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The Influence of Business Models for Sustainability on Organizational Field Change: Understanding field logic shifts towards circularity

Lori Divito

Amsterdam University of Applied Sciences
Amsterdam School of International Business
l.e.d.divito@hva.nl

Erin Leitheiser

Copenhagen Business School
MSC
erinleit@gmail.com

Charlotte Piller

Venture Building
Bridgemaker, Berlin
charlotte-piller@web.de

Abstract

We aim to understand how cognitive frames of business models for sustainability (BMFS) shift logics in organizational fields. We conducted a sector study of the fashion industry and focused on the circular economy logic that is emerging in the field. Circular business models offer alternative logics to linear models of take-make-use-dispose. Drawing on data from in-depth interviews and 331 news items during 2017-2020, we identified cognitive frames of circularity logic in the global fashion industry. Our findings show that cognitive frames associated with BMFS stemmed from sustainability orientations of entrepreneurs or founders and emerged in relation to other multiple circular logics in the organizational field. The meanings and understandings of circular logics, that co-exist, complement or conflict with other existing logics, were dynamic and continuously negotiated by field actors. Our study makes contributions to the literature on business models for sustainability, organizational field change and sustainable entrepreneurship.

A Circular Moonshot: Understanding field logic shifts and the influence of business models for sustainability on field change

Lori DiVito

Amsterdam School of International Business
Amsterdam University of Applied Sciences
l.e.d.divito@hva.nl

Erin Leitheiser

Copenhagen Business School
el.msc@cbs.dk

Charlotte Piller

Venture Building, Bridgemaker GmbH, Berlin
charlotte-piller@web.de

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Abstract

We aim to understand the interaction between shifting organizational field logics and field actors' responses to reconcile logic plurality and maintain legitimacy through business model innovation. Drawing on a multimethod, longitudinal field study in the fashion industry, we traced how de novo and incumbent firms integrate circular logics in business models (for sustainability) and uncover how productive tensions in field logics lead to experimental spaces for business model innovation. Our findings showed a shift in the discourse on circular logic that diverted attention and resources from materials innovation (e.g. recycling) to business model innovation (e.g. circular business models). By juxtaposing the degree of field logic tension and the degree of business model innovation, we derive four types of business model hybridization responses that actors engaged in to maintain legitimacy – constrained, limited, integrated, and expanded. Our study generates new insights on business models for sustainability as vehicles for organizational field change.

Keywords: Business models for sustainability; organizational field logics; productive tensions; hybrid organizations; circular fashion

To achieve its “moonshot ambition” of cutting environmental impact by half, while doubling its business, we “will need to forget the linear and move to a circular model.”

Hannah Jones, Chief Sustainability Office, Nike, quoted in *GreenBiz*, September 20, 2016

INTRODUCTION

Business modeling has become ubiquitous with business strategizing, representing a designed architecture that informs an organization’s value creation and capture activities (Casadesus-Masanell & Zhu, 2013; Chesbrough, 2010; Massa, Tucci & Afuah, 2017). Although the predominant underlying logic of business models is a single commercial or economic logic, increasingly business models embed social responsibility logics, so-called Business Models for Sustainability (BMfS) (Laasch, 2018a; Laasch & Pinkse, 2020; Lüdeke-Freund, 2020), leading to organizational hybridity and dual orientations. Hybrid organizations that combine a variety of logics – market-science logics, economic-social logics, commercial-community logics – have been studied by prior scholarship which has shown that they shape and influence organizational fields (Murray, 2010; Smith & Besharov, 2019). Prior studies have also explored the link between sustainable entrepreneurship and multiple logics, highlighting the duality of the entrepreneurial orientations and the reconciling of tensions (Hahn et al, 2014; DiVito & Bohnsack, 2017; Mair, Mayer & Lutz, 2015). However, few studies have investigated how field actors use BMfS, as representations of organizational hybridity, to respond to shifts in organizational field logics. Using this focus, we direct attention to the interactions between field level change and business models innovation, specifically in BMfS.

Organizational fields are socially constructed constitutions of organizations that interact relationally based on commonly understood, institutionally embedded meanings and rules, or field logics (Scott, 2001). Field actors engage in strategic action and framing tactics that define

the network of field actors, their shared practices and norms, and a common identity of enterprising. Recent work highlights that organizational fields form not only around central markets or technologies (exchange fields) but also around prominent issues (issue-based fields), such as climate change or environmental protection (Hoffman, 1999; Meyer & Höllerer, 2010; Wooten & Hoffman, 2008; Zietsma, et al, 2017) often requiring collective action to address the issues (Grodal & O'Mahoney, 2017). Exchange fields and issue-based fields intersect triggering tensions, conflict and plurality in field membership and logic and influencing the trajectory of field evolution. Extant literature has shown that firms devise specific responses to tensions that arise from conflicting logics to maintain their legitimacy in the field (Ansari, Wijen & Gray, 2013; Klitsie, Ansari & Volberda, 2018). Yet, we have scant knowledge about how field actors adapt their business models in response to field level logic plurality. This is a critical question important to advancing our understanding of innovation in business models for sustainability but also to institutional organizational theory, which has overlooked the influence of business models on field dynamics and evolution.

The plurality of field actors and logics in the fashion industry¹ – where a linear logic is challenged by a circular logic – offers an ideal context to study the interaction of business models for sustainability and field level dynamics. In the fashion industry, field actors face grand challenges that bind them together and require collective action. Increasingly, due to the grave environmental impacts of the fashion industry that contribute excessively to greenhouse gas emissions, natural resource extraction, waste and chemical pollution, the extant linear logic – take-make-use-depose – is contested (Berg et al, 2020). Field actors, such as social movement organizations, field experts in consultancies and firms alike, have called for a circular logic that ‘closes the loop’ and regenerates natural resources rather than depletes them (Ellen MacArthur

¹ We use the term ‘fashion’ broadly to include brand manufacturers of apparel or footwear, retailers, and textile manufacturers.

Foundation, 2017; Global Fashion Agenda, 2020). We ground our study in this contested context where the linear and circular logics compete and co-exist in the organizational field. We ask the question how business models (for sustainability) are used to reconcile conflicting field logics and effect field evolution.

Drawing on a longitudinal dataset from industry news items, we traced the field discourse on linear and circular logics from 2016 to 2020. We focus on how de novo and incumbent firms reconcile and respond to changing field logics through business model innovation and augmented our dataset with 27 in-depth interviews with field actors – de novo firms, incumbents, material innovators and field experts. Using rich, contextualized data from interviews and archival documentation, we elucidate how field actors respond to shifts in field logic and contribute to field evolution. Our findings uncovered a shift in the discourse on circular logic that diverted attention and resources from material innovation to business model innovation. By juxtaposing the degree of field logic tension with the degree of business model innovation, we derive four types of business model hybridization responses – constrained, limited, expanded, and integrated – that reconcile the plurality of field logics and maintain field legitimacy. We make novel contributions to theory on the intersection of field logic plurality and business models for sustainability.

THEORETICAL FRAMING

Logic plurality in organizational fields

It is well established in the literature that institutional logics, ‘socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules’, shape and co-evolve with the structure of organizational fields (Ocasio & Thornton, 1999, p. 804). Organizational fields are contextualized and negotiated spaces where organizations and actors purposefully interact and engage in debate, developing field level understandings or logics of shared cultural and normative practices (Battilana & Lee, 2014; Scott, 2010). They define which actors to engage

with, which problems to debate, which solutions are appropriate, and result from bidirectional processes in which actors influence field structures, frames, and logics that in turn influence field actors (Gray, Purdy & Ansari, 2015; Purdy, Ansari & Gray, 2019). Whereas prior literature understood fields to have a dominant logic and homogeneous organizations due to isomorphic pressure for organizational members to create field legitimacy (Meyer & Rowan, 1977; DiMaggio & Powell, 1983), more recent literature has shown that fields consist of multiple logics causing conflicting tensions, institutional plurality, and organizational heterogeneity (Laasch, 2018b; Greenwood et al, 2010).

