Research paper

Institutional Work of Born-Circular Ventures

Kaisa Henttonen[1*]

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Abstract

While circular entrepreneurs face institutional pressures, they also drive institutional changes to promote circularity. These changes may not always be on a large scale or successful in transforming the institutional environment. This study uses the concept of institutional work to explore how born-circular entrepreneurs engage in purposeful everyday activities to influence their institutional environments. Previous studies have focused primarily on the impact of institutions on entrepreneurial activities, but there is limited understanding of how born-circular entrepreneurs "work" institutional structures. This paper utilizes a multiple-case approach, analyzing data from interviews with 35 entrepreneurs. The results indicate that circular entrepreneurs actively endeavor to change: a) markets, b) regulation, policy, and formal institutions, c) actors and networks, and d) behavior, practices, and cultural models through four types of institutional work, namely, innovation, cognitive work, ecosystems, and lobbying. The study suggests that these efforts impact institutional environments and promote incremental progress towards circularity.

Keywords: Institutional Work · Ventures · Born-Circular

1. INTRODUCTION

Entrepreneurship in the circular economy refers to the pursuit of value creation for the broader system of which the venture is a part. More specifically, the pursuit of ecological and social value is at the core of the logic of value creation and typical of the entrepreneurial process (Cullen & De Angelis, 2021). However, scant research has been undertaken into the broader social and institutional changes needed to transition to a circular economy (Suchek et al., 2022; Korhonen et al., 2018). Institutional theory has unexploited potential for analyzing the transition to a circular economy from a holistic perspective (Närvänen et al., 2021; Ranta et al., 2018) that takes the interplay between actors and institutional structures into account (Lawrence et al., 2009).

While institutional approaches have been utilized to increase our understanding of circular entrepreneurship, in most cases the focus has been on how institutional pressures and drivers influence sustainable entrepreneurship (Re et al., 2023; Wu et al., 2021; Cullen & De Angelis, 2023). Some studies have started to focus on the opposite side of the relationship, highlighting that for circular economy entrepreneurs to prosper, they need to bring about changes in their business environment, acting as institutional entrepreneurs (Närvänen et al., 2021). A recent development in institutional theory has focused on the modest efforts by individuals and groups to bring about changes in their environments, rather than emphasizing successful, large-scale institutional change (Lawrence & Suddaby, 2006; Lawrence et al., 2011). This paper focuses on the latter perspective and on circular entrepreneurs and their experiences, as well as their attempts to influence their environments. Consequently, this study examines how born-circular entrepreneurs engage in purposeful, everyday activities – that is, institutional work – in an effort to influence their current institutional environments.

With a view to examining this question comprehensively, we made use of a multiple case study on 35 born-circular ventures. The results indicate that circular entrepreneurs actively endeavor to change a) markets, b)

[1] University of Eastern Finland, Business School, Microkatu 1 F, 70211, Kuopio, Finland
[*] Corresponding author: kaisa.henttonen@uef.fi

regulation, policy, and formal institutions, c) actors and networks, and d) behavior, practices, and cultural models by carrying out four types of institutional work, namely innovation work, cognitive work, ecosystem work, and lobbying work.

While previous studies in this field focused primarily on the food sector (Närvänen et al., 2021; Cullen & De Angelis, 2023), this study, first, contributes by extending the abovementioned application of the institutional perspective to the circular economy as a whole. Whereas the literature on the circular economy has focused primarily on the transition from the technical (Korhonen et al., 2018) and business model perspectives (Suchek et al., 2022), the underutilized institutional work approach adds a more holistic insight into the nature of this transition. Second, this article contributes to the circular economy entrepreneurship literature by demonstrating the wide variety of circular entrepreneurs actively engaging in institutional work to influence the institutional context in which they are embedded. The circular business model literature tends to adopt a more static approach and center on the form business models take (Frishammar & Parida, 2019). However, this approach does not say much about the implementation of these business models or related entrepreneurial activities. Third**,** Suchek et al., (2022) point out that born-circular start-ups have received limited attention in the literature to date. The present study focuses on born-circular ventures, thus creating the opportunity to address this specific research gap. The paper is structured as follows. First, the literature review examines the existing studies on institutional work and circular entrepreneurs. This is followed by a description of the methodology utilized and the presentation of the results. The results are further discussed in the discussion and conclusions section.

2. THEORETICAL FRAMEWORK

Circular economy entrepreneurs endeavor to take advantage of the opportunities the circular economy offers, tear down the current linear system, and create a circular economy system through business model innovation (Lüdeke-Freund et al., 2017). A circular economy entrepreneur is considered to be an agent who promotes change and exploits opportunities while aiming to do business in accordance with the principles of the circular economy (Pascucci & Daalderop, 2016). At present, however, societal institutions are in line with the linear economy; they are regarded as the elements of social life that impact the thoughts, feelings, and behaviors of individuals and collectives (Lawrence & Suddaby, 2006). They consist of norms, rules, symbols, meanings, practices, and routines (Scott, 2008), setting the "rules of the game" (North, 1991). In sustainability transformations, such as circular transition, institutional work is regarded as an ideal approach in attempting to understand how change processes take place (Beunen & Patterson, 2019). It does not focus merely on the business model of the venture, but also on the institutional environment surrounding it – the "rules and requirements to which individual organizations must conform in order to receive legitimacy and support" (Scott, 1995, p. 132).

