling increases as regulatory and scientific actors struggle with firms to come up with new ideas of best-practices that do not entail “greenwashing”. As our case seems to suggest, firms are often quick to, ahead of other actors, engage with new concepts and attempt to define what they mean in practice.

In terms of methods and future studies, some comments are needed on the difficulties of exploring decoupling. While talk and actions may be readable and discernable, the interpretation of whether a
certain action is really a step towards an important change or purely symbolic is a judgement call. Certain background knowledge regarding the specific sustainability issue at hand is needed to determine whether an activity has real importance or is more of a symbolical effect. The study of decoupling also demands that the researcher makes interpretations that are not likely to be validated by the respondents. Especially as one’s research activities are also a part of firms’ contexts as well as part of the demands that embed sustainability activities, research is not isolated from how firms think about sustainability.

Finally, as is common with qualitative case studies, we have offered theoretical rather than statistical inferences. Further research is needed to determine the applicability of these insights. For instance how do firms engage and implement CBMs in institutional contexts where prescriptions are clear and demanding rather than emerging? Can firms mitigate demands in such contexts and if so, how does decoupling appear? Moreover, are there different characteristics of firms that also moderate the influences of demands, both vague and clear ones? Is a certain level of leeway also needed for firms’ engagement as they may resist business model innovation forced upon them? Quantitative data is likely needed to complement qualitative efforts in addressing some of these issues.

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Fig 1: An institutional perspective upon CBM adoption
Figure 2: Institutional processes in Swedish apparel
<table>
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<tr>
<th>Quotes</th>
<th>First-order themes</th>
<th>Interpretation</th>
<th>Key finding</th>
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<tr>
<td>So the only handling in the store, is that “oh now it’s full, I have to call Myrorna to have them come and collect it” (Sustainability manager 2, Indiska)</td>
<td>TBS set-up</td>
<td>Business model integration</td>
<td>Not policy-practice decoupling but two types of horizontal decoupling</td>
</tr>
<tr>
<td>When talking about the take-back system, today we give it to Myrorna, so nothing goes back to Indiska’s production, we make sure that it is reused somewhere else instead (Sustainability manager 2, Indiska).</td>
<td>Third-party collaboration</td>
<td>Delimited – value creation remains linear:</td>
<td>Decoupling by outsourcing and decoupling by internal separation.</td>
</tr>
<tr>
<td>[…] it is a significant cost, but it is that important for us. Because we rather quickly understood, whilst investigating take-back, that it [use of voucher] was essential for changing consumer behavior (Sustainability manager, KappAhl)</td>
<td>With I:Collect (KappAhl, H&amp;M) With charities (Lindex, Indiska, Gina Tricot) Boxes in stores (all but Gina Tricot) 5€ voucher for a new purchase (all but Indiska, Gina Tricot)</td>
<td>Minimal intrusion on key activities (only retailing) Some costs involved</td>
<td>Means (TBS) diverts little resources from core operations (the linear business model).</td>
</tr>
<tr>
<td>We are not really trendy; thus our garments should not become outdated after one season. This is also important, we try to choose, to a large extent, colors that last longer (Sustainability manager, Boomerang).</td>
<td>Internally operated (Boomerang, FilippaK):</td>
<td>Business model integration</td>
<td></td>
</tr>
<tr>
<td>…it is [the] Boomerang effect that we base our entire sustainability approach upon, and then we are actually, to be quite honest we are behind when it comes to many issues… (CSR manager, Boomerang).</td>
<td>Accepts own brand only 10-15% discount Internal sorting Resell in own stores</td>
<td>Delimited – value capture through resell complements linear business model:</td>
<td></td>
</tr>
<tr>
<td>And we have decided on a goal that by 2020 at least 50% of our products should be made of the environmentally best material. And that can be recycled material in some cases (Sustainability manager 1, Indiska).</td>
<td>Sustainability-related ends TBS is part of sustainability policies to a varying degree. TBS part of sustainability principles (H&amp;M, KappAhl, FilippaK) and mentioned in relation to circular economy. Specific TBS related goals mostly concern availability rather than collected volumes (cf. H&amp;M, 2015)</td>
<td>Internal ends: TBS mainly put forth as a sustainability measure Offers some support for linear value creation/capture Few formal and measurable goals directly relating to TBS</td>
<td></td>
</tr>
<tr>
<td>And when it comes to the consumer, regrettably this [recycling] is not something that is demanded at all by the consumer […] It is not like we have said that ‘now we want to collect, that KappAhl should collect garments’. It is not important for us in that way. Of course we are really happy when someone hands in garments to us, but the most important thing is to provide the customer with information that this has to be done […] One goal is to have it in all our stores before the end of the year. We have Poland left: And we do not have volume targets but … awareness targets. We ask our customers every year if they have handed back their garments (Sustainability manager, KappAhl).</td>
<td></td>
<td></td>
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Table 3: Implementation of TBS in Swedish apparel
If a customer is standing there, holding a jacket, it really works as a sales point […] Customers think it is really cool; most of them think it becomes a cool circle, to buy something new they can hand in something old, but of course this 15% [discount] is the primary reason to hand in the garments (Store coordinator, FilippaK).

