Closing Loops and
Making Sense

An exploratory case study of how employees in a
global company make sense of a circular economy

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Abstract

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Background: According to Webster et al. (2013, p. 4) “the idea of the circular economy is capturing the attention of businesses, academics and the next generation of entrepreneurs as a framework for re-designing the economy”. This can be traced back to growing evidence of environmental risks like ozone depletion, climate change, threats to biodiversity and changes in the nitrogen cycle (Geissdoerfer et al., 2017). Although the European economy still relies on a linear economic model, operating on a take-make-dispose basis (Rossé et al., 2016), circular business model have recently experienced a rapid growth and are perceived increasingly attractive by businesses (Ellen MacArthur Foundation, 2017a).

Research Question: How do individuals in a multi-national organization make sense of circular economy and their goal of transforming to a circular business?

Purpose: Exploring how individuals in an organization make sense of the circular economy concept when pursuing the goal to transform to a circular business by 2030.

Method: The research is an exploratory case study with empirical data collected through semi-structured interviews at the case company IKEA

Conclusion: By establishing the circularity goal, the organization changes the ambiguity of circular economy to uncertainty for employees that enact it. The individuals are making sense of the circular economy concept triggered by uncertainty due to the missing practical approach defined in the strategy. There is no collective agreement if circular economy is mainly business-driven or sustainability-driven, but they establish collective sense on engaging in many local solutions of circular economy instead of choosing one global approach, representative for the concept of a circular economy.

Keywords: Circular Economy, Business Models, Transformation, Sensemaking, Organizational Sensemaking
Table of Abbreviations

<table>
<thead>
<tr>
<th>CE</th>
<th>Circular Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g.</td>
<td>example given</td>
</tr>
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<td>PSS</td>
<td>Product-Service-Systems</td>
</tr>
<tr>
<td>SE</td>
<td>Sweden</td>
</tr>
</tbody>
</table>
Contents

1 Introduction  
  1.1 Background  1  
  1.2 Problem Discussion  2  
  1.3 Research Question  4  
  1.4 Purpose  4  
  1.5 Limitations and Delimitations  4  
  1.6 Outline  5  

2 Theoretical Framework  7  
  2.1 Theory of Sensemaking  7  
  \hspace{1cm} 2.1.1 The Process of Sensemaking  8  
  \hspace{1cm} 2.1.2 Occasions for Sensemaking  10  
  \hspace{1cm} 2.1.3 Enactment  11  
  \hspace{1cm} 2.1.4 Critique Towards Sensemaking  12  
  2.2 Circular Economy  13  
  \hspace{1cm} 2.2.1 Definition and Development  13  
  \hspace{1cm} 2.2.2 Circular Economy and Related Concepts  15  
  \hspace{2cm} 2.2.2.1 Circular Economy and Sharing Economy  16  
  \hspace{2cm} 2.2.2.2 Circular Economy and Sustainability  17  
  2.3 Sensemaking Perspectives on Circular Economy  17  

3 Methodology  20  
  3.1 Research Site and Research Context  20  
  3.2 Research Approach  22  
  \hspace{1cm} 3.2.1 Ontology  23  
  \hspace{1cm} 3.2.2 Epistemology  24  
  \hspace{1cm} 3.2.3 Abductive Approach  25  
  3.3 Research Design  26  
  \hspace{1cm} 3.3.1 Exploratory Research Design  26  
  \hspace{1cm} 3.3.2 Qualitative Case Study Approach  27  
  3.4 Purposive Sampling  28  
  \hspace{1cm} 3.4.1 Sample Size  29  
  3.5 Data Collection Methods  29  
  \hspace{1cm} 3.5.1 Organizational Documents  30  
  \hspace{1cm} 3.5.2 Semi-Structured Interviews  31  
  3.6 Analysis Method  35  
  3.7 Research Ethics  39  
  3.8 Quality Criteria  40  
  \hspace{1cm} 3.8.1 Authenticity  41  
  \hspace{1cm} 3.8.2 Trustworthiness  42  

4 Empirical Findings  44
4.1 Closing the Loop
  4.1.1 Organizational View
  4.1.2 Individual View
  4.1.3 Connecting Organizational and Individual View

4.2 Interrelation
  4.2.1 Interrelation with Sustainability
    4.2.1.1 Organizational View
    4.2.1.2 Individual View
    4.2.1.3 Connecting Organizational and Individual View
  4.2.2 Interrelation with Sharing Economy Approaches
    4.2.2.1 Organizational View
    4.2.2.2 Individual View
    4.2.2.3 Connecting Organizational and Individual View

4.3 Circularity in Practice
  4.3.1 The Circularity Goal at IKEA
    4.3.1.1 Organizational View
    4.3.1.2 Individual View
    4.3.1.3 Connecting Organizational and Individual View
  4.3.2 Challenges for IKEA
    4.3.2.1 Internal Challenges
    4.3.2.2 External Challenges
  4.3.3 Motivations for IKEA

4.4 Summary of Empirical Themes

5 Discussion
  5.1 Connection to the Theoretical Framework
    5.1.1 The Circular Sensemaking Process
    5.1.2 Occasions for Circular Sensemaking
  5.2 Summary of Discussion

6 Conclusion
  6.1 Key Findings
  6.2 Managerial Implications
  6.3 Reflections and Future Research Implications

7 References

8 Appendix
Table of Figures

Figure 1 The Relationship Among Enactment, Organizing and Sensemaking .......... 12
Figure 2: Organizational Structure of the Inter IKEA Group (Inter IKEA Systems B.V.,
2016) ........................................................................................................................................... 20

Table of Tables

Table 1: Organizational Documents for Data Collection ......................................................... 31
Table 2: Interview Guide ............................................................................................................. 33
Table 3: Overview over interview partners with fictional names and perspective on
circular economy ......................................................................................................................... 34
Table 4: Arrangement of Collected Data by Contents, Themes and Central Concepts.. 37
1 Introduction

This study focuses on how the concept of circular economy is introduced in a global company. More specifically, it aims at exploring the employees’ sensemaking of the concept itself as well as of the strategic aim of a global company to transform into a circular business by 2030. The background therefore explains the development of circular economy as a relevant concept from a legislative and business perspective. The problem discussion focuses on pointing out why the introduction of circular economy poses a challenge, especially for businesses. This leads to the research question and the purpose of the research. For the specifics of this study, limitations and delimitations are presented before the chapter concludes with an outline of this thesis.

1.1 Background

Human activity has always been connected to materials: we need space to live, food and in order to remain healthy, a clean environment (Blomsma, 2016). However, the linear economic model of taking, making and disposing creates significant amounts of waste. Goods manufactured in Europe have an approximate lifetime of nine years and 31% of food produced is lost or wasted (MacArthur et al., 2015). At the same time, 50% of residential dwellers state that they live in too much space, indicating that waste is also created through underutilized resources (MacArthur et al., 2015). In order to find solutions for increasing resource scarcity, the concept of a circular economy targets at developing this structural waste out of the system, keeping products and material in use and regenerating natural systems (Ellen MacArthur Foundation, 2017b).

The definition of circular economy has merged from several previous concepts and theories and remains instatic (Ellen MacArthur Foundation, 2013). It is seen as a multidisciplinary field and research has dealt with a variety of issues such as regenerative designs, remanufacturing, closed-loop supply chains, resource conservative manufacturing as well as business models and the transformation of economic structures (Lieder and Rashid, 2016).

To promote the objectives of circular economy, legislators have proposed laws and action plans. In 2008, China introduced the Circular Economy Promotion Law to aim for
sustainable development as a top-down objective (Ghisellini et al., 2016; People’s Republic of China, 2008). The European Union has started developing the *EU Action Plan for the Circular Economy*, aiming at among others higher recycling and re-use rates as well as landfill reduction (European Commission, 2015). This approach is rather a bottom-up tool for environmental and waste management policies (Ghisellini et al., 2016).

The attention towards circular economy has been growing strongly within the past years. According to Webster et al. (2013, p. 4) “the idea of the circular economy is capturing the attention of businesses, academics and the next generation of entrepreneurs as a framework for re-designing the economy”. This can be traced back to growing evidence of environmental risks like ozone depletion, climate change, threats to biodiversity and changes in the nitrogen cycle (Geissdoerfer et al., 2017). Circular economy is seen as potential future paradigmatic shift which will consequently result in industrial transformations (Korhonen et al., 2018b). Although the European economy still relies on a linear economic model, operating on a take-make-dispose basis (Rossé et al., 2016), circular business model have recently experienced a rapid growth and are perceived increasingly attractive by businesses (Ellen MacArthur Foundation, 2017a).

1.2 Problem Discussion

The concept of a circular economy is interpreted in various different ways in terms of how it could look like and the included approaches. Definitions and principles included in the concept of circular economy are still not clearly developed. Often, the concept is only considered as an improved approach for waste management, disregarding recycling, reuse or recovery options of materials (Ghisellini et al., 2016). Merli et al. (2018) add, that studies have also focused on clean production. Another focus of studies is on closing material loops strategies through recycling and industrial symbiosis. The attempt to slow resource loops through innovative business models, for example based on a shift away from ownership and towards accessing goods or a performance-based consumption has not been included in much research yet (Merli et al., 2018). The models were first researched independently from the circular economy and have only recently been put in a context (Merli et al., 2018). Furthermore, many studies have limited their focus on providing practical methods and tools to model processes or support decision-making for
circular economy implementation (e.g. Antikainen and Valkokari, 2016). Socio-economic aspects and the social sciences have only come up recently in relation to circular economy (Merli et al., 2018).

Given the equivocal nature of the circular economy concept, no agreed upon methodology is present when it comes to assessing possible involvements in businesses. In practice, working definitions and interpretations are still established for each case individually (Blomsma, 2016). Transformations towards circularity are therefore challenging companies with traditional business models (Antikainen and Valkokari, 2016). It is not finally assessed whether the involvement of e.g. product-service-systems (PSS) in business models is beneficial in order to fulfil circularity goals and slow resource loops (Tukker, 2015). Businesses need to adapt products and services, production processes, revenue models and their relationships with customers and partners (Antikainen and Valkokari, 2016). Some research states that due to different skill sets and possibly higher labor intensity, the cost of transitioning business models, e.g. from product sales to product-service oriented can be high for organizations (Tukker, 2015). According to Blomsma (2016, p. 18), this is uncertain since a knowledge base for circular economy strategies is missing and in order to support developing this, “one needs to know how practitioners interpret and use the circular economy concept and in what manner they enact it. At present, however, the understanding of this is limited.”