Recently, scholars on organizational fields have begun to distinguish between types of fields – exchange and issue fields (Zietsma et al, 2017). The focal interest of exchange fields is the coordination and interaction with exchange partners, such as customers or suppliers who share common meanings, practices, and conventions. In contrast, issue fields center on common issues (e.g. climate change or plastic waste) rather than exchange relationships and may extend across different exchange fields (O’Sullivan & O’Dwyer, 2015; Quarshie, Salmi & Wu, 2019; Wooten & Hoffman, 2008; Zietsma et al. 2017). Issue fields affect institutional processes of field formation differently and having a temporary nature, they may dissolve or eventually be absorbed into exchange fields. In issue fields, shared meanings, practices, and norms are negotiated, contested and dynamic. In contrast to exchange fields that have more shared and stable institutions, issue fields are usually highly pluralistic with a diverse set of actors and multiple, conflicting logics.

In institutional plurality, exchange and issue field logics co-exist, co-evolve, compete, or replace other logics (Meyer and Höllerer; 2010). Institutional plurality in fields generates spaces for institutional innovation and change (Battilana et al, 2015; Cartel, Boxenbaum & Aggeri, 2019; Tracey, Phillips & Jarvis, 2011; York et al, 2016), creating conditions for hybrid organizations, that involve many stakeholders, pursue conflicting goals, and engage in

inconsistent activities, to flourish (Mair et al, 2015; Besharov & Smith, 2014). In reconciling institutional plurality, field level actors purposefully frame courses of action and identities to mobilize others to follow suit and thereby maintain their field legitimacy (Cornelissen & Werner, 2016; Kodeih & Greenwood, 2014). Increasingly business models are reflections of these responses as field actors search for ways to respond to institutional complexity and plurality (Ocasio & Radoynovska, 2016; Stål & Corvellec, 2018). We align with the argument in the literature that field level actors (such as sustainable entrepreneurs in de novo and incumbent firms) navigate institutional plurality, reconcile competing logics, and engage in legitimization strategies to establish organizational and field level identities and business models consistent with the institutional logics of the field (Laasch & Pinkse, 2020).

Field-level logics and business models for sustainability

Business models are conceptualizations of organizational value systems or logics representing how firms create, deliver and capture value (Emerson, 2003; George & Bock, 2011; George et al, 2021; Lüdeke-Freund & Dembek, 2017) and are shaped by a variety of institutional logics. Business models for sustainability (BMfS) are inherently hybrid organizations that combine two or more heterogeneous logics, for example social and commercial logics or ecological and commercial logics or a combination thereof (Battilana & Lee, 2014; Bocken et al, 2014; Pache & Santos, 2010; Laasch, 2018b; Stubbs & Cocklin, 2008). As defined by Schaltegger et al (2016, p. 6), a BMfS supports “describing, analyzing, managing, and communicating (i) a company’s sustainable value proposition to its customers, and all other stakeholders, (ii) how it creates and delivers this value, (iii) and how it captures economic value while maintaining or regenerating natural, social, and economic capital beyond its organizational boundaries.” Normative elements of BMfS include having a blended value proposition that incorporates ecological, social and economic benefits, uses principles of sustainable supply chain management, maintains close relationships with customers and suppliers, and shares economic

costs and benefits fairly among stakeholders (Schaltegger, Hansen & Lüdeke-Freund, 2016). It can be assumed that multiple, complex, and conflicting logics that require actors to make concessions are at play in hybrid organizations that employ BMfS (DiVito & Bohnsack, 2017; Pache & Santos, 2013).

Studies have shown that to cope with institutional plurality and conflicting logics, hybrid organizations are highly reflexive and strategically isomorphic, aligning and distancing themselves from logics when advantageous. Pache & Santos (2010) studied four social enterprises in France and showed that hybrid organizations engage in selectively coupling field level logic elements to gain field legitimacy and selectively decoupling when the logic is incongruent with their values. A study from Vaskelainen and Münzel (2018) on business model development in the German carsharing industry found that institutional logics empower some business models and inhibit others, showing that trajectories of business model development relate to the actors' adherence to prevalent institutional logics. Their findings align with the claim in the literature that institutional plurality leads to greater organizational heterogeneity rather than isomorphism (Ocasio & Radoynovska, 2016) as actors prioritize institutional logics and make distinct combinations (York, O'Neil & Sarasvathy, 2016). Business models, and business models for sustainability, provide opportunities for organizations to respond to institutional plurality and to create innovative solutions to complex problems (Desa, 2012; Roome & Louche, 2016).

In the literature on business model innovation (BMI), business models are argued to function as vehicles to boost innovative solutions concerning processes, products, services, or the business model itself (Boons & Lüdeke-Freund, 2013; Evans et al, 2017; Pieroni, McAlloone & Pigosso, 2019; Snihur & Wiklund, 2019). Much literature has theorized and studied business model innovation occurring from exogenous shocks and BMI has been applied to specific domains in need of fundamental change, such as sustainability and circular economy

(Geissdoerfer et al, 2017; Pieroni et al, 2019). We argue that BMI also drives transformational change in fields and facilitates heterogeneity and co-existence of multiple institutional logics.

Drawing on a multimethod, longitudinal field study of the fashion industry, we traced how de novo and incumbent firms respond to shifts in field logic – namely from linear to circular logic – and show how productive tensions lead to experimental spaces for business model innovation. We unpack how field logics evolved over several years to better understand how actors reconcile and respond to tensions in conflicting logics, identifying the effects of logic plurality on business model hybridity. We heed the call in the literature to focus on individual organizations and their influence on field level dynamics (Wooten & Hoffman, 2008), where business models for sustainability offer an ideal vehicle to study organizational field level change (Laasch, 2018b; Kraatz & Block, 2008). Our study addresses unanswered calls in the literature to ground BMfS dynamics in organizational theory and to explore the role of BMfS in transforming industries and business models of incumbent firms (Schaltegger et al, 2016).

METHODOLOGY

We conducted an inductive, longitudinal case study to explore the interplay of field level change and BMfS (Yin, 2003). Our study can be characterized as intermediate theory research as we aimed to draw connections between separate bodies of literature and explain organizational field change through a business model lens (Edmondson & McManus, 2007). We focus on a single sector, the fashion industry, following examples in prior studies (Grodal & O'Mahoney, 2017; Lee, Ramos & Vaccaro, 2018; Ozcan & Gurses, 2018). The fashion industry offers an ideal setting for studying organizational field level change for several reasons. First the fashion industry, which generates 1.5 trillion Euros in annual revenue and employs 60 million people in its value chain (Global Fashion Agenda, 2017), garners much criticism from society, media and stakeholders for its negative social and environmental

impacts. On the environmental side, the production of fashion products contributes to water overconsumption, toxic chemical use and textile waste and occurs in production countries where workers are often subjected to overtime, a lack of living wages and unsafe working conditions. The fashion industry's pursuit of economic growth at the expense of people and planet has increasingly moved to the center of attention. Scandals such as child labor or the Rana Plaza factory collapse have raised consumer awareness of the existing perils of production and put companies under collective pressure from stakeholders and activist groups, such as Fashion Revolution, to change.

Secondly, against this backdrop, there is a growing interest among industry players to move towards circular production and business models. The prevalent fast fashion business model fundamentally changed consumption of fashion products and increased the use of raw materials (Hvass, 2016; Hvass & Pedersen, 2019). Circular business models that extend product lifecycles, recycle and regenerate resources offer solutions to the pressing sustainability issues that plague the fashion industry (Berg et al, 2020). Appendix A provides further information about circular business models in the fashion industry. Adopting a circular logic, instead of a linear one that assumes endless growth, consumption, and extraction of raw materials, is particularly significant for changing the organizational field.