Recent developments aimed at repositioning human agency at the forefront of institutional theory have used the concept of institutional work (as against institutional entrepreneurship), which focuses on the efforts of individuals to cope with, support, resist, or change the institutional arrangements in which they are embedded (Lawrence et al., 2011). Therefore, the focus is not so much on successfully achieving institutional change, but more on the experiences of individuals and groups trying to make change happen. Consequently, institutional work is a valuable analytical tool to study circular entrepreneurship, as it acknowledges that actors are embedded in institutional arrangements – arrangements that they adapt to through their actions, but that they also have the potential to modify (Lawrence et al., 2011). Studies on institutional work in the circular economy context are, however, few and far between (see Suchek et al., 2022, for a review). Närvänen et al. (2021) analyzed the institutional work undertaken by circular ventures to prevent and reduce food waste. They found that these ventures disrupt existing institutions that contribute to food waste, while also creating new institutions to support and strengthen their business operations. Moreover, they identified the following four categories in which institutional work can be conducted in circular ventures in the food sector: appearance of food, quantity of food, edibility of food, and living with food. Their study focused on the business perspective – that is, the institutional work needed for ventures to succeed, create new demand for their offerings, and ensure that they are profitable in the long run. Cullen and De Angelis (2023), by contrast, conducted a longitudinal study, focusing on one small cider producer and uncovering the entrepreneurial process of a single born-circular venture. Their study highlights circular business model design as a dynamic and interrelated process that takes place in the institutional context. Therefore, in order to understand business model innovation in the circular economy context there is a need to adopt a broad perspective that

incorporates the institutions in which the circular entrepreneur is embedded. In summary, previous studies have focused on two specific sectors, namely the food and cider industries. Consequently, there is scope for the institutional work of circular economy ventures to be researched in in other contexts, too. In addition, only one study adopted an institutional work perspective in relation to the circular economy concept (Närvänen et al., 2021). By contrast, the study by Cullen and De Angelis (2023) focused more on the on the impact of institutions on entrepreneurial activities in the business modelling context.

3. METHODOLOGY

In order to answer the research question – how born-circular entrepreneurs engage in purposeful, everyday activities (i.e., institutional work) in an effort to influence the current institutional environment— a multiple case study was developed. A qualitative approach was deemed appropriate to arrive at a deeper understanding of a relatively unexplored and complex phenomenon, with a variety of analysis levels and interactions (Eisenhardt & Graebner, 2007). The multiple case study approach has been utilized in entrepreneurship studies in the past (Santos & Eisenhardt, 2009), since it is well suited to demonstrating emerging theories and allows for analyses within and between cases (Eisenhardt & Graebner, 2007).

Both interview and archival data were collected between 2019 and 2023. Finland is an interesting context for studying the circular economy, particularly in view of the Resolution on the Strategic Programme for a Circular Economy that was issued by the Finnish Government in spring 2021. The Strategic Programme aims at a transformation through which the circular economy will become the new foundation of the economy as a whole by 2035. In addition, the Finnish Government wants to strengthen Finland's role as one of the circular economy trailblazers. However, the results achieved by this programme to date leave much room for improvement (Koplinski & Kratzer, 2024).

A long list of ventures was identified from the Finnish Innovation Fund Sitra's circular economy database. In the database, following definition by McArthur, (2013), circular venture is a business that operates based on the principles of the circular economy. This approach focuses on creating value from waste and byproducts (reuse), aiming to eliminate waste (reduce) and pollution by keeping products and materials in use for as long as possible (recycle). In this study the ventures were born circular ventures i.e. they had circular ambitions for their business from right from the beginning (Kanda et al., 2024).

Hence, we focused on ventures whose exclusive focus was on 100% circular economy solutions right from the beginning, according to Sitra's categorization of circular economy (reduce, reuse, recycle) companies in Finland. This yielded a long list of ventures of varying ages and industry focus. We subsequently narrowed the list down on the basis of three criteria to ensure focus on early-stage ventures whose stakeholder engagement was likely to be emerging. First, we selected ventures that had been in existence for less than five years; second, ventures with a turnover of less than €10 million; and third, ventures employing fewer than 100 people.

A total of 50 ventures matched our selection criteria. Of these, 35 were available, agreed to participate, and were interviewed for this study (Table 1; Bernard, 2002; Spradley, 1979). For each venture, we used purposive sampling (Lincoln & Cuba, 1985) to identify and select key informants who were most knowledgeable on the topic (Saunders et al., 2009), typically the founding entrepreneurs or the CEOs. The ventures in this study represent a variety of fields of business throughout Finland, since previous research suggested approaching circular economy not as the emergence of separate business practices or strategies, but rather as a field of institutional experimentation (Schulz et al., 2019). At present, the circular economy seems to be "a collection of diverse, interdependent organizations that participate in a common meaning system" (Scott, 2014, p. 106) and can therefore be regarded as constituting a nascent institutional field (Bergsma et al., 2017).