It is the same thing with second hand, and therefore it is really important when doing this that it has high quality. It has to perceived as clean and fresh, there is no doubt about it […] hygiene is one factor (Sustainability manager, FilippaK).

[…] we can calculate down to individual products what they cost, and then we see that we have to adapt our margin somewhat concerning those products [recycled ones]. We have to increase [consumer] interest and raise prices, which is the strategy we have had so far, but also to adapt our margin (Sustainability manager 1, Indiska).

Support for linear value creation/capture:
Recycled fabrics more expensive to produce/difficult to increase prices
TBS discount a sales point (premium brands)

Change consumer behavior
Improve how consumer value (used) garments
Decrease disposing of garments in the trash

External ends:
TBS as a means to implement circular economy

Yes, as I said before it [TBS] is one of the most important activities we have, to enable a circular economy […] Circular economy is the end goal. If you are not telling why you are doing things, people cannot understand why TBS is important (Sustainability manager, KappAhl).

We are ahead [of our customers], they have not understood the need yet. We are trying to get them to understand the need (Sustainability manager, FilippaK).

Regulatory processes:
Ongoing Environmental Agency investigation regarding extended producer responsibility

Weak coercive pressure:
Inspiration rather than pressure
Legislator processes lag behind
Demands from external environments are emerging and vague, especially in terms of WHAT firms should do:

If one looks at paper mills experiencing less demand for paper, several of these are converting from making paper pulp to making viscose. But here there is a need of, instead using wood fiber, to use torn garments to make new textile pulp instead. So I think we need something like that, a great industrial transformation […] that is the idea with Collect [TBS]; to get a closed loop, or eco-system where we can actually use what we make. And that would be amazing… (Sustainability manager, FilippaK).

But we share the problem that we have to get the material back to our producer countries and that will call for new future collaborations. The technology needs to scale up and to become available in our producer countries as well, I think that is possible. The technology exists today, and it is more a question of time before we have it India. And that is when we can use that type of technology. But is also a question of logistics. How can we get the textiles that are waste from our consumers back into our production (Sustainability manager 1, Indiska).

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(sigh) no…that process [the regulative one] seems to have proceeded alongside the ambitions of the private sector. I cannot say that it has been, in any way, a driver (laughter). Unfortunately, I think that they should have dealt with this issue a long time ago, when we had another government. Then maybe we would have gotten further than we have today.
Here I think that we from the private sector, with big actors such as H&M, have pushed the issue in a better way. But of course I am really positive about what is happening now, that the Environmental Agency is really investigating the issue. Incredibly positive, and I am sorry that they are not doing more in other countries as well […] we have handed in our comments, we have had these meetings with the agency, I think we have had a good dialogue. They have requested our knowledge and expertise which I think is fun, but again, I think they could have started much earlier with this in Sweden […] KappAhl has not participated in those working groups [Nordic Council of Ministries reports], but we have colleagues that have done that, and they have told us [about it] through Textiles for Recycling Initiative. So we have followed that process and been interested in the reports. They have helped us to make decisions about TBS, so they have been really important reports (Sustainability manager, KappAhl).

[…] but these are very interesting questions, and it what we discuss within Textiles for Recycling Initiative– how we would address those kind of issues. And one of the most important issues right now, and a bit of a critical issue, is how the producer responsibility should be designed. And we have not gotten any answer yet, but we are trying to provide our comments all the way to see what will happen. And one of the issues that we are struggling with is whether it will be a municipal responsibility or not, and what that would do for innovation. So these are not easy issues, but they concern us all. But I do not have an easy answer if I think there should be legislation or not. There are many pros and cons with that (Sustainability manager 1, Indiska).

I was myself shocked when I started reading this, when SMED [influential report] started analyzing waste and showed how many garments end up in the household trash annually […] So I am very happy that we are among many that have started working with this, and if it becomes some kind of norm I would be very, very happy. But we are collaborating with others, with the largest textile importers, in a network called Textiles for Recycling Initiative, so we have supported each other in this process and exchanged experiences and so on (Sustainability manager, KappAhl).

In the beginning we looked a lot to circular economy, among others the EMAF model of that, and McKinsey’s model of what the different flows look like, and we took inspiration from those and called it “FilippaK Circle”. But now we have found our own expression instead – that it is about a tool, a model for us, a concept that we refer to us as circular design. So it has evolved over time, and I have worked with it for two years […] to set up transdisciplinary cooperations between researchers and other industries and state agencies and ourselves, in order to receive the latest research while we can offer our reality where they can test their theories. It is about getting inspiration from all kinds of places (Sustainability manager, FilippaK).

It is not only a future risk of scarcity of virgin materials for the industry, but also the risk involved in terms of the environmental effects [of virgin material production] that really

| Nordic Council of Ministries-investigations | Normative processes: Industry collaborations (such as Textiles for Recycling Initiative) | Agreement among firms: Waste is an important issue and TBS is the appropriate means to it. |
| Cognitive processes: Ellen MacArthur foundation Mistra Future Fashion – research project |
hurts people […] the negative environmental risks we see, they pose a huge risk to us in the industry (Sustainability manager, KappAhl).