Data collection

We collected qualitative data over a 5-year period using multiple methods. Our initial data collection focused on understanding the use of recycled waste in textile products and business models. Our data collection was guided by continuous and iterative reflection and data analysis. As we engaged in the field, our attention shifted from recycled waste to understanding circularity in product design, production, and business models. We gathered data from three main sources.

Observation and participation. From 2019 to 2021, we attended several field configuration events (FCEs) in Denmark and the Netherlands. FCEs are described as “... settings where people from diverse social organizations assemble temporarily, with the conscious, collective intent to construct an organizational field” (Meyer, Gaba & Colwell, 2005; p. 467; Lampel & Meyer, 2018). In Denmark, all three authors attended the Sustainable Fashion Research Agenda conference in 2019 and the third author attended Copenhagen Fashion Summits in 2019 and 2020. In the Netherlands, the first author attended in person in 2019 Dutch Sustainable Fashion Week, Kingpins (denim trade fair), and Transformers (denim sustainability innovation) and in 2020 and 2021 several online and in-person events on circular fashion organized by Circular Economy Textiles Programme and Fashion for Good. All focused specifically on the topics of sustainability and circularity in the fashion industry and provided valuable insights into the dynamic processes, overall trends, and predominant challenges of the industry. During the in-person events, we spoke with brands and experts to facilitate deeper exploration of the issues discussed and the implications for their organizations. Extensive notes were taken and turned into field memos for data analysis. Attendance at FCEs provided initial primary data on which the study was designed as well as continuous data for analytical reflection and validation.

Semi-structured interviews. We conducted semi-structured in-depth interviews with sustainable fashion entrepreneurs of de novo firms and sustainability managers in incumbent firms. We purposefully selected sustainable fashion firms, the de novo firms, that used business models to create value from waste (Bocken et al, 2014) or were experimenting with circular business models. Extensive internet research and networking at FCEs gave us access to firms that varied in size, geography, and market segments. We selected incumbent firms from the list of firms that appeared in our dataset from news items.

We conducted interviews face-to-face and on video calls lasting from 30 to 75 minutes. Interviews were guided by semi-structured interview protocols and included open, probing, specific and closed questions. By using semi-structured interviews, we captured what the interviewees considered to be relevant and gained insights into their underlying perspectives and individual perceptions of the phenomenon, while remaining sufficiently flexible about the process of data collection (Ostrander, 1993). We asked questions about circular business models and the opportunities and challenges of using waste materials. All interviews were recorded and transcribed for coding and analysis. In total, we conducted 27 interviews with different industry actors – sustainable entrepreneurs, material suppliers, incumbents, and field experts (Table 1).

Insert Table 1

Archival data. We augmented the rich data from our interviews with archival data from web sites, practitioner-oriented reports (e.g. Global Fashion Agenda, Ellen MacArthur Foundation and government reports) and other publicly available information such as podcasts and video interviews. We also collected secondary data from the *Fashion Sustainability Week in Review* (FSWIR) twice-weekly newsletter from 2016 to 2021. This dataset consisted of 290 newsletters. We performed keyword searches for ‘circular’, ‘recycling’, ‘waste’, ‘resale’, ‘rental’ and ‘take back’ that resulted in 331 news items published in 50 trade journals (e.g. *Sourcing Journal*, *FashionUnited*, *Ecotextiles News*) and popular press outlets (e.g. *The Guardian*, *BBC*, *Vogue*, *Wall Street Journal*). FSWIR aggregates fashion sustainability news worldwide and the 331 news items covered 26 countries, although heavily concentrated in Northern Europe, USA, and Australia. From this data, we compiled a list of incumbents (Table 2) and collected additional data from media and reports about selected incumbents.

Insert Table 2

Data analysis

The stages of data analysis occurred iteratively throughout the data collection period. Although we present our data analysis in a chronological order, the stages were highly abductive with a continuous back and forth between data collection, data analysis and theorizing. All interview transcripts, field notes and FSWIR news items were coded using MAXQDA. We began coding interviews with thematic codes derived from theory and proceeded with iterations of open coding (Boyatzis, 1998; Strauss & Corbin, 1997). This process of thematic and open coding resulted in detailed codes, such as “educating consumers on recycling textiles” or “challenges in recycling finished products”, that illuminated connections and patterns of field logics and business models. Following the Gioia method (Gioia et al, 2013), we moved from the detailed codes to axial codes and identified eight second order themes to make sense of the data. For example, we identified themes such as recycling waste materials, barriers to take-back schemes, products using alternative fibers, criticism of the industry, advocacy for sustainable fashion. As we were interested in explaining the interplay between field logics and BMfS, we reviewed our coded data and searched for relationships between the second order themes and field logics and business models.

To aid our analysis, we also developed temporal mapping of the industry based on the news items in the FSWIR data (figure 1). We juxtaposed our coded data with temporal analysis of field events, such as new collections or products, collaborations, announcements of sustainability ambitions, which helped us to understand the overall industry trends and situate the highly contextualized data from our interviews in the broader field. From this analysis, we identified overall trends in the industry discourse (figure 2). We observed that recycling is a

contested concept of circular logic, and we witnessed a shift from recycling as closed loop circularity, where the value of waste resources is maintained within the production system (e.g. from textile waste to new textile or fashion products), to recycling as open loop circularity, where waste from other industries (e.g. plastics) enters the textile production, or where textile waste is used for products with lower value external to the industry (e.g. insulation). We also saw a rise of criticism about overproduction and overconsumption in the fashion industry with the fast fashion model becoming symbolic for linear logic. The rising sentiment called for more than recycling alone and shifted attention and discourse to circular business models, particularly rental and resale business models. We grouped the news items into four categories – recycling, circularity, rental, and resale – that fold into two overarching dimensions: field logics and business models for sustainability. This combination of analyses allowed us to reflectively tease out meanings and findings and guided our theorizing about the interplay between field level logics, BMfS and organizational field change.

Insert Figures 1 and 2

FINDINGS

We observed how logics co-exist in an organizational field and in business models for sustainability and how de novo and incumbent firms respond to shifts in dominant field logic. The dominant field logic in our case study is the linear logic, but this logic has been consistently challenged since the mid 2000s and de novo firms have entered the industry using BMfS that primarily focused on using more sustainable virgin materials (e.g. organic cotton) or recycled materials. Our data analysis and the findings we discuss in this section trace the how the discourse on circular logics shifts and how de novo and incumbent firms respond to the

changing field logic. In Appendix A, we summarized elements of circular logic and business models in the fashion industry that provide contextual background to the discussion of our findings. Table 3 provides an overview.

Insert Table 3

Phase 1: Framing recycled materials as ‘closed loop’ circularity

Our data indicates that de novo firms began incorporating the use of recycled fabrics in product collections as far back as 2008 to support their sustainability positioning. They claimed to be more sustainable than incumbents because they used not only organic virgin materials (e.g. cotton) but also recycled polyester from polyethylene terephthalate (PET) and fishing nets or recycled pre-consumer and post-consumer textiles. The founder of DEEL explained the rationale for the materials they use, “... we basically work with 100% organic cotton or 100% recycled polyester, because ... I can theoretically put a synthetic product back into the cycle, provided it is pure fiber, 100% polyester ... [and] 100% cotton.” The purposeful decision to use ‘pure’ materials, whether recycled or virgin, indicated the intention to be sustainable and circular, returning materials back into the production cycle for reuse.