3.1 Data Sources and Analysis

The informant interviews were semi-structured and lasted for an average of one hour. The interview questions focused the development of the venture, including interactions with the surrounding environment and stakeholders (see Appendix 1 for interview questions). All the interviews were transcribed and these data were triangulated with data from secondary sources (see Table 1 below).

Table 1. Description of Case

Case		Invention	The role of the interviewee	Interview (mins)
	Circular economy innovation related to reduce			
1		Optimization / machinery	Founder	Feb'20 (42)
2		Optimization / industrial energy-use	Founder	Oct'19 (62)
5		Redesign / material	Founder	Jun'20 (86)
7		Optimization / waste	Founder	Apr'20 (44)
9		Redesign / material	CEO	Apr'20 (43)
13		Optimization / vehicles	Founder	Apr'20 (61)
14		Optimization / waste	Founder	May'20 (66)
16		Redesign / material	Founder	Apr'20 (64)
17		Optimization / food production process	Founder	Jun'20 (73)
19		Redesign / process	Founder	May'20 (56)
20		Optimization / vehicles	Founder	May'20 (45)
22		Optimization / energy	Founder	Feb'20 (44)
24		Redesign / material	Director	Apr'20 (74)
27		Optimization / vehicles	Founder	Jan'20 (81)
28		Optimization / personal goods	Founder	Nov'19 (91)
29		Optimization / energy	Founder	Aug'20 (81)
31		Optimization / food	CEO	Jun' 20 (52)
32		New protein source	Founder	Apr'22 (60)
	Circular economy innovation related to recycle			
3		Upcycling / compensation, consulting	Founder	May'20 (48)
4		Downcycling	Founder	Oct'19 (54)
8		Downcycling	Founder	Apt'20 (59)
10		Downcycling	Founder	Jun'20 (117)
12		Upcycling / personal goods	CEO	Jun'20 (47)
15		Downcycling	CEO	May'20 (84)
21		Downcycling	Founder	Dec'19 (42)
25		Upcycling	Founder	May'20 (62)
26		Redesign/waste	Manager	May'20 (54)
	Circular economy innovation related to reuse			
6		Personal goods	CEO	Apr'20 (91)
11		Public goods	Founder	Apr'20 (80)
18		Personal goods	Founder	Apr'20 (71)
23		Optimization /consulting	Founder	Jun'20 (70)
30		Personal goods	Founder	Apr'20 (66)
33		Repair	Founder	Apr'22 (44)
34		Renewable, biodegradable materials	Founder	Jan'23 (54)
35		Packaging	Founder	Jun´22 (30)

The entire database was created between September 2019 and December 2023. In the first phase, extensive narratives, 7–10 pages in length, were written for each of the 35 cases in order to gain a sound understanding of the venture and its surroundings (Langley, 1999).

The case narratives were supplemented with various additional sources. The findings were compared and contrasted with documentation reflecting the entrepreneurs' approach to circular economy and the development of the venture such as web page information and newspaper articles. These summaries included data on the ventures' business models (including their proposed circular economy solutions), publicly shared circular economy and sustainability approaches (collected from the ventures' web pages) and potential life stories of the venture (collected

from the ventures' web pages). We utilized multiple sources of evidence to develop converging lines of inquiry, achieve triangulation, and mitigate potential validity issues.

In second phase, the Gioia analysis technique was used to analyze the data (Gioia, Corley, & Hamilton, 2013) with Atlas.ti. Each interview and corresponding data were analyzed, and open codes emerged in relation to how circular entrepreneurs try to influence their institutional context. A list of first-order codes was developed. These codes were close to the data and indicated various activities, such as persuading to bring about a mindset change and educating. Next, an abductive approach (Mantere & Ketokivi, 2013) was used – an iterative process of data interpretation within and across cases and comparing the findings with theoretical assumptions from the literature (Miles & Huberman, 1994; Yin, 2009) i.e. the studies by Närvänen et al., (2029, and Cullen & De Angelis, (2023). These analysis phases led to the building of a theoretical framework highlighting the interactive nature of institutional work, grouping the first-order codes under our second-order themes, such as "lobbying work" and "innovation work" (see Figure 1 for the data structure).