The lack of studies on the social science aspect in terms of understanding and interpretation of circular economy uncovers a gap in currently available research. Moreover, uncertainty for large, global organizations about how a change from a linear to a circular business model could look like, motivates this research. Although this study does not aim at developing tools or models on how an implementation can succeed, this thesis will contribute to a better understanding how circular economy as a concept is made sense of by the actors in an organization and how a process of sensemaking about the circular economy develops.
1.3 Research Question

The research question that connects to the previous discussions and is used for the setup of the study is:

- How do individuals in a multi-national organization make sense of circular economy and their goal of transforming to a circular business?

1.4 Purpose

The purpose of this thesis is to make the sensemaking of individuals in an organization engaging in a transformation towards a circular business visible. Moreover, the aim is to explore to what extent individuals in a multi-national organization made sense of the circular economy concept and the recently established goal to transform into a circular business. Therefore, the concept of circular economy is presented and compared with related concepts and research fields like product-service-systems, collaborative consumption and sustainability. The goal is to add the perspectives of employees of one organization to the existing research body of circular economy and contribute to a further definition and delimitation of the concept as well as support the explanation of challenges when traditional linear businesses begin a transformation to a circular business.

Therefore, theories are compared and an empirical perspective is added through a study at IKEA, a global production and retail company in the home furnishing business. This organization has set the strategic sustainability goal of turning into a circular business by 2030. Employees with assignments in different business areas affected by and in charge of the circular economy goal are interviewed in order to understand, how the members of the organization explore the circular economy and see challenges to eventually portray how they make sense of their situation.

1.5 Limitations and Delimitations

This case study is conducted at IKEA and looks at how the employees of the organization make sense of the circular economy concept. In the course of the study, the perspectives of employees actively working with circularity fields and of employees that will be affected by a transition to circular economy are taken into consideration. Due to the
recency of the studied phenomenon, it cannot be entirely assessed beforehand, which areas in the company are affected by a transformation to a circular business model.

As common in case study research, the findings are specific to the studied company and can only be generalized to a limited extent outside the context. Moreover, the goal of being a circular company was only introduced several months before the start of the research. The study can therefore only cover a snapshot of the exploratory stage of the shift to circularity. Thus, no comparison between different states of the transformation were performed. Conducting a similar study at a later point in the process will most likely result in different findings.

1.6 Outline

*Chapter 1 Introduction:*
The first chapter introduces the development of circular economy and presents different definitions and approaches. The problem discussion deals with the equivocal interpretations of the concept that pose a challenge for businesses to find a way to transform to a circular business model. This leads to the research questions, as well as purpose, limitations and delimitations of the study.

*Chapter 2 Theoretical Framework:*
This chapter gives an introduction into the theory of sensemaking, used in this study as a framework to analyze the approaches of the case company to circular economy. The circular economy concept is introduced, delimited and linked to the sensemaking theory to give an initial perspective.

*Chapter 3 Methodology:*
This chapter presents the way research is conducted in this study. Therefore, the abductive approach for the qualitative study is described and the research design presented in detail. Furthermore, the data collection as well as data analysis methods are covered. In addition to ethical considerations on conducting the empirical data collection, quality criteria are included to evaluate the research. Specific explanations are given to each chapter in order to justify the selected approaches.
Chapter 4 Empirical Findings:
In this chapter the results of the data collection methods (semi-structured interviews) are presented, based on themes that allow a structure for the analysis. This chapter explains central concepts and themes discovered in the findings.

Chapter 5 Discussion:
This chapter discusses the results obtained from the analysis of the empirical data through the lens of the sensemaking theory. The findings demonstrate how sense was made of the circular economy at the case company.

Chapter 6 Conclusion:
This chapter presents the conclusions based on the analytical results of this study. Moreover, key findings are derived as well as reflections and limitations of the study discussed. To conclude, suggestions for further research are presented.
2 Theoretical Framework

This study aims at contributing to the understanding of the circular economy concept from the perspective of interpreting how employees in an organization make sense of it. Therefore, the circular economy is studied alongside Karl Weick’s theory of sensemaking, that is presented in this chapter regarding sensemaking as a process, occasions for sensemaking and enactment. Moreover, this chapter includes a review on how recent literature defines circular economy. The chapter links the sensemaking theory to the studied phenomenon to explain how the theory is utilized to interpret the individuals’ sensemaking process of circular economy.

2.1 Theory of Sensemaking

Sensemaking starts from the assumption that individuals do not live in a given reality but actively create and sustain images of a reality. People are not discovering reality but rather accomplishing and enacting it (Weick, 2001). The theory of sensemaking is summarized as an “ongoing retrospective development of plausible images that rationalize what people are doing” (Weick et al., 2005, p. 409). Sensemaking is often triggered by incomprehensible or surprising occurrences, that do not fit with familiar experiences and frameworks. People identify cues when comparing these occurrences to past events, look for explanations and start speculating on the occurrence (Weick, 1995). In order to make sense, they ignore parts of reality and focus on a limited number of hints or cues (Weick, 2001). When observations first become part of public speculations, for instance in scientific publications, they are often not being widely noticed due to issues of identity and reputation (Weick, 1995). According to Weick (2001), sensemaking is an attempt for people to create justifications for actions and situations to themselves and others. These justifications are built from socially acceptable reasons and thus contain meaning.

Weick’s sensemaking has changed common views of organization theory by shifting the attention from “structures to processes” (Czarniawska, 2005, p. 245) or “organization to organizing” (Hatch and Yanow, 2005, p. 74). Relevant to understanding sensemaking is the perspective that organization comes up through sensemaking instead of organization preceding sensemaking or organization producing sensemaking (Weick et al., 2005). Van der Heijden et al. (2010) conclude that companies engage in sensemaking when they do
not understand their surroundings based on existing concepts. In “The social psychology of organizing”, Karl Weick first linked sensemaking to organizations by defining it as a basic theme for organizing models and describes sensemaking as the one consistent and regular activity in organizations (Weick, 1979). Weick (2001, p. 5) defines organizations “as collections of people trying to make sense of what is happening around them”. Sensemaking in the organizational context happens through action and interaction (van der Heijden et al., 2010), while the ongoing accomplishment of sense is made through retrospective interpretation (Weick, 1995). Weick (2001) sees sensemaking in organizations as a social and symbolic process, involving commitment and interpretation.

As a theory around meaning making, sensemaking takes in a philosophically interpretive perspective by stating that reality is socially constructed through processes of “organizing” and “enactment” (Hatch and Yanow, 2005; Weick, 1995). In the following chapters, the processual nature of sensemaking is explained in further detail (2.1.1 The Process of Sensemaking). Moreover, the occurrence of sensemaking is explained in chapter 2.1.2 Occasions for Sensemaking and the theory of enactment is further elaborated on as an element of sensemaking (2.1.3 Enactment). In the final part of this chapter, criticism on the sensemaking theory is briefly discussed (2.1.4 Critique Towards Sensemaking).

2.1.1 The Process of Sensemaking
According to Weick (1995, pp. 17–62), sensemaking can be described as a process entailing seven different characteristics that support distinguishing it from other processes like understanding, interpretation and attribution. Sandberg and Tsoukas (2015, p. S8) summarize sensemaking as “social, retrospective, grounded on identity, narrative and enactive”.

The process is based on identity building, since self-definition in the people’s context also determines their view of events (Weick, 1995, pp. 17–62).

Sensemaking is an attentional process, however the attention is directed to what has already occurred from a specific point in time. Weick therefore emphasizes that people only know what they do after they have done it. As previously noted, retrospective thus is another key characteristic to sensemaking. (Weick, 1995, pp. 17–62).
Furthermore, the process is a matter of enacting sensible environments. People are an active part of their own environments and therefore determine their sensing through their own actions. For instance, instead of sticking to conceptual pictures of the world, it is only possible for people to see what they think through their actions, for instance through saying. (Weick, 1995, pp. 17–62).

While the process of interpretation describes how people deal with existing entities, sensemaking focuses on describing how entities arrive in people’s surroundings. Researchers also point out that sensemaking is a social activity, because what persons do is contingent on others, even if done internally such as in monologues or one-way communication. (Weick, 1995, pp. 17–62).

Sensemaking is ongoing and never has a starting point, considering that sole duration never stops. People are seen as always in the middle of something and emotions are influencing people’s memories, which is relevant for their interpretation of past events, as described in the characteristic of retrospective. (Weick, 1995, pp. 17–62).

People make sense focused on and by extracted cues. Extracted cues are known structures that people use as a basis to think of what may be happening. What these cues are, what they might result in and how they are interpreted is contingent on the context. (Weick, 1995, pp. 17–62).

Finally, sensemaking is driven by plausibility rather than accuracy. It is more associated with plausibility, coherence and reasonableness as long as understanding is enabled, while accuracy is secondary. In other words, people filter from the available data to know just enough to get on with their projects. (Weick, 1995, pp. 17–62).

As Weick summarizes, the seven properties of sensemaking are built into the initial recipe, the question “how can I know what I think until I see what I say” by the sensemaker (Weick, 1995, p. 61). The phenomenon of sensemaking appears in a large variety of settings, however it is more common to see sense that has already been made than to see the actual process of sensemaking. Although sense can be made of anything, it can therefore be challenging for researchers to investigate the process (Weick, 1995).
According to Jennings and Greenwood (2003), sensemaking highlights that decision making is interpretive and less rational. Sensemaking focuses on the role of the individual that enacts the environment through acting and understanding and incorporates preconceptions, values and emotions as part of the own identity in the process.

2.1.2 Occasions for Sensemaking
Weick (1995) explains sensemaking as triggered by shocks and compares the process to the way innovation is initiated by Schroeder et al. (1989): Shocks can come in a variety of forms from inside and outside the organization and do not necessarily need to be a single event. They can appear as both major events and several smaller changes, like leaving a stable job to start a company, new product developments of a competitor, a new leader in the organization or an upcoming joint venture. Thus, shocks are not necessarily negative either. As a reaction to these shocks, people begin paying attention and initiate “novel action” (Schroeder et al., 1989, pp. 123–126).

In more detail, Weick (1995, pp. 91–100) distinguishes between ambiguity and uncertainty as sensemaking occasions in organizations, in which the shock situations are different. In an uncertain situation, information about future consequences is missing. The shock situation is accompanied by ignorance and imprecision. People are lacking understanding of how environments change, how this impacts the organization and what options they have to respond.