Small, agile de novo firms responded more swiftly to innovative opportunities to use recycled materials than larger firms. Data from our interviews provides evidence that BMfS in de novo firms aimed to influence the broader field, especially in the use of innovative recycled materials. The founders we interviewed described their role in the industry as innovators:

“I want to demonstrate what’s possible in the area of product development, in the area of business with a sustainable business concept. And I think we prove that quite well and I guess we have already taken many smaller ones with us, who say: ‘Hey, look, the [DEEL] team made it, come on, let’s try it as well.’” (DEEL)

“The more small businesses like ours disrupt the industry, the more the bigger players like Nike and Adidas will feel pressure to follow suit. We hope that by paving the way, we can encourage all

fashion retailers to step away from ‘fast fashion’ and start utilizing the raw materials we have available to us.” (SUDRI)

This view resonated with more evidence in our dataset. Small brands, as de novo or incumbent innovators, experimented with new materials or business models but lacked the volumes to drive the adoption of the innovation. Large brands, primarily multinational incumbent firms, provided volume and economies of scale, influencing broader field level change. From our interviews with incumbents, a respondent explained a clear distinction between the roles of small and large brands.

“If you think of small brands that are on the leading edge and trying to prove that things are possible ..., it can be hard for larger brands like ourselves to follow that same strategy. We have a really hard time being first to market with much of anything. With materials that are new, you see brands like Allbirds able to have this pipeline of cool product launches with novel materials, but they are small and nimble and able to invest. We are just a different beast ... They [small firms] can partner with material innovators, prove that something is gonna work for a commercial grade product and maybe they can’t give that supplier the largest volume, [but] then I’m totally happy being a fast follower.” (PAGI)

By 2016 several incumbent firms had launched collections with recycled materials, particularly in denim products because they contain nearly 100% cotton content which is more favorable for recycling and in sportswear because they can incorporate recycled PET in polyester blends. For example, Adidas launched a shoe consisting of 95% recycled plastic picked up off beaches of Maldives and Patagonia launched the Re\\Collection with products made from as many recycled materials as possible, including 100% recycled down, 100% recycled wool, 100% recycled polyester, 85% recycled polyester labels, 80% recycled zippers and 50% recycled buttons. H&M also introduced a line of activewear made from recycled polyester and announced in its 2018 sustainability report its mission to ‘close the loop’.

In this first phase, the use of recycled material in new products was an initial step towards circular logic in business models and it was firmly established in BMfS of small sustainable fashion firms. In contrast, large incumbents launched capsule collections but for the most part the linear logic in incumbents’ business models dominated, leading to criticism and questions

from various field actors, such as activists and small firms, about their sustainability ambitions and claims. One of the respondents from our interview data expressed her criticism.

“The big firms are now, in the last couple of years, they are pushing [sustainability]. I also wonder [about] the percentage that they are actually doing and the percentage that the [press is] covering it, that doesn’t add up always. That is a kind of greenwashing. Even if they are doing it, how much of the percentage of the collection is really green. (YUKI)

Phase 2: Reframing recycling as ‘open loop’

From our dataset of news items, we saw a rise of criticism from activists, industry consultants and expert organizations about the potential environmental benefits of recycling textiles and fibers. In 2016, Greenpeace brought attention to the ‘illusion’ of recycling and called out, “Fast fashion is drowning the world”, arguing that the volume of recycled fibers is not sufficient to have sustainable impact given the growing consumption and disposal of clothing. As reported in the 2016 article by Greenpeace:

H&M’s recent World Recycling Week, in which their aim is to collect and recycle 1,000 tons of used clothing, is an “illusion” of what true sustainability is, as only one per cent of collected clothing can be used as recycled fibers.

Shortly thereafter, Greenpeace published two reports, *Timeout for Fast Fashion* and *Fashion at the Crossroads*, intentionally shifting the discourse in the industry away from the ‘myth of re-use and recycling’ and towards the problem of overconsumption fueled by the fast fashion model. Criticism about using recycled plastic waste also came from another angle as researchers and experts published studies highlighting the harmful effects of microfibers from recycled PET in fabrics ending up in oceans through laundry wastewater. Mainstream news outlets, like *The Guardian*, *Vogue*, *Forbes* and *FastCompany*, published stories on the shortcomings of recycling to solve the industry’s sustainability problems, for instance, an article published in *FastCompany* pointed out “... while recycling is important, it misses the mark” in reducing emissions.

As the public discourse continued and emphasized recycling as only a partial solution to the growing sustainability issues in the industry, attention shifted to slowing fashion down. In

2020, the United Nations Environment Programme published a report about “the effects of an industry that is engineered to overproduce”. The media (Reuters) drew parallels between the fashion industry and ‘big oil’, stating that fashion finds itself in the same conundrum, “the only way to save the planet is to scale back production”. The recycling solution is reframed not as a closed loop circular solution (e.g. from textile-to-textile) but as an open loop circular solution (e.g. recycling to and from waste streams outside of the fashion industry), and as one that allows fast fashion to maintain a business model that relies on overproduction and overconsumption. Furthermore, the industry discourse contrasted recycling in opposition to circularity, establishing the notion that recycling addresses sustainability as an ‘isolated’ problem in the fashion system, whereas circularity is a more ‘holistic’ approach to the issues. In other words, recycling plays a role but consumption, product design, business models, the whole system needed radical transformation to address the impending sustainability challenges in the industry.

The evidence from our data showed a varied response to the reframing of recycling. The founders of de novo firms in our sample had deep convictions about sustainable fashion products and considered themselves to be on the periphery of the industry and dissociated their firms and BMfS from fast fashion or the general fashion industry. The founder from NAVE referred to this dissociation explicitly as, “... so in the real fashion industry, not the sustainable fashion industry ...” and emphasized that in the real fashion industry the problem is, “that people don’t value their clothing, which translates into overconsumption.” All the de novo firms considered their BMfS to be opposed to the (fast) fashion industry, focusing on slow fashion, classic styles, and durable quality. This sentiment is captured in the following quotations:

I wanted to do classic styles also to support the slow fashion. (TELCAR)

[We] believe that clothing should be of a high quality and last a long time, instead of being cheap and disposable. (SUDRI)

“... we make to order. So that is kind of my principal theory ... that we're not mass produced. We don't even manufacture small amounts and then sell them, we wait until someone actually wants that piece ... and then we produce it for them. (NAVE)

However, deriving value from waste and using recycled materials was an essential component of their products and the rationale of their BMfS. Their responses to the industry discourse, and changing discourse around recycling, varied depending on their specific context and product markets. For example, the founder of AIR aligned with the changing discourse as she focused on upcycling textiles for the upper part of shoes specifically to avoid recycling, “... before recycling, there should be another step. Like before we start ... breaking it down to the fiber level, we have all these fabrics that are in really good condition that we can actually use.” She also held strong opinions about ocean plastics in fabrics, stating that she “would not use it for fashion” but for other products like “... chairs ... that do not release microfibers as much as clothing”. In her view, a circular logic considered more than “what we use [recycled materials] for, not just re-circulating to reach circular, but re-circulating in the right way.”

Alternatively, DISTOC, who produces sustainable hosiery with up to 88% of recycled polyester, distanced their firm from the discourse by acknowledging the challenges of producing fully circular hosiery. Hosiery material is very delicate and although they “employ strategies that will make them last longer”, like toe enforcements, the product has a relatively short life cycle and is discarded after a few uses. A lack of technological innovation makes it difficult to recycle hosiery products into new materials because it's a blended fabric. The respondent explained:

“... the reason why hosiery [fabric] can't be separated [for recycling] is because of the ... blend of nylon with elastane, there's not an enough of it in the world for them to have found a solution yet. And to me, that's kind of crazy, because ... how many things are probably blended with nylon and elastane. And ... the industry says that's not enough ... so, we're just doing a very small project now trying to figure out how to separate it, and it is hard with limited resources to figure out what that innovation would be, and even [if] we figured it out [then] ... it might not be feasible to scale it up if there is not enough input.”