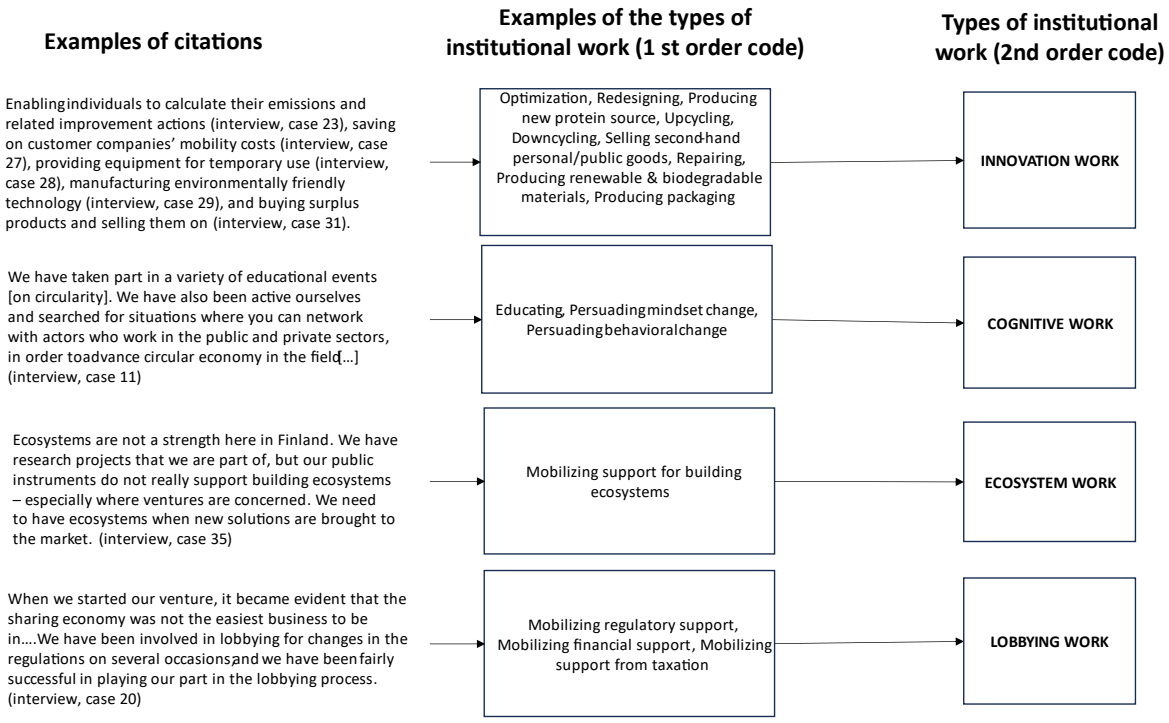

Figure 1. Coding Scheme

4. RESULTS

The analysis revealed that the areas being "worked" included a) markets, b) behavior, practices, and cultural models, c) actors and networks, and d) regulatory environment and policies. Efforts to change the market through institutional work relate to the incremental or radical circular technological and service innovations ventures create. Moreover, efforts to effect change in behavior, practices, and cultural models could be a shift in consumer preferences and behaviour. Efforts to effect change in actors and networks require new types of ecosystems to produce circular offerings. Efforts to effect change in regulation, policy, and formal institutions can include the changes in regulatory frameworks that allow circular innovation to thrive.

In addition, the results reveal how the "working" is done. There are four categories of institutional work in which ventures engage: "innovation work" by optimizing, redesigning, downcycling, selling second-hand personal and public goods, upcycling, repairing, producing renewable and biodegradable materials, and producing packaging; "cognitive work" by educating, bringing about mindset change and behavioral change through

persuasion; "ecosystem work" by mobilizing support for building ecosystems; and "lobbying work" by mobilizing regulatory and financial support, and taxation.