In contrast to lacking information when uncertainty occurs, in ambiguous situations people make sense because they get confused by a large variety of interpretations (Weick, 1995, pp. 91–100). Events are assessed as ambiguous if they seem to be unclear, paradoxical or particularly complex. In these occasions, more information possibly does not resolve misunderstandings but supports confusion. People are not sure about whether a problem even exists and what question they should ask. Thus, the necessary assumptions for rational decision-making are missing. (Weick, 1995, pp. 91–100). McCaskey (1982) defines twelve characteristics of ambiguous situations:

- The problem definition is unclear and shifting
- Obtaining the right amount of reliable information is difficult
- Actors often create various and sometimes conflicting interpretations of the existing data
- Objective criteria are missing and actors rely on professional and personal values that may clash
- Goals are either vague or contradictory
- Chaos is created through lacking time, money or attention
- Contradictions and paradoxes appear through inconsistent features, relationships or demands
- Responsibilities of actors are unclear and roles are vague
- Measures to assess the success of resolving the situation are lacking
- Actors understand cause-effect relationships poorly
- Instead of exact definitions or arguments, symbols and metaphors are used for descriptions
- Because key influencers and decision-makers change, decision-making becomes fluid

According to Weick et al. (2005), moments of sensemaking are when people, in order to cope with ambiguity, look for meaning, then decide for plausibility and move on.

2.1.3 Enactment
In order to understand the loops sensemaking is turning, the enactment theory describes sensemaking as infinite dialogues between blurred results of an action and conscious probing. Sandberg and Tsoukas (2015) summarize that individuals enact their realities when they take action, which is based on presumed beliefs. Retrospectively, they make sense of this new reality shaped by their actions. Individuals then act on it again and retrospectively make sense of it again. Jennings and Greenwood (2003, p. 201) describe the unending cycle visualized in Figure 1 as follows: When ecological change happens increasingly, the actor makes sense of the change, enacting on it. First, this enactment is fed back as another variation of the environment. However since enactment happens instantly, selection is required in order to simplify the recognized cues, reduce equivocality and guide future action in a conscious way. During the retention step, this more plausible story is then related to past experiences and connected to relevant identities (Weick et al., 2005). The results of this step loop back to future rounds of selection and enactment (Jennings and Greenwood, 2003).
According to Aldrich and Ruef (2011), the enactment concept, that interpretations are preceded by action and a context for action is created through interpretations is challenging to research: It is unclear how much self-reports of participants’ actions can be trusted, since it is unclear under which conditions enactment happens and whether it is intentional, blind and thus even represents the correct environment.

2.1.4 Critique Towards Sensemaking
Especially since this study relies upon the sensemaking theory to a high extent, the need to also involve more critical voices on the theory emerged in order to enable the reader an unbiased judgement. Although, as Sandberg and Tsoukas (2015) note, Karl Weick’s sensemaking theory has not been systematically criticized to a high extent, there are several points authors challenge about the theory. MacKay (2009) for instance objects the view that the future can only be understood retrospectively since it is more foreseeable nowadays, with modern tools. O’Connell (1998) is missing a stronger discussion about the actual process of sensemaking in Weick’s Sensemaking in Organizations, consisting of interacts, double-interacts and triple-interacts and thus the repeated enactment. Sandberg and Tsoukas (2015) furthermore criticize that the actual meaning of the word sense is described in an ambiguous way and Weick uses different meanings to describe it. Also, the bodily senses are not included in the making of sense (Sandberg and Tsoukas, 2015). Moreover, Weber and Glynn (2006) note that sensemaking, emphasizing local and

![Figure 1 The Relationship Among Enactment, Organizing and Sensemaking](source: Jennings and Greenwood (2003, p. 202), adapted from Weick (1979, p. 132)
subjective processes, is portrayed as a rather local practice, that disregards wider contexts of social, historical and institutional nature. Finally, some interpretations of the enactment theory are criticized by Child (1997) stating that environments have characteristics that actors in an organization can not simply enact. Having criticism around the theory of sensemaking in mind, Sandberg and Tsoukas (2015) emphasize that these have contributed to the development of the sensemaking theory from a cognitivist to a social constructivist perspective.

2.2 Circular Economy

The following chapter summarizes the roots of the circular economy concept and describes the conceptual nature of circular economy as an *umbrella concept* and *essentially contested concept*. Moreover, links to the related concepts of *sharing economy* and *sustainability* are established in more detail

2.2.1 Definition and Development

Linguistically, the term “circular economy” is phrased as an antonym to “linear economy”. From a descriptive perspective, Murray et al. (2017) see the linear economic model as one converting natural resources into waste through production. A circular economy in turn has no net effect on the environment since it restores damages in resource acquisition and ensures little waste during the product’s life (Murray et al., 2017).

Ideas of closed-circle economic systems already date back to the 1970s with the laws of ecology (Commoner, 1971). Adding the perspectives of waste and the environment to a previously open and linear economic model, Pearce and Turner (1990) introduced the term of a “circular economy”. Recent research however points out that definition and conceptualization of the circular economy in practice is performed in reports published by the Ellen MacArthur Foundation (Lewandowski, 2016). In such, the concept is defined as “an industrial system that is restorative or regenerative by intention and design”, involving the shift of businesses to use renewable energy, support re-use and eliminate waste (Ellen MacArthur Foundation, 2013, p. 7). The European Union delivers another definition by aiming at the introduction of a circular economy, “where the value of products, material and resources is maintained in the economy for as long as possible, and the generation of waste minimized” (European Commission, 2015, p. 1).
The circular economy concept is lacking a clear identity, being constructed out of a variety of concepts from different scientific fields, involving business communities and legislative contributors (Korhonen et al., 2018a). According to Blomsma (2016), these concepts and strategies share the capacity of extending resource life and other types of waste and resource management like prevention.

Apart from Commoners (1971) early laws of ecology, research has built up around various theoretical approaches towards the circular economy. For instance, the concept of cradle to cradle rejects the general criticism towards growth and emphasizes the importance to consider material science in product design in order to achieve greater effectiveness (McDonough and Braungart, 2009). Stahel (2010) suggests a shift from the manufacturing to the “Performance Economy”. This concept demands the responsibility of economic actors for the full life cycle of products and suggests integrating services with products in order to sell solutions while consuming less resources. The theory of “Regenerative Design” contributes to the circular economy with the goal of providing for continuous replacement in an economic system. Linear flows are replaced with cyclical flows, rooting in practices of organic farming (Lyle, 1994). The development of “The Blue Economy” aims at constructing a practical framework around regeneration and provides concrete case studies, including an open source project (Pauli, 2015). “Industrial Ecology” follows an interdisciplinary systemic approach, comparing the ecosystem of industries with natural ecosystems and suggests association (Erkman, 1997). The science of “Biomimicry” uses nature as a model instead of just as a source for extracting resources. Following this approach, natural designs are applied in order to solve human problems (Benyus, 2008). Moreover, Hawken et al. (1999) contribute the theory of “Natural Capitalism” to research around circular economy. They point out that in industrial systems, the classical human, financial and manufactured types of capital require natural capital in form of resources, living systems and ecosystem services to create value. Therefore, productivity of natural resources must be increased radically and regeneration is required.

Blomsma (2016) points out that diverse strategies to extend the life of materials, products and energy and their application are at the core of circular economy. None of these strategies based on seminal works, think tanks, legislation, academia or business can
however represent the circular economy entirely. In order to conceptualize the circular economy considering the various models and strategies it is based on, Blomsma (2016) furthermore applies the term “umbrella concept” according to the definitions of Hirsch and Levin (1999). An umbrella concept is described as a “broad concept or idea used loosely to encompass and account for a set of diverse phenomena.” (Hirsch and Levin, 1999, p. 200). Blomsma and Brennan (2017) create the relation based on the characteristics of the concepts: They all existed prior to the concept of circular economy, in which they are now frequently framed in and share the attempt to extend the life of resources.

Korhonen et al. (2018b) add the perspective that circular economy qualifies as an ‘essentially contested concept’ based on the definition provided by Gallie (1956). An ‘essentially contested concept’ is characterized by an agreed-upon final goal, a complex character, disagreements on the definition and changes based on the circumstances despite the fact that the goal is accredited (Gallie, 1956).

Moreover, Korhonen et al. (2018b, p. 547) suggest a working definition, involving the production and consumption perspective of the current state of research, practice and legislation from the perspective of sustainable development:

“CE is a sustainable development initiative with the objective of reducing the societal production-consumption systems' linear material and energy throughput flows by applying materials cycles, renewable and cascade-type energy flows to the linear system. CE promotes high value material cycles alongside more traditional recycling and develops systems approaches to the cooperation of producers, consumers and other societal actors in sustainable development work.”

2.2.2 Circular Economy and Related Concepts

The circular economy concept has been linked with various different concepts, such as sustainable and efficient waste management (Blomsma, 2016; Merli et al., 2018). Moreover, the “sharing economy” has gained attention in the past years and research identifies some shared ideas with circular economy approaches (Botsman and Rogers, 2010; Pargman et al., 2016). Another relationship that is often discussed in theory is that of circular economy and sustainability or sustainable development (Geissdoerfer et al., 2017; Merli et al., 2018). In this thesis, the concepts are only briefly compared in order to enable a delimitation of the circular economy concept. This thesis will therefore only
touch upon few differences and similarities and is limited to a description of relations between circular economy and both sharing economy and sustainability. More thorough comparisons and analyses are recommended for future research.

2.2.2.1 Circular Economy and Sharing Economy
Although no generally accepted definition and delimitation has come up for “sharing economy” or “collaborative consumption systems”, a connection is visible between Botsman and Rogers (2010) seminal work referring to “Product-Service-Systems” and the ideas of Stahel (2010) on the “Performance Economy”, contributing to circular economy (see Chapter 2.2 Circular Economy). “Product Service Systems” characterize the shift from ownership to a usage-based consumption model. Products are owned by companies or individuals and rented or shared in order to maximize the product’s usage (Botsman and Rogers, 2010, pp. 71–72). Moreover, Botsman and Rogers (2010, pp. 72–73) include “Redistribution Markets” as another concept of “collaborative consumption systems”. This promotes second-hand consumption and hence the re-using, exchanging and reselling of goods mostly on a peer-to-peer level, that is also part of the Ellen MacArthur Foundation’s “resolve framework” related to circular economy (MacArthur et al., 2015). Belk (2014), in turn, does not include classical reselling in his definition of “sharing economy” at all. This shows that the sharing economy is not clearly defined either and links with circular economy are not fully established.