Additionally, discarded hosiery is mostly incinerated. To prevent their hosiery from ending up in landfill and incineration, DISTOC started a Recycling Club for its customers to return discarded hosiery at end of life, which they then downcycled into insulation for fiberglass tanks, or, more recently, upcycled into designer tables. In this case, DISTOC is restricted in its response to fully close the loop within the fashion system.

To address the issue of microfibers from plastics in fabrics, DISTOC generalized the problem, stating, "... I mean, all synthetics will release micro plastics ... there's nothing that I know of that we can do to help stop that other than don't wear synthetics. [But] ... we are moving into more of the natural fiber line." They also sell a third-party filter bag for washing clothing but recognized this is not the solution to microfiber waste problem. The respondent emphasized focusing on issues that they could impact, and that the microfiber issue was not the appropriate problem for them.

"... there are many problems to be solved ... and you can't solve them all. ... We have to focus on other things like making sure that hosiery does not end up in landfill and finding a way to bring our recycling program [to send back hosiery] to as many people around the world as possible."
(DISTOC)

From our analysis of industry reports and news articles, we observed changes to the broader industry discourse that redefined recycling as a partial solution to achieving circularity. The discourse touted the advantages of a circular fashion system and circularity permeated industry fora, such as Copenhagen Fashion Summit. Field actors committed to pledges and agreements to transform to a circular fashion industry and multistakeholder collaborations focusing on circular solutions increased. Leading incumbents announced ambitious sustainability goals. For example, Nike announced it would double its business while reducing by half its environmental impact and, in an interview in *Vogue*, the CEO of H&M argued that moving towards circularity would allow H&M to "decouple growth and production of garments from the use of natural resources" and to address overproduction.

Phase 3: Integrating circularity in business models

The dataset of news items revealed that the discourse on sustainability challenges catalyzed a shift among field actors towards using a circular logic and triggered business model innovation. The shift is particularly pronounced in the number of take-back systems that incumbents initiated since 2017. Take-back systems are essential for circular business models as they provide feedstock as either final products for rental and resale business models or input materials for upcycling, downcycling and recycling. However, the small de novo firms in our sample that had established BMfS based on recycling waste faced difficulties in incorporating more holistic elements of circular business models. A few incorporated take-back systems, such as DISTOC and MOWS, but they used the collected products for primarily downcycling. For DISTOC – who implemented a take-back program at the time of their founding in 2013 – there were barriers to closed loop circularity. As already discussed, making new hosiery from old hosiery is not technologically feasible and hosiery is a product that cannot be easily resold in second-hand markets.

NAVE shared a similar dilemma. The founder considered starting a take-back scheme by offering incentives, such as a discount if customers sent back swimwear for recycling, but hesitated because of the effort involved in “becoming our own recycling plant”. Another barrier to integrating more circularity into NAVE’s business model was the resale potential of swimwear products.

“... people don't necessarily want to buy swimwear ... second hand ... because [you] don't know ... how many times it's worn or who it's worn by ... It's not like you're buying an overcoat or something. So, it's a tricky thing to keep it in ... the system, you know, if you're not going to recycle it then where does it go? And oftentimes it just ends up in the bin. So, yeah, it's a hard one to tackle ...”

However, TELCAR, another de novo firm in our sample that also produces swimwear, did not see the same barrier as NAVE in reselling swimwear. The founder expressed her intention to experiment with a resale or swap business model.

“I’m thinking about ... building a marketplace inside of the web shop. So, you can kind of swap. Yeah, if you don’t want this color anymore, or whatever you can sell it to another. ... Normally kids only wear it for one summer because they grow so fast, and normally there’s nothing wrong with [it] ... We’re talking about giving a voucher because that’s the easiest solution right now. You can send it back then you ... get 50% discount on your next purchase or something like that.”

MOWS collected worn sneakers from its customers through bins in retail outlets and downcycled the soles into floors for playgrounds and upper parts into insulation. They tried to produce new soles from the old soles, but the quality level was unsatisfactory. All in all, from our interview data, we noted that the small firms faced limitations in expanding their business models to incorporate more circularity, due to their product category, resources and capabilities or a combination thereof.

Incumbents, on the other hand, engaged in extensive business model innovation to incorporate circularity. While well-known industry front runners, Patagonia and Eileen Fisher, started take-back systems prior to 2010 and had established circular business models, large incumbent brands have recently started to experiment with circularity. From the incumbents’ perspective, a circular logic is compatible with the growth model that is inherent in the fast fashion system. A leading fashion resale platform, ThredUp, estimated the growth of fashion resale to exceed fast fashion by 2030, implying that industry growth is possible without further extraction of natural resources for new products.

The incumbents we interviewed were “excited about the potential for circularity to grow”, describing it as different than the ‘usual sustainability work’ and as a ‘business opportunity’. For incumbents, circular business model innovation also effected changes in circular product design and material recirculation, with the promise of impacting the field level logic change over time, as explained by one of the incumbents we interviewed.

“Circularity is very important and the ultimate goal is to be circular by design. It’s a business enabler for us, and systemic and the industry needs to be circular.” (STEL)

Our data pointed to different patterns of experimentation and interaction between field actors. First, there was an increasing number of partnerships between incumbents and de novo

firms to establish take-back systems and introduce rental or resale models. However, even though several large incumbent brands such as Zara (Inditex), H&M, Target and Primark had scaled up their take-back systems worldwide, only H&M engaged in circular business model innovation. They experimented with rental for women's dresses, children's wear and men's suits, and with resale by partnering with the online resale platform Farfetch. Large retailers such as Tchibo, Nordstrom, Galerie Lafayette and Selfridges also experimented with rental models by partnering with online rental platforms such as HURR Collective or Rent the Runway. In these examples, incumbents partnered with de novo firms to access complementary capabilities; however, incumbents also turned to de novo firms for inspiration. For example, YOMH explained how small de novo brands influenced upcycling in their business model.

“... the upcycling of goods, there we do look at smaller brands to see how they have done it. It's the small brands that take old designer garments and make something new and call it upcycled. That is an inspiration for us, like Frankie Collective and One Off Paris, they are both inspirations for us ... to see how those small startups grew to something big in upcycling garments, that is really where we can take some learnings from.”

Our data shows that the field level shift towards circular logic in the fashion industry is an iterative interplay between de novo and incumbent firms, where issue and exchange fields intersect. The founders of the de novo firms in our sample recognized their role as innovators and advocates of the circular logic, as exemplified below.

“When it comes to fostering systemic change, typically it's the small-medium business that 'do' and then the large corporates follow. Small businesses like [mine] may only have a small market share, but with the right marketing and customer loyalty, we can spread the word about what we are doing and once consumers become accustomed to a certain level of quality, diversity, and ethics in their purchases, it will be them who in turn put pressure on the large corporates to start providing that same level. It is once the large corporates are on board that this style of fashion production will become the norm. ... The more small businesses like ours disrupt the industry, the more the bigger players like Nike and Adidas will feel pressure to follow suit. We hope that by paving the way, we can encourage all fashion retailers to step away from 'fast fashion' and start utilizing the raw materials we have available to us. (SUDRI)

“It's a little bit of a trickle down, maybe a trickle-up because we are the small ones down on the bottom... it's a trickle up. But if people in those roles in their medium sized businesses start changing their minds and start doing things ethically and more responsibly, they're going to look towards the people who are doing it to the extreme to figure out ... where can we go next. I hope that they look to me as an example of ... an option out there to do things differently. (NAVE)

PAGI elaborated on this interplay of incumbent and de novo firms in terms of the roles they play in the ecosystem, emphasizing that “firms of different sizes fill a different niche” and all together they move the industry forward. However, large incumbent firms are essential to realize more impactful shifts in the industry, as illustrated in the following quotation.