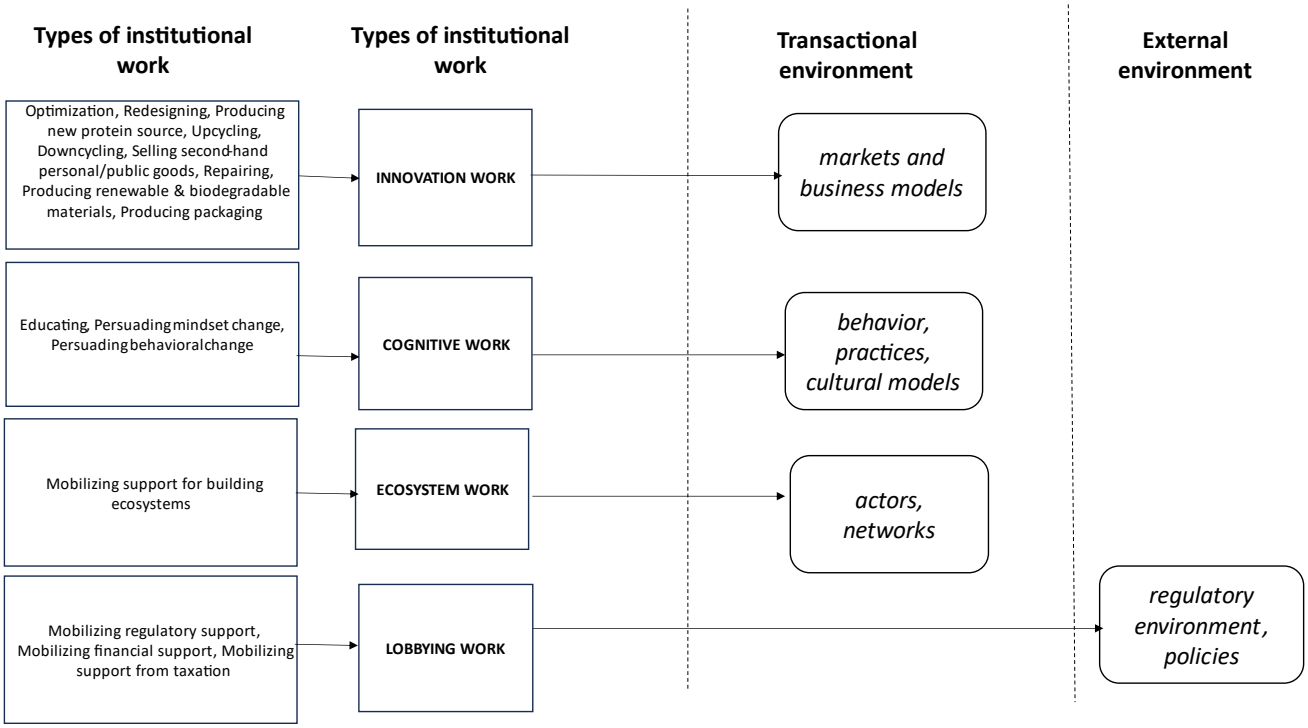

Figure 2. Results of the Study

In Figure 2, markets, actors and networks, and behavior, practices, and cultural models represent a transactional institutional environment, because this is where the venture interacts with other stakeholders. While it cannot control the interactions or the results, it can still influence them. Regulation, policy, and institutions represent the external environment – external factors and developments that the venture cannot directly control or influence (Gharajedaghi, 2011).

4.1 Working the Transactional Environment – Market

The results reveal that circular ventures function as an institutional change in the market; in other words, they "work the market" by developing new outcomes, such as technologies, products, and services. This is why these activities are referred to as "innovation work". One interviewee stated the following: "When you find the solutions that work, and there is enough will and motivation in the customer field and market, you can actually make large-scale changes happen in the market. It is not just words, but also actions that make change happen" (interview, case 9). Table 2 below presents the activities ventures typically perform when conducting "innovation work". Table 2 also displays how the "innovation work" is related to circular economy through the categories of reduce, reuse, and recycle.

Table 2. Types of Innovation Work

Circular economy-category (reduce, reuse, recycle)	Market work through	Cases
Reduce	Optimization	Case 1, Case 2, Case 7, Case 13, Case 14, Case 17, Case 20, Case 22, Case 23, Case 27, Case 28, Case 29, Case 31
Reduce	Redesign	Case 5, Case 9, Case 16, Case 19, Case 24, Case 26
Reduce	Producing a new protein source	Case 32
Recycle	Downcycling	Case 4, Case 8, Case 10, Case 15, Case 21
Recycle	Upcycling	Case 3, Case 12, Case 25
Reuse	Selling second-hand personal and public goods	Case 6, Case 18, Case 30, Case 11
Reuse	Repairing	Case 33
Reuse	Producing renewable, biodegradable materials	Case 34
Reuse	Packaging	Case 35

The concept of the circular economy (CE) proposes ways for ventures to create previously unattained value for both customers and the venture itself (MacArthur, 2013). In practice, the economic value of the circular economy is expected to come from reduce, reuse, and recycle (3R principles) that focus on the circulation of materials in the system (Ghisellini et al., 2016). The reduce principle emphasizes minimizing the total amount of materials and energy used, as well as the waste produced, by enhancing efficiency in both production and consumption. In this study, this means optimization, redesign and creation of a new protein source. Ventures conduct optimization (how and what) work, for example, by enabling the use of underused equipment located close to the customer (interview, case 1), enabling remote monitoring of the equipment and planning of maintenance (interview, case 2), enabling the elimination of waste (interview, case 7), and using transportation more efficiently (interview, case 13). The redesign (how and what), on the other hand, is carried out, for example, by manufacturing products with environmentally friendly materials (interview, case 5), manufacturing materials using a fraction of the plastic contained in regular materials (interview, case 9), producing materials that replace disposable plastic packaging (interview, case 16), and utilizing creation and production methods that facilitate a controlled production process (interview, case 19).

The recycling principle involves any process where waste materials are transformed into new products, materials, or substances, either for their original use or for different purposes (The European Parliament and the Council of the European Union, 2008, p. 10). Value creation through recycling takes place through downcycling and upcycling in this study. Downcycling is, for example, achieved by creating affordable bio-based solutions for recycling (case 4), utilizing waste in the cultivation of food (interview, case 8 and interview, case 10), combining, visualizing, and analyzing data to reduce the need for manual work (interview, case 15), and processing material from industrial side streams. Upcycling is achieved, for example, by recycling nutrients (interview, case 3), designing products utilizing high-quality excess materials (interview, case 12), and identifying new ways to make use of materials from industry (interview, case 25).