Other approaches of both sharing economy and circular economy require a more thorough comparison, that is only mentioned briefly in this thesis: Botsman and Rogers (2010) mention “collaborative lifestyles” as part of their “collaborative consumption”, that do not focus on physical products, but add “less tangible assets such as time, space, skills, and money” based on interactions between human (Botsman and Rogers, 2010, pp. 73–75). Belk (2014), in turn, focuses on the medium that enables sharing and shapes his category of “internet-facilitated sharing” differently, including both intangible assets and the access to physical goods. When comparing to circularity strategies, the focus is oftentimes laid on the life extension of materials, products and energy (e.g. Blomsma, 2016; McDonough and Braungart, 2009). Other circularity approaches however also include the virtualization of e.g. books and music and thus do cover intangible assets in circular economy (e.g. MacArthur et al., 2015).
The different understanding of both concepts in theory and practice makes a comparison difficult and shows the confusion that also plays a role in this study. Future research on the connection is therefore suggested.

2.2.2.2 Circular Economy and Sustainability
Geissdoerfer et al. (2017) conclude that research views circular economy either as a condition for sustainable systems, beneficial for sustainability or a trade-off. Nakajima (2000) describes the concept as a preventive approach, that is still insufficient and needs to be accompanied by reducing consumption in order to reach sustainability. Most researchers focus on the environmental aspect of sustainability and include an economic perspective when studying circular economy (Merli et al., 2018). Social dimensions are often excluded, while the environmental perspective is simplified and economic benefits emphasized (Geissdoerfer et al., 2017). Kirchherr et al. (2017) summarize that circular economy is frequently seen as an operationalization for businesses to implement the concept of sustainable development. As a reason, Geissdoerfer et al. (2017) name the interpretive flexibility of the sustainability concept, allowing an adaptation to various contexts. Circular economy is therefore easier to be implemented in practice since it offers a more defined frame.

2.3 Sensemaking Perspectives on Circular Economy
Regarding applications of sensemaking, Weick (2001, p. 423) points out that ignoring sensemaking can turn “the unexplained into the inexplicable”. Especially new developments around change, globalization or digitization are prone to enthusiasm. Neglecting sensemaking can encourage unanticipated consequences. Sensemaking does not prevent from unexpected consequences, but it eases their development by enabling people to sense them before they trigger irrevocable issues. A joint meaning, created by people’s experiences from smaller experiments and starting from explaining the inexplicable by starting with the plausible makes them more alert (Weick, 2001, pp. 423–425). Based on the recency of emerging research and the rising interest of practitioners in the concept, this research builds on the assumption that circular economy qualifies as such a new development that requires a joint meaning. As noticed in literature, there are different ways of assigning meaning to circular economy. In this study, the process of making sense to the concept is studied from the perspective of a specific organization, or
more precisely the individuals that form the organization with their sensemaking. The empirical data is therefore interpreted through the lens of sensemaking.

As Weick et al. (2005, p. 415) state, “sensemaking is not about truth and getting it right”. Rather, the aim is to make an emerging story more comprehensive through continuously developing it, including more data in order to stand stronger when facing criticism. Along the arguments of Weick et al. (2005), this thesis does not aim at getting the one story behind circular economy in an organizational context, it aims at providing a better understanding towards how individuals in an organizational context form meaning about the emerging story of circular economy.

Korhonen et al. (2018b) acknowledge that circular economy shares the characteristic of being an “essentially contested concept” with other concepts, such as corporate social responsibility. Just like van der Heijden et al. (2010) describe the introduction of corporate social responsibility in a company, this research acknowledges the rise of a more circular economy in contrast to a currently more common linear business model in large global organizations as a shock, based on the definitions summarized in chapter 2.1.2 Occasions for Sensemaking. Circular economy creates a new reality that questions many processes and departments of an organization and challenges individuals because they can not rely on their current routines to transfer this concept into practice. This study aims at understanding how individuals in an organization make sense of the concept by looking at how they define the circular economy and how they deal with the shock and the consequences when the organization sets the goal to transform into a circular business.

Since this research is conducted as a case study in an organizational framework, especially the interplay between individual and organizational sensemaking is relevant to its execution. As Weick (1995) points out, there are continuities and discontinuities when looking at how people make sense of something inside or outside an organizational frame. Sensemaking perspectives are applied in order to link individual, group, organizational and institutional levels of analysis (Blomsma, 2016). Maitlis and Christianson (2014) summarize two perspective of sensemaking: Assuming that sensemaking is taking place in individuals, the collective sensemaking process happens when individuals defend their views and thus influence others’ understandings. In contrast, assuming that sensemaking expands between individuals, members of an organization rather build their
understandings together as they mutually engage with an issue (Maitlis and Christianson, 2014). This study aims at distinguishing the different levels of analysis in terms of individual and organizational views and links them back together in the case of circular economy at the case company. Regarding the discussion of sensemaking in terms of circular economy, Boons and Howard-Greenville (Brown et al., 2008) point out: “Industrial systems do not self-organize automatically in such a way that loops are closed”, instead people define these systems. In order to capture these definitions, the study focuses on the particular case of the employees as individuals as parts of the case organization. This research is based on the assumption that sensemaking is a process of social construction, carried out through interaction between people (Maitlis and Christianson, 2014). However, organizational actors often disagree on meanings, as Weick (1995, p. 188) points out: “Shared meaning is difficult to attain.” Narratives are therefore analysed both regarding a consensual nature of group sensemaking and the unique understanding of individuals (Brown et al., 2008).
3 Methodology

Taylor and Bogdan (1998) define the term methodology as the way in which problems are approached and methods sought. In the context of social sciences, methodology describes how research is conducted. The research approach is selected based on the researcher’s assumptions, interests and purposes (Taylor and Bogdan, 1998). This chapter motivates the research approach for this study and summarizes basic information on the research site and setting. In order to make the research comprehensible and replicable, its research design as well as the sampling approach and data collection methods are presented. Furthermore, methods of data analysis and an ethical perspective of the study are taken into consideration. This chapter moreover concludes with the ethical perspective of the study.

3.1 Research Site and Research Context

The empirical data collection of this study is performed at a case company. The case company IKEA is a global furniture retailer with 403 stores worldwide (Inter IKEA Systems B.V., 2017a). There are various businesses operating under different IKEA trademarks worldwide. The Inter IKEA Group is the owner of the “IKEA Concept” and responsible for the core businesses range and supply, production as well as franchise. The companies belonging to each business are portrayed in Figure 2.

![Organizational Structure of the Inter IKEA Group](Image URL)
Although the INGKA Group is the biggest franchisee and shares the same founder with the Inter IKEA Group, the IKEA franchisees that operate the stores are independent of the Inter IKEA Group (Inter IKEA Systems B.V., 2017b).

In October 2012, Inter IKEA Systems published the first version of the sustainability strategy *People & Planet Positive*, explaining different goals around the focus areas of enabling people a more sustainable life at home, aiming at resource and energy independence and improving lives for people throughout the value chain (IKEA Group, 2014). After an update in June 2014, the goals were rephrased for a new version of *People & Planet Positive* that was internally published in January 2018 (Inter IKEA Systems B.V., 2018). The goal of *resource & energy independence* (IKEA Group, 2014) was rephrased to *circular & climate positive* (Inter IKEA Systems B.V., 2018). With this rephrasing, the company simultaneously established the goal of transforming to a circular business until the year 2030. According to the strategy, IKEA aims at prolonging product and material lives, avoiding landfill by turning waste into resources, utilizing secondary resources as well as renewable and recycled materials and setting up systems and services that support a circular economy.

The recent development of the goal to transform IKEA into a circular business by 2030 motivated the aim to explore how the individuals in the organization understand and interpret the circular economy as a concept and the emerged circularity goal, especially since the ambition was not accompanied by a concise action plan. Instead, the interpretation of the goal was widely left with the employees. Even though a large variety of research has been performed on models and tools how to implement circular economy in a business and looked into natural science related fields (Blomsma, 2016; Blomsma and Brennan, 2017), most approaches are not considering large scale changes (Haupt and Zschokke, 2017; Merli et al., 2018). As the company’s goal is only recently developed and the approaches to the concept are rooting in multiple ideas, this research is not aiming at examining a specific concept or approach. Instead, the study aims at explaining the process, how they interpret circular economy and the ambition to turn circular and how they make sense of it at this early point in time after the announcement.
3.2 Research Approach

Literature often distinguishes between qualitative and quantitative research approaches in social sciences. According to Bryman and Bell (2011), quantitative research employs measurement while qualitative research does not. Creswell (2007) points out that qualitative research is often characterized by the use of words and open-ended questions instead of numbers and closed-ended questions for quantitative research. Quantitative research is often conducted following a deductive approach, focused on the testing of theories. In qualitative approaches, researchers usually apply an inductive approach that aims at the generation of theories by building from particular to general themes where interpretations are made through the meaning of the data (Bryman and Bell, 2011; Creswell and Creswell, 2018). Apart from the question of quantification and procedural differences, the chosen research method reflects the researcher’s perspective on knowledge and research objectives. Even though data may be quantified, the analysis can be qualitative. Vice versa, it is possible to quantify qualitative data obtained through interviews or observations through e.g. coding. Thus, the two approaches are not mutually exclusive but their application is dependend on emphasis and objectives of the study (Ghauri and Grønhaug, 2010).

According to Ghauri and Grønhaug (2010), qualitative research has the purpose to create understanding, gain insights and construct theory or explanations. It is especially applied when only a limited prior insight of the studied phenomenon is available. This limited prior insight also leads to a lesser structure of problems, making qualitative research exploratory and flexible (Ghauri and Grønhaug, 2010).

Given the characteristics of this thesis, it is conducted following a qualitative research approach. The research focuses on exploring the sensemaking process of the concept of circular economy by employees of an organization and it aims at exploring and understanding meanings that they assign to this phenomenon individually in an organizational context (Creswell and Creswell, 2018). A qualitative research approach is also suitable since the concept of circular economy is not yet thoroughly researched in a comparable context (Corbin and Strauss, 2015). The setting of the empirical research is an organization that is beginning a transformation towards a circular business model. The goal of this organization is to be a circular business by 2030, however there are no specific
details provided on how the goal is reached. In order to understand and interpret the different approaches and efforts to the concepts, data is collected in the participants’ surroundings and the thesis is written in a flexible structure regarding the theoretical framework while the aim is to portray the underlying complex situation (Creswell and Creswell, 2018). In order to illustrate the sensemaking process in this case, rich qualitative data is collected and interpreted by distinguishing between an organizational view, that is shared by the employees and secondary material as a mutual understanding and an individual view of the employees at the case company. These views are connected back together to describe the on-going process of sensemaking with regards to circular economy.