“... larger firms have the advantage of reaching more customers and if they are going to play a role in take back and collection side of things, they can do so much more so much faster than a small firm doing the same. I guess what is inspiring is on recommerce, the firms that have started to create white label sites within their products, like North Face’s Renew programme, Patagonia WornWear, ... if the goal is to take back your own product and somehow get that to a secondary consumer, then a small brand has an advantage. But if it’s to drag the shift towards just getting product out of landfill, I don’t think the small companies can really shift that equation. They are just too small to make a difference.” (PAGI)

DISCUSSION

We argue that field level logics are influenced by the interplay between de novo and incumbent firms and by their responses to tensions arising from logic plurality. Our study traced the circular logic discourse and uncovered a shift in the discourse that diverted attention and resources from recycling and materials innovation to implementing circular business models. The circular logic co-existed, complemented, and conflicted with linear logic and field actors reconciled the tensions in the field logics through a variety of hybridized business model responses. By juxtaposing the degree of field logic tension with the degree of business model innovation, we identify four business model hybridization responses – constrained, limited, expanded, and integrated – that actors engaged in to maintain legitimacy (figure 3).

Business model responses to emerging field logic

When the emerging field logic has a high degree of tension with the existing logic of the business model (a conflicting logic), we witnessed two responses in business model innovation, a constrained response and an expanded response. A *constrained response* occurred when actors lacked resources, capabilities, or technology to adapt to the emerging logic and used

selective decoupling to dissociate from the logic and maintain legitimacy. For example, the large incumbent firms were constrained in their efforts to produce collections using recycling textiles, primarily due to maintaining scale and volume for their extant business models. However, an *expanded response* occurred when actors perceived opportunities for expansion that were compatible with the existing business model logic and had slack resources to direct towards business model innovation. In other words, the emerging field logic could co-exist with the existing business model logic, resulting in greater business model hybridization. This occurred in several incumbent firms as they experimented with a variety of responses to the rise of the rental and resale circular business models, effectively combining linear and circular logics and expanding their business models.

Insert figure 3

When the emerging field logic has a low degree of tension with the existing business model, we also identified two responses on business model innovation: limited and integrated. In these responses, the emerging logic is complementary to the existing business model logic. As in the constrained response, a *limited response* in business model innovation occurred due to lack of resources, capabilities, or technology, but the complementary nature of the logics allowed them to selectively couple elements of the emerging logic. For example, even though the small de novo firms could not adopt rental or resale circular business models due to resources, capability or technology limitations, they selectively coupled with slow fashion, which extends product life and addresses overproduction, to maintain the legitimacy of their BMfS in the emerging circular logic. The high level of complementary between the circular logic and their business models limited productive tensions and space for innovation in their business models. Lastly, an *integrated response* occurred when the emerging logic is congruent

with the existing business model logic and there are no resource constraints to integrating the emerging logic. For example, frontrunner incumbents in circular or sustainable fashion, such as Patagonia or Eileen Fisher, easily integrated circular business models (such as repair and resale models) adhering to the emerging circular logic. New entrants based on circular business models also fall into this category, as their firms entered the field with BMfS adhering to the emerging logic. The emerging logic is an integrated part of the existing business model.

Contributions

Our findings make contributions to the extant work on organizational field logic and business models for sustainability, highlighting the interplay of actors in establishing, reinforcing and renegotiating spaces for experimentation and innovation (Ansari, Wijen & Gray, 2013; Le Ber & Branzei, 2010; Litrico & David, 2017). By showing how business models (for sustainability) adapt to shifting field logics, we advance our understanding of how logic plurality co-exists and persists in organizational fields. We discuss the contributions of our finding focusing on the organizational field and business models literatures.

First, our findings build on recent work of institutional complexity in organizational fields and business model heterogeneity (Laasch & Pinkse, 2017; Ocasio & Radoynovska, 2016; Vaskelainen & Münzel, 2018) and provide empirical evidence of the hybridization of business models in response to logic plurality. Although our findings are in line with findings from Laasch and Pinkse (2017) that show particular institutional spaces constrain or enable strategic responses, our study highlights nuances in constraints and enablers of de novo and incumbent firm responses and shows a variety of strategic responses to logic plurality. We also extend work on productive tensions in hybrid organizations to organizational fields and

uncover more nuance in how tensions in field logics co-exist and when they become productive or constrictive tensions for field actors, innovation and evolution (Battilana et al, 2015).

Our study also makes contributions to how fields change and evolve over time. By tracing the shift towards circular logic in the fashion field, we begin to uncover the process of how issue field logic is incorporated into exchange field logic (Zietsma et al, 2017). To this end, our study takes an initial step towards understanding field evolution, where we show that field discourse shapes the speed at which field change occurs and defines the negotiated space of experimentation. We also show that issue field logic evolution, where shared meanings and understandings are continuously contested and redefined, is not linear. The pattern of field evolution that we observed oscillated between contested and complementary logics that push and pull the field actors towards change.

Our findings also speak to prior work on hybrid organizations, where firms and entrepreneurs grapple with dual or multiple orientations and logic plurality (DiVito & Bohnsack, 2017; Pache & Santos, 2010). Recent work has begun to tease apart social logic by highlighting underlying logics such as responsibility logics (Laasch & Pinkse, 2017) or community logics (Vaskelainen & Münzel, 2018). Our focus on circular logic contributes to an enhanced understanding of social logic and extends extant work on organizational hybrids and logic plurality beyond a dichotomy of social and economic logics.

Second, our findings also contribute to the literatures on business models for sustainability and business model innovation, extending our understanding of business models (for sustainability) as not only representations of organizational value systems but also as mechanisms for field level change that actors use to reconcile emerging and shifting logics. In this regard, we provide empirical evidence to the theoretical assumptions put forth in the literature that business models mediate innovation in processes, products, or services (Boons

& Lüdeke-Freund, 2013; Chesbrough & Rosenbloom, 2002; Doganova & Eyquem-Renault, 2009; Lüdeke-Freund, 2020; Snihur & Wiklund, 2019), unlocking and capturing innovative potential to improve economic, ecological, and social sustainability. Our findings suggest that the innovation mediation function of business models for sustainability extends beyond individual organizations towards a field function and influences organizational field evolution and change, as field actors seek to maintain legitimacy in the changing field (Snihur, Thomas, & Burgelman, 2018). Our findings, however, also highlight the limitations of BMfS to mediate innovative change. For example, small firms were restricted by resources and capabilities to mediate new innovations in their existing business models. In contrast, incumbent firms were better positioned to use business model innovation to respond to logic plurality and mediate potential opportunities. This resonates with the view in the sustainable entrepreneurship literature that although sustainable entrepreneurs may disrupt and challenge the status quo, field level change co-evolves from the interplay between incumbent and entrepreneurial de novo firms (Bohnsack, Pinkse & Kolk, 2014; Bohnsack et al, 2020; Ciulli & Kolk, 2019; Hansen & Schaltegger, 2013; Hockerts & Wüstenhagen, 2010).

Our findings also contribute to a branch of the business model for sustainability literature that focuses more specifically on circular business models. Prior work asserts that incorporating circularity in BMfS creates tensions and opportunities primarily with regards to products and processes (Murray, Skene & Haynes, 2017). While our results are aligned with this view, we find that tensions also bring opportunities to create awareness, change perceptions of sustainability and circularity and to change consumer behavior. In line with Bocken and colleagues (2016) and Geissdoerfer and colleagues (2017), our findings show that systemic change can only be achieved when circular thinking is implemented in both products and business models.