The reuse principle states that products or components that are not considered waste are utilized again. Reusing products and components consumes fewer resources, less energy, and less labor compared to manufacturing new items from raw materials or even recycling and disposing of existing products (Castellani et al., 2015). In this study, this meant “innovation work” that was done by performing repairs (interview, case 33), producing renewable, biodegradable materials (interview, case 34), and identifying packaging solutions (interview, case 35).

In summary, the ventures perform various kinds of "innovation work" by undertaking the following activities: optimization, redesign, downcycling, selling second-hand personal and public goods, upcycling, producing new sources of protein, performing repairs, and producing renewable, biodegradable materials and packaging.

4.2 Working the Transactional Environment – Behaviors, Practices, and Culture

To lower cognitive and cultural barriers, ventures conduct institutional work by educating people with a view to bringing about changes in mindset and behavior. Consequently, this type of institutional work is referred to as "cognitive work" in this study. "Cognitive work" is seen as essential part of being a circular entrepreneur: "Our work is also to influence people's attitudes. The change does not happen very fast" (interview, case 29). The "cognitive work" is important, because, firstly, people tend to resist change:

> From the circular economy perspective, resistance to change is a big challenge for us. If people do not understand that doing things differently leads to more efficiency and growth. People do not want to be pioneers; rather, they will wait until someone else has tried circularity. It is so easy to say, "later, later…" (interview, case 1)

Secondly, some people may even have fears towards circularity– fears that need to be addressed through education: "We also try to make things convenient and dispel fears about risks. Using our services is easy and fast; we do not have to change the whole world at once, but in small steps" (interview, case 11).

In order to work against the resistance to change and the fears people may have, entrepreneurs educate people on why circularity is important and what circularity is in practice. Entrepreneurs see circularity as especially important from the environmental and climate perspectives, but the task of convincing people is not easy: "We have changed the market, people's behavior and their ideology. We have educated people about the need to be environmentally friendly, but not everyone is interested. They think it is a very small thing and they do not understand why they should do it" (interview, case 7). Entrepreneurs, however, want to keep trying:

> We want to spread information and inspire people to take climate action […] We want to tell people how they could live by following circular economy principles. Instead of buying things, people could repair things or lend or hire them. We want to tell people about the possibilities of circular services and inspire people to try them out. (interview, case 23)

The "cognitive work" can be very concrete and aim at demonstrating what circularity is in practice. Entrepreneurs, for example, give information about sustainable ingredients:

> The palm oil industry is huge global industry, and there are large, fast-growing plantations where it is produced. Our challenge is to educate people that our circular solution is more sustainable than the palm oil-based products. However, the palm oil producers are constantly trying to convince people of how sustainable they are – through different types of certificates, for example. This is the competitive position that we are in. (interview, case 34)

Furthermore, the entrepreneurs advice how to choose sustainable products:

> For example, you may have a product that is organic, but it has been transported to you from Spain in the winter. It may not be the most sustainable product after all. We can produce it more sustainably here in Finland with our new production technology based on circular economy principles. (interview, case 17)

Additionally, the "cognitive work" that the entrepreneurs do is targeted towards various types of people. This means that the focus is not just on customers, but on society at large:

> We have taken part in many events the past year – for example, projects and ministry-led events. Then we were invited to a city-led event last autumn. […] I have taken part in educational events at which we share experiences. Also, we invite our customers and ask them about our services and how they could be developed. (interview, case 11)

The entrepreneurs see that the "cognitive work" also pays off and is worth doing because change is taking place:

> Attitudes and culture towards second-hand goods have changed. Earlier, people thought that if you cannot afford new goods, then you buy second hand. Nowadays, people are proud of second-hand goods they have managed to find" (interview, case 30).

The entrepreneurs realize that they are advocating for major changes: "We are asking people to take quite a leap from the perspective of how they use their money. The same goes to their behavior; we are asking them to change

it, because they would need to choose which services to use instead of owning products" (interview, case 13). Entrepreneurs also acknowledge that behavioral change is tied up with the convenience of current ways of behaving:

> Let's say that you have a monthly agreement that your equipment receives a regular maintenance service. You are offering a service that is based on the use of the equipment, which would enable a new kind of pricing and potentially more customers, but you lack the courage to change the old behavioral model, because it is still somewhat profitable. (interview, case 2)

Naturally, ventures also find cunning ways to do "cognitive work" – that is, they reproduce current ways of thinking and behaving, but also try to advance circularity:

> We design our products for those who do not necessarily buy something because it is sustainable, those who do not want to buy something because it is ecologically friendly. The same applies to second-hand products. We promote second-hand products to those who do not want to buy second-hand. We brand our second-hand operations and products. (interview, case 12)

In summary, the findings demonstrate the reasons ventures do "cognitive work" and what the "cognitive work" is about, i.e., why circularity is important and what circularity is in practice. They target their "cognitive work" to various types of people and realize that they are advocating substantial changes, but the work sometimes also pays off.