3.2.1 Ontology
Ontology deals with assumptions about the nature of reality, defining the way the researcher sees and studies research objects like organizations, management, individuals’ working lives as well as organizational events and artefacts (Saunders et al., 2016). Ontological discussions include different views: The objectivist view suggests that social actors do not have control over the external social world, which is simply present and influences behaviors, beliefs and values (Bryman and Bell, 2015). The constructionist view operates as the counterpole and challenges the assumption that categories are pre-given and social actors have no role in shaping it (Bryman and Bell, 2015). According to Creswell and Creswell (2018), the constructionist view is often associated with qualitative research. It starts from the assumption that individuals establish subjective meanings of their experiences and look for understanding of their living and working environment (Creswell and Creswell, 2018).

From the beginning, ontological considerations shaped this thesis by looking at the empirical data through the lens of Weick’s theory of sensemaking. By choosing sensemaking as an appropriate lens to look at the phenomenon of circular economy, a social constructivist research approach is almost pre-given. This thesis aims at making sense of how people in an organization make sense of a phenomenon. Weick et al. (2005, p. 413) call this “a complex determination that is routine in organizational life”. The organization aims at putting a vaguely defined goal associated with a new economic concept into place. The constructivist view assumes that there is not one true reality, but individuals construct their own realities. Therefore, it is first important to understand,
how the individuals in the organization make sense of the concept in question and their situation. Hence, the empirical element of the study looks at the complexity of views in an organization instead of narrowing meanings into a small number of categories or ideas (Creswell and Creswell, 2018). The data collection is therefore designed with broad and general open-ended questions that relate to the working context of the participants to let them construct the meaning of a situation (Creswell and Creswell, 2018). This process corresponds to Weick’s view that individuals accomplish the realities they live in (Weick, 1995). The aim in this study is to interpret these constructed meanings to develop a theory or pattern while I recognize that my own background shapes the interpretations based on personal, cultural and historical experiences (Creswell and Creswell, 2018).

3.2.2 Epistemology

In research philosophy, epistemological assumptions are those dealing with human knowledge (Saunders et al., 2016). Epistemology discusses the question of what is or should be acceptable knowledge in a discipline (Bryman and Bell, 2015) and how legitimate and valid knowledge can be communicated (Saunders et al., 2016). Assumptions that research is based on a hypothesis, that needs to be tested by applying precise measurement techniques are accepted but also challenged by business researchers. Therefore, epistemological considerations influence the research process (Bryman and Bell, 2015).

The aim of this thesis is to interpret peoples’ actions and how they make sense of the world around them from their point of view (Bryman and Bell, 2011). This approach is rooted in the research tradition of phenomenology (Saunders et al., 2009). Similar to the ontological considerations, the theoretical sensemaking approach is therefore guiding this research into an interpretivist philosophy in the course of the study. The research starts from the position that in terms of the circular economy concept in an organizational context, the conditions are too complex to theorize in the same way as in physical sciences. It is therefore necessary for the researcher to understand differences between humans in their role as social actors and perform the research as close as possible to the participants to be able to interpret results from their point of view (Saunders et al., 2009). While some researchers argue that an interpretive philosophy does not meet the same scientific standard as positivist philosophies and normative approaches do, Hatch and
Yanow (2005) see the scientific contribution of interpretive philosophies in enabling understanding in a systematic and methodical way.

3.2.3 Abductive Approach
Deduction and induction are two contrasting approaches to define the reasoning adopted within research (Saunders et al., 2016). Applying a deductive approach, researchers base their conclusions on logical reasoning. Hypotheses are derived from the existing knowledge in literature, tested empirically and eventually accepted or rejected. Frequently, the approach is associated with quantitative research. In an inductive research framework, the process builds on assumptions and starts with empirical observations. The findings support theory building and are integrated into existing knowledge to improve theories. Induction is often associated with qualitative research (Ghauri and Grønhaug, 2010).

Ghauri and Grønhaug (2010) emphasize that although inductive and deductive research is characterized differently, the approaches are not mutually exclusive and most researchers believe to have used both in their work.

Apart from the contrasting approaches of deduction and induction, abductive reasoning is frequently applied in research. In abduction, data is collected to “explore a phenomenon, identify themes and patterns, locate these in a conceptual framework and test this through subsequent data collection.” (Saunders et al., 2016, p. 145). While deduction generalizes from the general to the specific and induction from the specific to the general, abduction generalizes from the interaction between the specific and the general (Saunders et al., 2016). Abduction includes understanding in the research, it starts from an empirical basis like induction, however does not reject theoretical preconceptions (Saunders et al., 2016). An abductive approach alternates between theory and empirical findings and allows a constant reinterpretation involving both in order to identify patterns (Alvesson and Sköldberg, 2009).

Based on the above mentioned characteristics, this study is performed in compliance with an abductive reasoning approach. Both inductive and deductive approaches contain necessary structures that allow combining the empirical findings of the sensemaking process of individuals in an organization transforming to a circular business with reasoning from the existing theory. The research body for the studied phenomenon was
still incomplete and the study’s direction not entirely defined in the starting phase. Saunders et al. (2016) suggest choosing an abductive approach when there is a wealth of information in one context but much less in the context of research to modify existing theory. Given the emerging character of the circular economy phenomenon, research is growing continuously, however mostly in relation to natural sciences or aiming at developing specific business models. Especially in relation to social science, theories are still young. The research in this thesis therefore can neither be described as purely inductive nor deductive. Although the empirical data shaped the scope of the research, prior research on circular economy was taken into consideration to design the interviews. The theory of sensemaking aims at explaining the phenomenon and was identified as suitable during the data collection stage. Due to the nature of the sensemaking theory, the empirical data analysis did not aim at confirming or rejecting a theory. Theoretical models were however not entirely rejected. They were rather taken into consideration and data was applied to explain and enable understanding of the sensemaking process of the individuals in the particular organization. Therefore, this study is approached by preparing a flexible framework of theories while collecting data and adapting the framework accordingly.

3.3 Research Design

The research design connects the theoretical research problem to the practical empirical research of the study and describes the way how data is collected and analyzed (Ghauri and Grønhaug, 2010). Usually, a distinction is made between exploratory, descriptive or casual types of research (Ghauri and Grønhaug, 2010). In the following chapter, the choice of an exploratory research design with a qualitative case study approach will be explained, as well as the sampling of data, the data collection and analysis methods, ethical considerations and quality criteria.

3.3.1 Exploratory Research Design

The approach of exploratory research is often applied to clarify research topics. Researchers make observations in the field in order to achieve a better understanding of problems. Based on these observations, hypotheses and assumptions are built in order to derive concepts for the study and relate them systematically to construct a model (Ghauri and Grønhaug, 2010). The application of an exploratory research design results in a
flexible method of data collection that is adapted during the research process. The initially discovered concepts are constantly revised and complemented, supported by empirical data (Alvesson and Sköldberg, 2009).

The study begins by starting from the desire to look at how an organization explores the involvement of sharing economy concepts. The goal is however not entirely defined in the beginning and shaped during the research by the evaluation of empirical data. During the data collection, I discovered that approaches concerning business models researched in the context of sharing economy and mentioned by interview partners are rather motivated by attempts to reach a circular business model in this setting. Although the concepts and systems mentioned by interview partners are partially both found in research on sharing economy and circular economy, a focus on circular economy as a concept is more suitable for this case as the empirical findings relate to circular economy. The case company has the strategic goal of transforming into a circular business by involving different approaches, such as new business models. The interaction and confusion of the circular economy and sharing economy concepts also motivate the application of the sensemaking theory in this research. Both in the theory chapter and in the empirical data collection, the research therefore establishes a relationship between the two concepts.

3.3.2 Qualitative Case Study Approach
Ghauri and Grønhaug (2010) suggest qualitative research in an exploratory research design in order to eventually build hypotheses and explanations.

In a case study, a single case like an organization, a location, a person or an event is analyzed in a detailed and intensive way. Research is focused on a bounded situation or system (Bryman and Bell, 2011). The case study approach proves relevant when research evolves around the aim to explain social phenomena in an in-depth way (Yin, 2014). Research topics are often phrased with “how” and “why” questions (Yin, 2014). According to Yin (2014, p. 19), the most important application for case studies is “to explain the presumed causal links in real-world interventions that are too complex for survey or experimental methods”. This study aims at understanding how individuals in an organization make sense of the concept of circular economy. For the empirical part of the research, an in-depth analysis of a case involving a global organization with the goal to transform into a circular economy business by 2030 is conducted (Creswell and
Creswell, 2018). The case study method is considered suitable in this research because the phenomenon is studied in a context, where it takes place and not in a laboratory environment. The time limit of the study only allows to cover a limited excerpt, since the organization is still in an exploratory stage and the phenomenon will take place over a period of more than a decade. It is most likely that a similar study will result in differing results when conducted at a later point in time.

3.4 Purposive Sampling

A sample describes the selected amount of elements of a larger population the data is collected from (Ghauri and Grønhaug, 2010; Saunders et al., 2016). In qualitative research, research site as well as participants, documents or visual material need to be selected purposefully in order to precisely understand research problem and questions (Creswell and Creswell, 2018). In purposive sampling, the researcher does not select participants and other data sources randomly but based on their relevance to the research question (Bryman and Bell, 2011). However by pursuing a maximum variation type of sampling, wherein sample members differ in terms of key characteristics, the researcher aims at finding a variety of perspectives in the resulting sample (Bryman and Bell, 2011; Creswell, 2007). A limitation of purposive sampling is the inability to generalize to a population because of the non-probability characteristic of this sampling approach (Bryman and Bell, 2011).

In this study, the interview partners are selected based on their relation to the studied phenomenon, depending on who is expected to be able to answer the interview questions best. However, a gatekeeper at the case organization presented possible interview partners based on my requests. The purpose of my research is to include both the view of actors actively determining the circularity transformation and of actors who are possibly influenced by such transformation in their work. The employees were therefore split in one group directly related to circularity (e.g. working with circular business models, supply chains and sustainability projects) and one group indirectly related to circularity (e.g. working in production, human resources or innovation projects). This enables an identification of differences in views of actors professionally familiar with the concept and actors that have another focus in their daily work. Moreover, due to the emerging characteristic of the researched phenomenon, it is not defined to a full extent which
organizational functions are mostly influenced by this transformation. Therefore, I aimed at receiving a variety of perspectives in the sample.