Additionally, our findings have useful applications for practitioners as we demonstrate the importance of incorporating multiple field logics into business models for sustainability to maintain legitimacy and realize sustainable and circular ambitions. Our study provides insights into how firms can play a role in shifting field logics through business model innovation and hybridization strategies. Our findings also inform policymakers as the circular economy transition is a high priority on policy agendas. As our findings highlight the interplay of field actors in advancing the circular transition, policy and incentives aimed at facilitating and supporting this interplay may help to increase the pace and scope of circular transitions.

CONCLUSION

To conclude, we conducted a field study of the fashion industry and focused on the circular logic that is emerging in the field. Our findings showed that the discourse used to define circular logic shifted attention from recycling materials to circular business models. We uncovered how de novo and incumbent firms responded to the changing circular logic of the field through business model (for sustainability) innovation. The meanings and understandings of circular logic, that co-exist, complement, or conflict with other existing logics, are dynamic and continuously negotiated by field actors. Our study brings together disparate literatures on organizational fields and business models for sustainability and argues that business models for sustainability influence organizational field change.

As a study focused on a single field, the generalization of our findings has limitations, and the findings may be idiosyncratic to the dynamics and structure of the fashion industry. We also collected data from a sample of de novo and incumbent firms. While our archival data is extensive and a comprehensive source of aggregated news about sustainability in the global fashion industry, we cannot make causal inferences between our sampled firms and the archival data. Future research could focus on examining causal relationships between field logics,

business models and systemic transformation in the fashion or other sectors. Process studies would also unveil mechanisms involved in shifting logics of organizational fields. Our study is an initial step in viewing business models for sustainability as constellations of conflicting and complementary logics and generates new insights of business models for sustainability as vehicles for organizational field change.

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Table 1. Overview of interviews

Nr.	Code	Year founded	Country	Nr. of employees	BMfS value logic	Market segment	Position of interviewee(s) (and Nr)
De novo firms (sustainable brands)							
SB1	DISTOC	2013	Sweden	10-20	Sustainable materials, recycling	Pantyhose, stockings	Brand & Sustainability Manager (1)
SB2	MOWS	2014	Italy	> 20	Vegan leather	Shoes	Founder; Digital Marketing Strategist (2)
SB3	AIR	2019	Denmark	< 10	Upcycling from textile waste	Shoes	Founder (1)
SB4	DEEL	2008	Germany	10-20	Eco materials, vegan, fair production	Streetwear	Founder (1)
SB5	NAVE	2013	Australia	< 10	Recycled plastic from seas; made to order	Swimwear, activewear	Founder (1)
SB6	TELCAR	2019	Denmark	< 10	Recycled ocean plastic; designed to last	Swimwear, activewear	Founder (1)
SB7	SUDRI	2016	UK	> 20	Eco materials, recycled coffee, recycled plastic	Sportswear, activewear	Co-founder (1)
SB8	TRIC	2010	Denmark	< 10	Sustainable materials (organic cotton)	Casual wear	Founder (1)
SB9	YUKI	2000	Netherlands	10-20	Sustainable materials	Denim	Sustainability Manager?
Incumbent brands							
IB1	SMAO	1993	Denmark	94	Fashion brand	Casual wear, accessories	CSR & Sustainability Manager (1)
IB2	TEXI	1963	Spain	174,000	Fast fashion	Casual wear, accessories	Senior Sustainability Manager (1)
IB3	PAGI	1969	USA	11,425	Fast fashion	Casual wear, accessories	Director, Product Sustainability (1)
IB4	YOMH	1985	USA	5,400	Fashion brand	Casual wear, accessories	Circular Product Specialist (1)
IB5	STEL	1975	Denmark	17,000	Fashion brand	Casual wear, accessories	Sustainable Materials & Innovation Manager (1)
IB6	LEFI	1984	USA	800	Fashion brand	Casual wear, accessories	Sustainability Manager
Field experts							
EXP1	GOOD	2017	Netherlands	38	Sustainable innovation for fashion	Platform	Innovation Manager (1)
EXP2	DAILY	2015	Denmark	1	Daily podcast, sustainable products	Media	Founder (1)
EXP3	DSGNK	1967	Denmark	-/-	Design & fashion education	Higher education	PhD Fellow (1)
EXP4	ZENL	1938	Austria	6,839	Cellulose fibers	Textiles	Head of Circular Initiative (1)
EXP5	GEVA	2016	Italy	3	Plant-based materials, recycled materials	Textiles, yarn	Founders (2)
EXP6	CHTRG	2018	USA	2	Sustainable textiles	Consulting	Founders (2)
EXP7	SYMP	1986	Germany	91	Polyester	Yarn	Representative (1)
EXP8	RYCTEX	2007	China	1	Recycled polyester	Fabric supplier	Founder (1)
EXP9	GLHS	2014	USA	5	Design agency	Denim	Head of Product Development (1)
EXP10	PINTE	2013	UK	64	Natural fibre textiles	Leather	Global Marketing Manager
EXP11	CRCS	2017	Netherlands	15	Technology platform	Waste to fiber	International Platform Lead; R&D Lead (2)
EXP12	CRCF	2017	Germany	12	Software, platform	Consulting	Founder (1)

Table 2. Overview of incumbent firms cited in the FSWIR news items

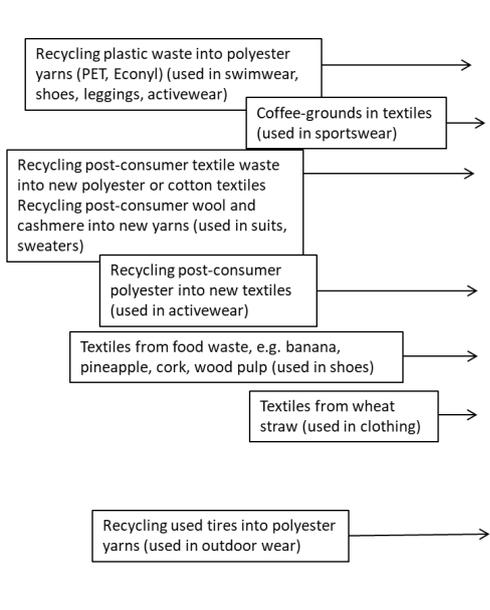
Firm	Year founded	Annual revenue in 2020¹ (billions)	Currency	Nr. of employees¹	Country of headquarters	Ownership
Walmart	1962	141.7	USD	2,200,000	USA	Public
Target	1902	93.5	USD	368,000	USA	Public
Nike	1964	37.4	USD	75,400	USA	Public
H&M	1947	24.8	USD	110,325	Sweden	Public
Inditex	1963	20.4	EUR	144,116	Spain	Public
Macy's Inc	1929	17.3	USD	75,711	USA	Public
Gap Inc	1969	16.0	USD	117,000	USA	Public
Kering	1963	13.1	EUR	36,646	FR	Public
VF Corp	1899	10.5	USD	48,000	USA	Public
Nordstrom	1901	10.3	USD	62,000	USA	Public
Marks & Spencer	1884	9.0	GBP	78,000	UK	Public
Zalando	2008	7.9	EUR	14,194	Germany	Public
PVH	1881	7.0	USD	40,000	USA	Public
C&A	1841	6.7	EUR	51,000	NL/DE	Private
Primark	1969	5.9	GBP	75,000	Ireland	Public
Puma	1948	5.2	EUR	14,374	Germany	Public
Nieman Marcus	1907	4.54 ²	USD	13,500	USA	Private
Levi Strauss	1853	4.5	USD	14,800	USA	Public
Lululemon	1998	4.4	USD	19,000	Canada	Public
Galleries Lafayette	1912	5.0	USD	16,000	France	Private
Bestseller	1975	3.5	EUR	17,000	Denmark	private
ASOS	2000	3.3	GBP	3,824	UK	Public
Tchibo	1949	3.2	EUR	12,500	Germany	Private
REI	1938	2.8	USD	13,000	USA	Public
Guess	1981	2.7	USD	14,701	USA	Public
Burberry	1856	2.6	GBP	9,892	UK	Public
Columbia	1938	2.5	USD	7,275	USA	Public
ANTA Sports	1991	2.0	USD	1,200	China	Public
Farfetch	2007	1.7	USD	5,441	UK	Public
Patagonia	1973	1.0	USD	2,400	USA	Private
Lindex	1954	0.5	EUR	4,000	Sweden	Private
Ted Baker	1988	0.4	EUR	2,160	Scotland	Public
G-Star Raw	1989	0.4	USD	2,000	NL	Private
Eileen Fisher	1984	0.2	USD	800	USA	Private