4.3 Working the Transactional Environment – Actors, Networks

Ventures also work the transactional environment by mobilizing support for ecosystems; in other words, they are doing "ecosystem work." Doing "ecosystem work" means shaping the ecosystems and renewing old ways of operating: "..we try to advance the idea of an open ecosystem, which means we do not have exclusive contracts. We believe that there must be competition [within the ecosystem], even if it is not the natural way of doing things for many private firms." (interview, case 13) Ventures indicate further that they cannot really function without an ecosystem "Our business is very much dependent on the whole ecosystem". (interview, case 13); "We need to have ecosystems when new solutions are brought to the market." (interview, case 35)

The "ecosystem work" done by the ventures is crucial, because "Large companies cannot necessarily act agilely enough. " (interview, case 35) By contrast, ventures have limited resources and funds. Therefore, they need institutions to change and support "ecosystem work": "Their [ecosystems] life will end, if they are not supported in their change journey […] The current financial instruments do not support building ecosystems required to actually bring the circular solution into being." (interview, case 35)

In summary, some ventures are pursuing the role of ecosystem leaders and primary solution drivers. However, they are calling for support, through rules and legislation, from governmental institutions that may have an impact on how ecosystems are governed.

4.4 Working the External Environment – Regulatory Environment and Policies

The "lobbying work" that ventures do consists of mobilizing both regulatory and financial support. Circular ventures often operate in rapidly evolving industries where existing regulations may not adequately address new technologies or business models. Therefore, ventures engage in "lobbying work", for example, when the national regulations are outdated: "When we started our venture, it became evident that the digital sharing economy was not the easiest business to be in. At the time, it was new to everybody, and in Finland the regulations were against it." (interview, case 20)

By shaping regulations, ventures can create a more favorable business environment that supports their growth and profitability. International circular ventures, for example, try to push for harmonized regulations across different countries. This aims at reducing the complexity and cost of complying with multiple regulatory regimes:

> Regulations concerning recycling are very fragmented at the individual country level, within Europe, and in other continents. In one country, waste is collected one way and in other countries another way. We would like to have several sustainable recycling routes for our material. But the field of recycling technologies and recycling systems is very fragmented. It is also complicated from the contractual side, because it involves private and municipal operators. However, it is an area we follow and try to influence, so that recycling infrastructure and recycling operators are available. (interview, case 24)

By influencing regulations, circular ventures can furthermore, ensure that the legal framework, particularly EU directives, is flexible enough to accommodate innovation.

> The interpretation of EU directives should not be too tight, because innovations and inventions cannot be predicted, and they are often ahead of all directives. We need to constantly monitor where the directives take us and take action, because directives may prevent certain innovations from emerging. For example, they may require things that are not possible to do in practice. (interview, case 33)

The "lobbying work" needs to be very strategic, however, because the big players in the field have more resources and bargaining power: "Often they [i.e. EU directives] do not seem to make sense from our perspective, because the plastic industry is lobbying them so skillfully." (interview, case 16) Regardless of the competing commercial goals, circular ventures consider that a commendable goal for lobbying efforts should ultimately be environmental protection or social responsibility. One entrepreneur illustrated this from an environmental perspective:

> If we end up fighting plastic waste with recycled plastic waste and subsidize products made of recycled plastics, it distorts competition. This also does not solve the key problem: there is plastic in all the wrong places. When a whale suffocates because of a plastic bag in the Atlantic Ocean, it does not matter if the plastic bag is made of virgin plastic or recycled plastic. (interview, case 16)

The social responsibility perspective as the ultimate goal of "lobbying work", on the other hand, means influencing international regulations to promote ethical practices. By promoting fair labor practices and ethical business operations, sustainability-focused regulations can improve the quality of life for people around the world:

> Of course, we need to conform to the local laws when we operate abroad, but we also try to apply Finnish practices abroad – for example, the kind of practices that benefit our employees, such as work times and other work-related issues. (interview, case 28)

In addition to influencing the regulatory environment, circular ventures also engage in lobbying efforts to advocate for policies that provide financial support, such as subsidies, investment support, and tax incentives. Rigid criteria for public funding that do not recognize the unique aspects of circular ventures can limit access to public funding such as subsidies:

> We have challenges with subsidies because we are a new kind of actor. Our production facilities are not located in a specific municipality. We work remotely and in different parts of Finland. We work across the internal context all the time. The financial support instruments that are linked with certain areas are a bit old fashioned, and we need to change them. (interview, case 33)

Rigid criteria can also limit access to investment support:

> We had to lobby ministries and officials from [two large public organizations] pointing out that we also deserve investment support. The results were not obvious, because the investment policies were designed for [the old products]. First, they offered us a lower investment percentage and did not treat us in the same way they would have treated [the old products], regardless of the fact that we had fulfilled all the required criteria. We had to meet a variety of officials, including officials from [the ministry], and things finally worked out. (interview, case 29)

Finally, taxation that prioritizes linear business over circular business can be detrimental, as it can make it harder for circular ventures to compete with traditional linear business:

> Taxation is a challenge for us, because the tax authority does not recognize these types of services, and [the existing type of services] are favored – even if they are no longer in line with public policies concerning sustainability. We can just hope and keep our fingers crossed that the current government will suggest something to change this […] We would like to see tax relief for services in general. Lowering taxes would encourage people to consume, but at the same time encourage them to consume services and, most importantly, sustainable services. (interview, case 13)

In summary, the "lobbying work" focused on mobilizing regulatory and financial support. "Lobbying work" on the regulatory environment took place when the regulations – nationally or internationally– were outdated, fragmented, or did not favor innovation. Circular ventures also did "lobbying work" to advocate for policies that provide financial support, such as subsidies, investment support, and tax incentives.