The access to the study participants was provided by a gatekeeper at the case organization IKEA, who I built a trustworthy relationship with during the master program. This gatekeeper is an IKEA employee and works as a contact person between the university and the company. Access to documents was partially through public availability and partially through the participants, who shared the internal documents with me.

3.4.1 Sample Size
Although sampling is often associated with quantitative research in terms of reaching statistically valid conclusions, qualitative research deals with questions of who and how many should be included (Ghauri and Grønhaug, 2010). In order to give a detailed insight, several sites or participants should be included in the sample, including extensive details about the individuals and cases studied (Creswell, 2013).

The sample for this thesis consists of nine participants working in the same organizational context, although with different roles and belonging to different departments.

3.5 Data Collection Methods
Data collection in case study research aims at gathering information suitable to answer emerging research questions and building an in-depth picture of the case in focus (Creswell, 2007). Yin (2014) sums up six different sources of evidence: documentation, archival records, interviews, direct observations, participant-observation and physical artifacts. Both primary and secondary data can be taken into consideration when conducting research: Primary data refers to the type of data that is collected specifically for the research, e.g. through interviews, observations or questionnaires. Secondary data has already been collected for another purpose like organizational documents or previously performed surveys. Whereas secondary data collection is saving resources, primary data is providing more accurate and suitable content for the purpose of the research (Saunders et al., 2009). Especially in case study research, the involvement of multiple sources of evidence is recommended, since it enables researchers to address a higher number of historical and behavioral issues (Yin, 2014).
In order to reach more convincing and precise findings (Yin, 2014), this case study includes both semi-structured interviews as primary data and organizational documents as secondary data in the scope of analysis. Especially since the researched phenomenon of circular economy has its starting point in the sustainability strategy of the organization, organizational documents are included in this thesis. However, the interviews allow the study of the personal views in much more detail.

3.5.1 Organizational Documents
Given the amount of documented information, organizational documents are of particular importance to business and management research (Bryman and Bell, 2011). These can provide the researcher with relevant background information and help summarizing the organizational history or constructing a timeline when focusing on organizational change. However, documents are often not providing an objective view and researchers are required to interpret them thoroughly. (Bryman and Bell, 2011).

The publicly available documents were obtained from the case company’s website, whereas the internal documents were only accessible to me because I signed a non-disclosure agreement prior to conducting the study.

To compare the development of the sustainability strategy and the emerging of the circular economy phenomenon in the organization, both the updated version of the 2012 People & Planet Positive sustainability strategy and the 2018 version, that was not published at the time of conducting the study, were reviewed. Moreover, the internal Guide To Design for Circularity was included to understand the principles the organization aims to follow in terms of product development. The three organizational documents evaluated for this research, are portrayed in Table 1.
### 3.5.2 Semi-Structured Interviews

Especially for exploratory types of studies, semi-structured interviews are a suitable method for data collection. Due to open-ended questions and the opportunity to give answers according to own thoughts, they enable a more precise impression of the respondent’s position or behavior (Ghauri and Grønhaug, 2010). Because the interviewer can ask for more elaboration, this also applies for complex issues (Ghauri and Grønhaug, 2010).

In semi-structured or qualitative research interviews, questions as well as sample sizes and the choice of people to be interviewed are defined prior to the interview. However, the interviewer is prepared to change the order of questions and ask new questions according to the situation’s context (Ghauri and Grønhaug, 2010; Saunders et al., 2016). The research design requires a thorough planning of the technique and the researcher is required to bring in social sensitivity, in order to avoid bias and handle personal and value-based content with care (Ghauri and Grønhaug, 2010).

This study focuses on understanding and explaining the sensemaking of an emerging concept and a vaguely defined organizational goal by individuals that form an organization. In this case, the data collection method of semi-structured interviews supports the building and addressing of a research question and leads the conversation to topics previously not considered, contributing to the topic’s understanding (Saunders et al., 2016).
An interview guide is prepared in order to create a framework for the semi-structured interviews. This guides the interviewer but still enables a free adaptation depending on the course of the interview. As it is the case in exploratory case studies like this, the data is collected prior to the final definition of the research topic. I therefore utilized the data to analyze them alongside a theory instead of testing hypotheses through my questions. The questions were formed to give the study participants freedom to answer as freely as possible, to receive unbiased insights. This study is not purely inductive, but abductive and therefore not categorically rejecting all theories before the data collection. Therefore, an initial literature review on circular economy and some related concepts was conducted prior to the interviews. The interview guide therefore consists of general questions, that aimed at exploring the topic more in-depth. The more specific questions were inspired by the prior literature review and were varied depending on interview partner and the course of the interview. The interview guide operating as the basis for the semi-structured interviews is mapped in Table 2.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Question</th>
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<tbody>
<tr>
<td>Background</td>
<td>What is your role / position?</td>
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<tr>
<td>General Circularity</td>
<td>What does sustainability mean to you?</td>
</tr>
<tr>
<td></td>
<td>What does Circular Economy mean to you?</td>
</tr>
<tr>
<td></td>
<td>How would you describe the link between Circular Economy and sustainability?</td>
</tr>
<tr>
<td></td>
<td>How are you working with Circular Economy / How is your work influenced by Circular Economy?</td>
</tr>
<tr>
<td>Transformation to A Circular Business</td>
<td>Why is IKEA pursuing the goal to be a circular business by 2030?</td>
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<tr>
<td></td>
<td>How did this come up?</td>
</tr>
<tr>
<td></td>
<td>How was it communicated?</td>
</tr>
<tr>
<td></td>
<td>What does this goal mean to IKEA?</td>
</tr>
<tr>
<td></td>
<td>How is IKEA positioned right now concerning this goal?</td>
</tr>
<tr>
<td>Measures and Approaches</td>
<td>What is IKEA currently doing to turn into a circular business?</td>
</tr>
<tr>
<td></td>
<td>- Are there examples?</td>
</tr>
<tr>
<td></td>
<td>Do you see a connection between circularity and services? How?</td>
</tr>
<tr>
<td></td>
<td>Do you see a connection between circularity and sharing? How?</td>
</tr>
<tr>
<td>Challenges</td>
<td>What is currently done to reach a circular business strategy?</td>
</tr>
<tr>
<td></td>
<td>What needs to change to turn into a circular business? Why?</td>
</tr>
</tbody>
</table>
- How does that affect the organization? (reorganization, processes, culture)
- How does that affect the relation to externals / partners? (customers, suppliers, partners, legislations)
- How does that affect the current business model? How do you cope with these effects?
What risks and disadvantages do you see for IKEA concerning the transformation to a circular business? What challenges arise through the expansion of circularity to a global level at IKEA?

Future Outlook

<table>
<thead>
<tr>
<th>Table 2: Interview Guide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you think IKEA will transition to a mainly service-based business, given the transformation to a circular business?</td>
</tr>
<tr>
<td>- What does that mean for the organization and for your work specifically?</td>
</tr>
</tbody>
</table>

The interviewees are selected based on the ability to respond to the questions from the interview guide. Moreover, the order of the interviews plays a role in the research: Table 3 includes the interview data, including the location, date and length of the interview and the interviewee’s role as well as the specific organization. To ensure anonymity but keep the readability of the document, participants were assigned a fictional name.

The interview partners were also selected in order to balance the view of people that directly work with circularity in their roles and the view of employees who are rather indirectly affected by the transformation to a circular business at the case company. People working directly with circular economy are for example developing circular business models, creating the supply chains or are in charge of more strategic projects related to sustainability, since the organization frames circular economy to the greater topic of sustainability. Employees that are assumed to be indirectly affected are found in the study as project leaders in production, human resources or innovation projects. Obtaining both views was considered relevant to not only include the views of employees professionally familiar with circular economy but to demonstrate how the concept is understood in the entire organization. Because the goal of transforming to a circular business is valid for the entire organization however, all interviewees had previous knowledge about circular economy and no one was completely new to the concept.
The first interview is conducted with the manager of sustainability policy, covering the
general sustainability strategy and an overview of the measures the organization is taking
to date and in the future. The interview is seen as a kick-off interview to understand the
organization’s standpoint in general and to further shape the focus of the exploratory research.

<table>
<thead>
<tr>
<th>Interviewee and Position</th>
<th>CE Perspective</th>
<th>Place</th>
<th>Date</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jack, Sustainability Policy, Inter IKEA Systems B.V.</td>
<td>Direct</td>
<td>Malmö, SE</td>
<td>2018-03-23</td>
<td>45 min</td>
</tr>
<tr>
<td>Anna, Supplier Code of Conduct, Inter IKEA Systems B.V.</td>
<td>Direct</td>
<td>Malmö, SE</td>
<td>2018-03-23</td>
<td>45 min</td>
</tr>
<tr>
<td>Sophie, Human Resources, IKEA of Sweden AB</td>
<td>Indirect</td>
<td>Älmhult, SE</td>
<td>2018-03-28</td>
<td>30 min</td>
</tr>
<tr>
<td>Tom, Project Leader Production, IKEA Industry Älmhult AB</td>
<td>Indirect</td>
<td>Älmhult, SE</td>
<td>2018-03-29</td>
<td>40 min</td>
</tr>
<tr>
<td>Julia, Strategic Sustainable Development, IKEA of Sweden AB</td>
<td>Direct</td>
<td>Malmö, SE</td>
<td>2018-04-04</td>
<td>35 min</td>
</tr>
<tr>
<td>Paul, Circular Supply Chain, IKEA of Sweden AB</td>
<td>Direct</td>
<td>Malmö, SE</td>
<td>2018-04-04</td>
<td>35 min</td>
</tr>
<tr>
<td>Henrik, Circular Business Development, INGKA Group</td>
<td>Direct</td>
<td>Malmö, SE</td>
<td>2018-04-04</td>
<td>50 min</td>
</tr>
<tr>
<td>Sandra, New Business and Innovation, IKEA of Sweden AB</td>
<td>Indirect</td>
<td>Älmhult, SE</td>
<td>2018-04-05</td>
<td>30 min</td>
</tr>
<tr>
<td>Emma, Communication, IKEA of Sweden AB</td>
<td>Indirect</td>
<td>Älmhult, SE</td>
<td>2018-04-27</td>
<td>45 min</td>
</tr>
</tbody>
</table>

Table 3: Overview over interview partners with fictional names and perspective on circular economy
3.6 Analysis Method

“Data must be handled, analyzed and interpreted to become meaningful information that can influence subsequent actions.” (Ghauri and Grønhaug, 2010, p. 32). According to Yin (2014), there are four general strategies for data analysis: relying on theoretical propositions as in a deductive research approach, working data from the ground up (grounded theory), developing a case description and examining plausible rival explanations. Data analysis in case studies aims at receiving empirically based findings through examining, categorizing, tabulating, testing and recombining the collected material (Yin, 2014). Due to the typically unstructured material in qualitative research, there are no clearly defined techniques on how data should be analyzed (Bryman and Bell, 2011). Handling data often proves challenging because of the mass of collected qualitative data (Ghauri and Grønhaug, 2010).