1) in 2020; 2) in 2019

Table 3. Elements of circular logic in the fashion industry

	Description of logic	Field discourse	Complementary logic	Conflicting logic
Recycled materials				
Recycled materials as input	PET bottles or ocean plastics, textiles, used for new fibers	From closed loop circularity to open loop circularity; persistent problem of overproduction and overconsumption	• Circular (part of circularity)	• Linear growth
Bio-based materials as input	Fibers produced from plant waste or byproducts, used for new fibers	Open loop; reuse and recycling uncertain; biodegradable if not blended with other synthetic fibers	• Linear production	• Circular (limits extended product lifecycle)
Downcycling textile waste	Pre- or post-consumer textile waste used to produce lower value products	Open loop; leaves circular fashion system	• Linear growth	• Circular (not closed loop)
Upcycling textile waste	Pre- or post-consumer textile waste used to produce new higher value products	Closed loop Unique, luxury products	• Circular (extends product lifecycle)	• Linear production (low volumes)
Business Models				
Take-back	Collection of used textiles before discarded as waste	Collected textiles exceeds recycling capacity	• Circular (provides feedstock)	• Linear production
Rental	Increase use of products, sharing wardrobes	Environmental benefit in renting clothing low, compared to fast fashion	• Circular (extended product lifecycle) • Linear growth with reduced natural resource extraction	
Recommerce / Resale	Increase use of products, repair and repurpose	Secondary markets offer growth	• Circular (extended product lifecycle) • Linear growth with reduced natural resource extraction	

Materials innovation



Business model innovation

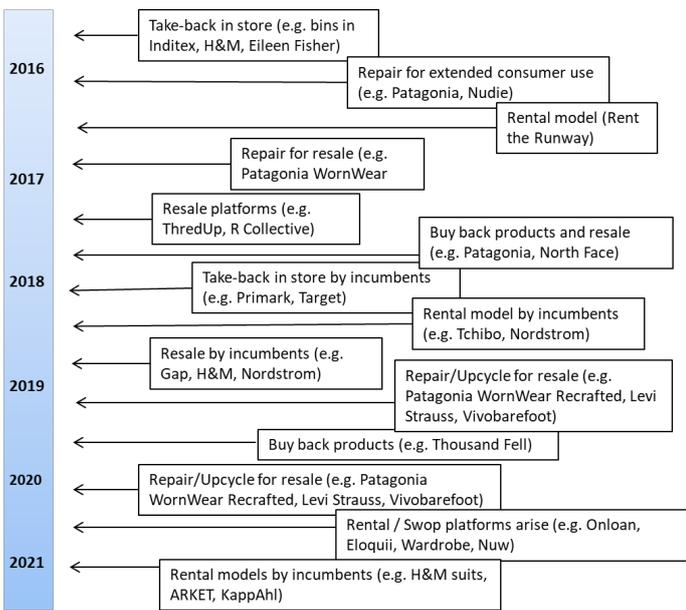


Figure 1. Temporal mapping of news items on material innovation and business model innovation

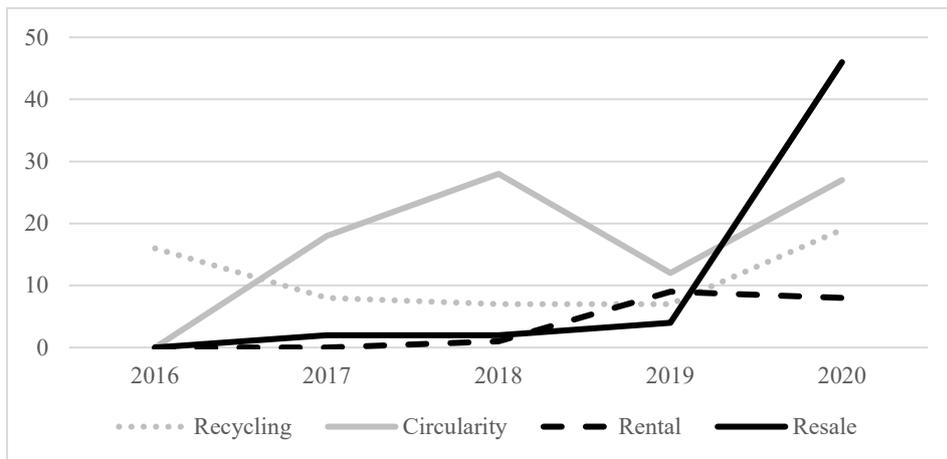


Figure 2. Number of coded news items by year, n=214

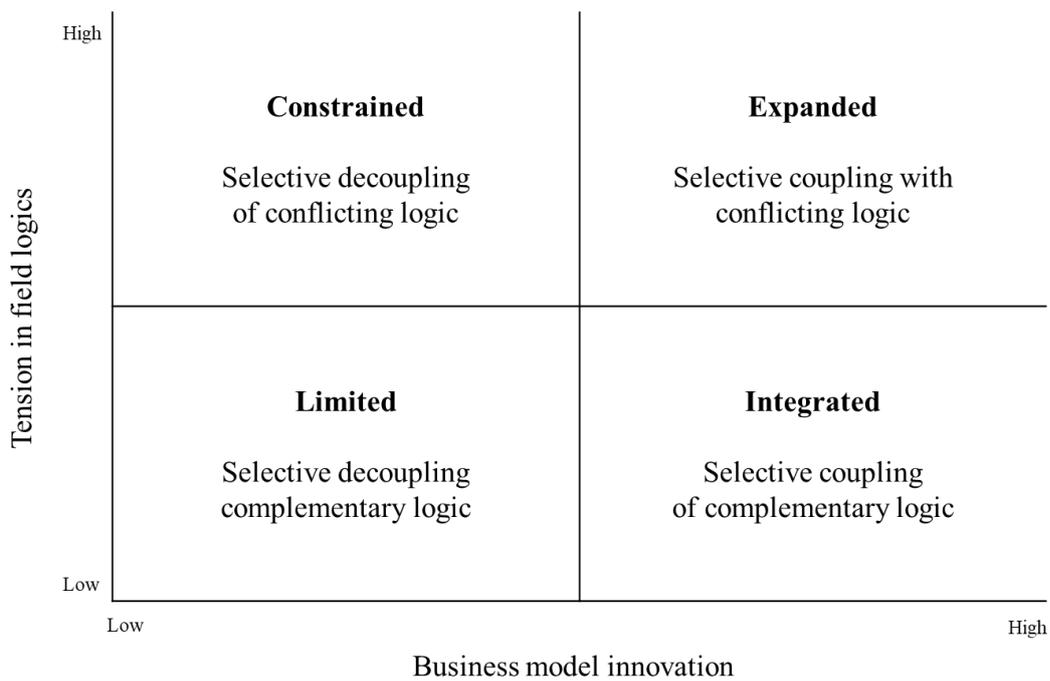


Figure 3. Business model response to changing field logic