5. DISCUSSION AND CONCLUSIONS

This study has explored the question of how born-circular entrepreneurs engage in purposeful, everyday activities – that is, institutional work – in an effort to influence the present institutional environment. The study adopts a relational perspective in terms of economic geography, focusing on an analysis of economic practices at the micro level – that is, practices related to specific actors or their social relations (Bathelt & Glückler, 2011). Economic action as social action is embedded in and constrained by institutions, as well as existing patterns of interaction such as certain types of rules and regulations and conventions of social and economic life (Bathelt & Glückler, 2014) However, this paper's focus on institutional dynamics does not follow the traditional top-down approach (how institutions influence entrepreneurship), but rather a down-up approach (how entrepreneurs influence institutions).

The results indicate that circular entrepreneurs actively attempt to change a) markets, b) regulation, policy and formal institutions, c) actors and networks, and d) behavior, practices, and cultural models by conducting four types of institutional work, namely, innovation work, cognitive work, ecosystem work, and lobbying work. First, this study contributes to the circular economy literature by adopting an institutional work approach, which is rare in the circular economy context (see Närvänen et al., 2021 and Cullen & De Angelis, 2023 for exceptions). This approach, therefore, also adds to the institutional entrepreneurship research by focusing on 'the attempts of change' instead of the radical institutional change instigated by the entrepreneurs. Radical institutional change typically is rare. (Arenas et al. 2020). Furthermore, the circular economy literature has focused primarily on transition from the technical and business model perspectives. The institutional approach has not been utilized, regardless of its ability to provide a holistic view on understanding circular economy transition (Närvänen et al., 2021). Moreover, the circular business model literature tends to be static in nature, concentrating on the various forms that business models can take (Frishammar & Parida, 2019), thus providing fewer insights into the processes behind their implementation or related entrepreneurial activities.

Overall, the institutional work approach enables the analysis of various types of mundane work, which does not lead to new institutions or large-scale change (Arenas et al., 2020). The literature on institutional work reexamines the relationships between institutions and agents, highlighting the efforts of individuals and groups rather than large-scale social transformations (Lawrence et al., 2011). Institutional work differs from other institutional theory approaches (e.g., institutional entrepreneurship), as it does not focus on success in achieving institutional change or the adoption of innovation. The aim of the concept is to devote attention to intentionality on a small scale, and not as a broad strategic vision (Arenas et al., 2020). Second, this study contributes to the circular entrepreneurship literature by demonstrating that circular ventures actively engage in various types of institutional work to influence their institutional context. However, the study suggests not only that the institutional environment hinders the transition to a circular economy (Ranta et al., 2018, 72), but also that entrepreneurs seem to adapt and find ways to fit into their institutional environment, sometimes even working around institutions (see also Arenas et al., 2020). Third, Suchek et al., (2022) point out in their review that born-circular start-ups have received limited attention in the literature to date. Consequently, the present study focuses on small-scale circularity-oriented entrepreneurship. The study is not without its limitations, however. First, it is based on a limited number of cases, which hinders the ability to generalize the results. However, this approach has allowed for a thorough understanding of the phenomenon. Moreover, the cases examined were less than five years old, ensuring that all interviewees could remember the process from the beginning. Second, the study specifically examines European for-profit ventures. Including ventures from around the globe could offer a more comprehensive insight into institutional work in the transition to a circular economy. This type of research is important, because entrepreneurs often drive institutional change through innovative practices. Understanding how entrepreneurs interact with and influence institutions can inform policymakers on creating supportive institutional environments that facilitate entrepreneurial ventures.

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AUTHOR CONTRIBUTIONS

Kaisa Henttonen: Sole author.

DECLARATIONS

Competing interests The author declares no competing interests.

APPENDIX 1. INTERVIEW QUESTIONS

1. Would you tell me a little bit about your background? What education do you have? Where have you worked before? Why did you become an entrepreneur?
2. What does the circular economy mean to you? How is your venture linked with the circular economy?
3. What is your venture like? What problem do you solve? What is your business model? What are the benefits for your customers?
4. Could you walk me through your venture journey? From your initial idea to where you are today, who have you connected with to develop your venture? How have these interactions taken place since you began?
5. What challenges have you been confronted with along the way? How did you solve them?
6. What kind of critical incidents have there been, if you think about the development path of your startup from the business idea until today? Could you give examples of what happened?

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