The process of data analysis consists of preparing and organizing the data from e.g. transcripts, through identifying themes by coding and reducing. Findings are later presented in tables, figures or discussions (Creswell, 2013). Often, the processes of collecting and analyzing data as well as report writing are interrelated. Creswell (2013) therefore refers to a spiral of analytic circles, in which the researcher enters with data, circles around several steps of analysis and exits with a narrative.

After initially reading the data, the next step consists of describing, classifying and interpreting the content and form codes or categories (Creswell, 2013). Within these categories, researchers develop detailed descriptions consisting of developed themes and based on personal interpretations (Creswell, 2013). This process aims at assigning an amount of data to a general phenomenon (Ghauri and Grønhaug, 2010). In order to organize and label the data, codes are widely applied as a first step to understanding and generating theory (Ghauri and Grønhaug, 2010). Coding involves segmenting gathered content into categories and assign a term that is often based on the actual language of the participants (Creswell and Creswell, 2018). There are various types of coding approaches, one of them based on the grounded theory approach (Corbin and Strauss, 2015). This analysis strategy aims at building explanations or generating a theory around core themes coming up from the data (Saunders et al., 2009). Grounded theory includes the steps of
open coding, axial coding and selective coding (Corbin and Strauss, 2015), of which this research only includes the steps of open coding and loosely applies axial coding.

*Open coding* consists of breaking down, developing concepts, comparing and finding categories of data (Corbin and Strauss, 2015). It enables a reduction, combination and integration of data (Corbin and Strauss, 2015). The results of the coding procedure are later grouped into categories (Ghauri and Grønhaug, 2010).

In this research, open coding was applied after the data collection step and thus, after the interviews were finished. I took notes on relevant topics during the interview. Also, partial transcripts were taken into consideration for analyzing the data. As a next step, common factors of the findings were identified and merged into themes. As a next step, the themes were connected to result in central concepts of this research. This categorization of the findings is portrayed in Table 4.
Table 4: Arrangement of Collected Data by Contents, Themes and Central Concepts

Table 4 shows how the contents of the interviewees’ elaborations, that were repeatedly mentioned, are connected to themes and emerge in central concepts. The research is based on an abductive approach, which is represented in the way the themes are formed: Although literature on circular economy and sensemaking was taken into consideration and not entirely rejected as in inductive research, the themes emerged mainly from the empirical data. In some cases, these themes were split up into a collective, organizational view and an individual view of the topics at a later stage to capture shared meaning as well as individual streams of arguing. The changing and refining of categories and codes during the research process is common in qualitative research (Ghauri and Grønhaug, 2010). The distinction in organizational and individual view was dependent on the
perspective of the participants. Some narrations appeared to reflect how the organization in its entirety is approaching the topic. Repeated narrations with similar wordings were identified and also compared to secondary material from the organization. Based on these observations, some organizational views with shared meaning could be extracted. However, as Rhodes (2001) points out, organizations do not only consist of harmonious narratives but of such that conflict and clash. Therefore, the categories were split in streams of organizational and individual views to clearer reflect the types of sense, the participants make. For the themes around the central concept of Closing the loop, a distinction was already made in the beginning of the data analysis because a separation was perceived clearer when reviewing the data. The themes Challenges for IKEA and Motivations for IKEA only contain an organizational view, because the elaborations were made from an organizational perspective and consensus was visible to a larger extent. The narrations however remained on an overall broader level in the Challenges for IKEA and Motivations for IKEA themes and were not elaborated on in detail by the participants.

As an example of how the development from a content to the central concept appeared, several participants used the term closing the loop alongside the goals of avoiding waste and prolonging product / material life in order to give a collectively shared definition. The other themes were also formed based on this logic. The data structure in Table 4 is the basis for the structure of chapter 4 Empirical Findings and is not connected to the theory of sensemaking at this stage.

Axial coding is following up on open coding and refers to the identification of relationships between different categories (Saunders et al., 2016). The data between interviews is compared based on conceptual lines, so that the data is put back together in a new way (Corbin and Strauss, 2015) by linking codes to contexts, consequences, patterns of interaction and causes (Ghauri and Grønhaug, 2010).

This research only applies axial coding to a limited extent. While categorizing themes, I looked into the literature and compared themes and concepts in order to identify relations or gaps. The sensemaking theory was thus only kept in the background and a focus was put on identifying some collective, organizational views and some more individual views depending on the employees’ relation to the concept of circular economy. Organizational views were often shared throughout the company and independent from role or relation
to circular economy. Individual views sometimes clashed and sometimes just supplemented each other and were dependent on the employees’ roles and relations to circular economy in their job. Theories related to sensemaking were later involved to identify occasions for sensemaking, moments of enactment and hints towards the processual nature of the theory.

In qualitative research, the unit of analysis is often not specified (Ghauri and Grønhaug, 2010). It is instead more common to categorize data independently and based on its consistent meaning (Ghauri and Grønhaug, 2010). As previously emphasized, this qualitative research follows an abductive approach. Therefore, the data analysis does neither aim at confirming or rejecting a theory, nor does it build a theory from the ground up. Instead, empirical data is collected, categorized and coded initially. In the data analysis stage, theoretical concepts are applied to support the understanding of the empirical data. This data analysis therefore initially focuses on identifying connected narrations regarding an overall definition of circular economy, the interrelation with other concepts and the practical goal of the case company. While analyzing the data, the emphasis was therefore put on identifying deviations in the employees’ interviews regarding collectively agreed-upon views and more individual views. Also, the data was connected in a way that allows interpreting how the participants reflect on motivations, challenges and future scenarios for the case company.

3.7 Research Ethics

Their moral responsibility requires researchers to work sincerely and precisely when explaining and finding answers to questions. Apart from describing the strengths of their methods, they need to inform about potential deficiencies and soundness of their results. Ethical issues are especially coming up during data collection (Ghauri and Grønhaug, 2010). Particularly in studies involving human subjects as participants or through previously recorded data, ethical considerations are of importance. Researchers should receive informed consent from the persons part of the case study, protect them from any harm and guard their privacy and confidentiality. Furthermore, participants should be selected equitably (Yin, 2014).

In order to protect the rights and ensure confidentiality of the case company, a non-disclosure agreement was signed prior to the beginning of the data collection.
Moreover, researchers need to build a trustworthy relationship with all participants (Ghauri and Grønhaug, 2010). Bryman and Bell (2011) suggest written rather than verbal consent from the participants by filling out a form. In this study, the consent form is accompanied by a background sheet to explain the content of the research and the way data is used. This includes the anonymous treatment of information shared by the participants. Prior to the interviews, participants were informed about the purpose of the study. They were ensured anonymity by assigning them fictional names and not revealing other personal details that would allow tracing back statements. All recordings of the interviews were collected and sensitive information will be destroyed after the thesis is completed.

3.8 Quality Criteria

Although qualitative researchers are not preoccupied with measurement as quantitative researchers are, discussions of reliability and validity are important quality criteria for qualitative research (Bryman and Bell, 2011). Reliability deals with the degree of the study’s replicability and consistency. Reliable research designs can be replicated and the same findings are achieved (Saunders et al., 2016). Validity is concerned with the degree to which findings can be generalized (Bryman and Bell, 2011). Moreover, it concerns the appropriateness of applied measures and analytical accuracy (Saunders et al., 2016). Although reliability and validity originate in quantitative research and were applied similarly in qualitative research, some authors suggest to adapt the criteria for an application in qualitative studies (Bryman and Bell, 2011). Creswell (2013) summarizes various approaches on qualitative validation. Lincoln and Guba (1985, p. 300) for instance adapt quantitative criteria like internal validation, external validation, reliability and objectivity in order to fit a qualitative research approach: As two main criteria, they suggest trustworthiness and authenticity.

Since this qualitative research follows a constructivist approach from an ontological perspective, the empirical findings can be interpreted in various ways. Moreover, in the interviews, participants express personal views and experiences. Therefore, it is not possible to evaluate this study with quantitative criteria. Furthermore, although the methodology of this research is replicable, any replication will most likely result in
deviating findings. Since the organization claims to be at a starting point towards the researched phenomenon, they have most likely moved on to a different situation at a later point in time.

### 3.8.1 Authenticity
Pursuing a constructivist research approach, Lincoln et al. (2017) suggest authenticity criteria in order to evaluate the study. According to Guba and Lincoln (1989), these include *fairness, ontological authenticity, educative authenticity, tactical authenticity* and *catalytic authenticity*. This research takes into consideration *fairness, ontological* and *educative authenticity*, since *tactical* and *catalytic authenticity* concern the ability to influence participants and trigger action (Guba and Lincoln, 1989). Instead, the purpose of the research is to explore and understand their situations and contexts without intruding.

*Fairness*

*Fairness* refers to the quality of balance in the research (Lincoln et al., 2017). Since exclusion of a stakeholder’s voice implies a form of bias, all the participants’ statements should be included in the text in a balanced way and with a fair treatment of stories (Lincoln et al., 2017)

The character of this research is exploratory and my previous knowledge about the phenomenon of circular economy in an organization was limited prior to the study. Through the interviews, I tried to capture a broad selection of views on the topic and represented them as balanced as possible. Apart from the interviews, I included organizational documents as a secondary source to enable a validation of the interviewees’ statements. However, bias cannot be ruled out entirely since my interest in the topic of circular economy motivated my research, implying that I possibly tend to focus on positive aspects of the phenomenon. Moreover, I was previously in touch with the case company over the course of my studies, resulting in possible bias to put forward positive factors of the case company. Furthermore, based on my research topic, a gatekeeper at IKEA supported in the selection of participants for the interviews. Intentions can therefore not be assessed to a full extent and might have influenced the selection. Time constraints moreover did not enable interviewing a larger sample and thus ruling out all possible sources for bias.
Ontological and Educational Authenticity

Ontological and Educational Authenticity deal with the questions whether a better understanding of the participants’ context and understanding for other perspectives in the context is enabled through the research (Bryman and Bell, 2015). First, this aims at raising the level of awareness with individuals on the researched phenomenon and second, this deals with raising awareness for other individuals in the surroundings of the participants (Lincoln et al., 2017).

This study aims at raising awareness for the phenomenon of circular economy with all negative and positive sides, especially with the focus on a global organization and sensemaking processes. The case company will therefore receive an insight into the employees’ sensemaking process with a recent example that affects the company. The research will be available to the case company and publicly through a research database, so that both participants and interested parties can access the thesis.

3.8.2 Trustworthiness

Trustworthiness deals with the issue that researchers need to convince audiences that the results of the research are worth dealing with and trusted (Lincoln and Guba, 1985). Instead of internal validity, external validity, reliability and objectivity as in conventional research, Lincoln and Guba (1985) suggest credibility, transferability, dependability and confirmability as quality criteria for qualitative studies. Since auditing poses a demanding task due to the large amounts of data in qualitative research, dependability has not become a common criteria in qualitative studies and was therefore not considered in this study (Bryman and Bell, 2015). However, credibility, transferability and confirmability will be briefly explained with regards to this study.

Credibility

According to Corbin and Strauss (2015), credibility stands for the fact that findings are trustworthy because they represent the experiences with the researched phenomena from the point of view of participants, researchers and readers. However, the interpretations that the work achieves is only one of many plausible interpretations from the empirical data (Corbin and Strauss, 2015). The research report needs to be coherent as the credibility of the research will be assessed by readers and participants of the study, all bringing in different realities (Lincoln, 2001). This is established through collecting and
interpreting material in a way that makes it most likely that the findings are found credible (Lincoln and Guba, 1985).

Although measures like prolonged engagement, persistent observation and triangulation as suggested by Lincoln and Guba (1985) were not applied to a full extent due to time limitations, organizational documents were taken into consideration in order to validate the meanings of the interviewees. The concept of circular economy, more precisely the sensemaking of it by the individuals is studied within the organizational context of IKEA. By delivering as many details about the research context and phenomenon as possible, the coherence of this thesis is an important aim of the entire research project.

Transferability

Transferability refers to the challenge that qualitative research is usually conducted by intensively studying a small group of individuals with some similar characteristics (Bryman and Bell, 2015). Therefore, findings of qualitative studies are often linked to the unique situation of the examined context (Bryman and Bell, 2015). Guba and Lincoln (1985) therefore suggest researchers to provide the data base by delivering a thick description of time and context in order to make it possible for the reader to assess whether the findings can be transferred. Therefore, the methodology and empirical findings attempt to describe the research context of this study as precise as possible, including a background on the case company, the details around the circular goal of the case company, as well as time and the empirical insights from the employees.

Confirmability

Confirmability deals with the objectivity of the researcher regarding the data (Lincoln and Guba, 1985). Lincoln and Guba (1985) suggest that the objectivity should be assured by focusing on the data and making it possible for readers to identify where it comes from. Since I was in touch with the case company previously, I am possibly biased because of background knowledge about the company. However, as I am stating this openly, I ensure transparency for the readers of the research.
4 Empirical Findings

This chapter summarizes the empirical data, obtained from the interviews with employees at IKEA and secondary material from the company regarding circular economy. Some of the documents were publicly accessible at the time of the data collection and some of them were classified as internal. The chapter is separated in different themes that were identified as relevant: It contains three subchapters and starts with a more general definition of circular economy from the point of view of the employees and their initial elaborations, not necessarily related to the practical approach of the case company but more on a conceptual level (chapter 4.1 Closing the Loop). Given the discussion about the conceptual nature and delimitation of circular economy in academia and practice, it proved relevant to include a subchapter about the interrelation between circular economy and other concepts (chapter 4.2 Interrelation). This contains the links, that the participants draw between circular economy and both sustainability and sharing economy from their point of view in the context of the case company. In the last subchapter, the focus is pointed more to the practical and operational approach of the case company and contains the information building the case, how the employees understand their role and that of the company regarding the goal of being a circular business by 2030. Moreover, it summarizes the current and expected challenges and motivations for this decision in the first place (chapter 4.3 Circularity in Practice).

After categorizing and coding the data from the interviews, it became obvious that there are both individual and collective or organizational approaches to the circular economy. The organizational view focuses on the collective understanding, contents in which the individuals find agreement and consensual meanings, with similar wordings and often backed by secondary material. The individual view is summarizing all narrations that include deviating or conflicting interpretations based on the employees’ roles and relation to the circular economy concept. A clear separation of organizational and individual views often proved challenging. When asked about their personal views, many participants moved on elaborating around how the organization stands in terms of the asked question. Chatman et al. (1986, p. 211) describe the situation as follows:

“When we look at individual behavior in organizations, we are actually seeing two entities: the individual as himself and the individual as representative of the collectivity. [...] Thus, the individual not only acts on behalf of the organization
in the usual agency sense, but he also acts, more subtly, “as the organization” when he embodies the values, beliefs, and goals of the collectivity. As a result, individual behavior is more “macro” than we usually recognize.”

As the observation points out, there is probably an organizational aspect in the individual views as well. In most cases, a distinguishing factor was the consistency of the narrations. The organizational view contained the views that both the employees and the secondary material aligned with. In the individual views, the narrations often split in different streams, so deviating understandings or agreements were visible depending on personal factors and opinions of the interviewees.

4.1 Closing the Loop

The first theme aims at identifying how the concept of circular economy is defined by the participants of the study. The chapter is split into the organizational view, in which the collective understanding of the employees is summarized, and the individual view, in which deviating personal views on the concept are emphasized. This chapter is concerned with the definition that participants generally assign to circular economy and the issues they identify with the nature of the concept.

4.1.1 Organizational View

The narrations on the concept often started off with a metaphor frequently used to describe the circular economy. Participants used the term “closing the loop” or “closing the cycle” when initially asked for their idea of circular economy. Sophie, for instance, phrased the circular economy idea as a question implying a task when she asked:

“Circularity for me is like: how can we close the loop?”.

When referring to this metaphor, several participants drew a circle with their fingers to emphasize the symbol. Many employees shared the circle or the loop as an introduction to the topic. This symbol, although not shared with the latest version of People & Planet Positive, is included in the previous version of People & Planet Positive (IKEA Group, 2014). The terms circular, circularity or circular economy do not actually appear in this first version, originally published in 2012 and updated in 2014. However, the interviewees still link their metaphor of closing the loop to circular economy. Sandra summarized this situation stating:
“Circular economy is not something coming up as completely new [...] A lot of circular economy has been around before but not been put together.”

Moreover, most interviewees continued their explanations by referring to waste reduction and prolonging product lifecycles as an interpretation of what “closing the loop” means, such as Sophie explaining:

“Being responsible from the idea till the material comes back, no landfill”

or Julia stating:

“If you want to simplify circularity, you say circularity is about prolonging the life of products and materials.”

In the 2018 version of IKEAs sustainability strategy “People Planet Positive”, it is phrased in a similar way: “by 2030 our ambition is to be a circular business built on clean, renewable energy and regenerative resources, de-coupling material use from our growth” (Inter IKEA Systems B.V., 2018, p. 15). The perspective is extended by pointing out the need to employ recycled materials and engaging in systems and services to enable circular economy (Inter IKEA Systems B.V., 2018). These perspectives are shared by most employees, emphasized depending on their roles. Since IKEA has a strong focus on product development, Jack, who is in charge of the sustainability policy, emphasized the importance of working with recycled materials.

4.1.2 Individual View

Some employees in the interviewed sample were actively involved with shaping the transformation to a circular business based on their role description (e.g. creating circular supply chains, developing circular business models and strategies). Some others were not involved in designing the transition in their line of work at the moment of the interviews (e.g. working in production or innovation projects) however it is assumed that their work is affected by a transformation to a circular business.

In the course of the conversations, two main narrations appeared and a pattern was visible based on the separation. The interviewees that were not actively shaping the circular transformation talked about different aspects than the ones directly involved with circularity defining tasks. Many employees that did not work with circularity directly at that point in time focused on describing more practical concepts related to circular economy, such as reuse, recycle, refurbish and resell. Emma mentioned “taking back product packaging” and Sophie suggested “leasing or renting” as ways on how to put
circularity in practice. While these examples appeared in almost every interview, this group used the approaches as a tool to describe circular economy and what it means to them without elaborating on them further. Some then referred to colleagues that supposedly knew more about the topic to talk about circular economy more detailed and some uttered uncertainty about how it can be approached with a practical emphasis, such as Tom, who works as a project leader at a production facility:

“[Circular economy] is so complex and it’s so hard to change to what reality is. I understand the concept of course and I understand the usage, the need for it but it’s really really hard to take it from theory to practice.”

The group of employees that have circularity tasks in their role description usually started off describing the most relevant interpretations on circular economy related to their roles. For instance, Julia, who was working with strategic sustainability projects, mentioned the importance of finding recycled or recyclable raw materials for products. Anna, who was developing the supplier code of conduct referred to the relevance of having long-term relationships with suppliers in order to manage the sourcing of materials.

One striking aspect was that the interviewees in this group continued to be more critical about collective interpretations of circular economy and pointed out that some aspects of the concept are not understood in its entirety. Paul, who worked with circular supply chains for instance criticized:

“We say we worked with circularity for ten years. It has been mostly about recycling [...] I mean recycling is a good thing but it should be seen as one of the least good things to do.”

implying that the concept was approached from this perspective so far and is lacking other views. Henrik confirmed that view and stated:

“Sometimes people use “recycling” to sort of talk about everything that has to do with circular economy.”

Referring to take-back solutions that were often mentioned as practical examples of circularity, he emphasized that those are not necessarily circular.

4.1.3 Connecting Organizational and Individual View

As the category forming this chapter themed around Closing the Loop and thus the definition of circular economy, there was overall agreement on broad definitions of the concept. A notion towards using symbols and images to describe the concept was visible
and portrays a shared element of the sensemaking on circular economy by the employees. Avoiding waste and prolonging product lifespans were agreed upon as general goals of a transformation to a circular business. As much as goals and the general definition of circular economy were agreed upon, deviating views became apparent the more specific and practice-related the narrations turned. The group of employees indirectly related to circular economy in their work named rather general practical approaches and indicated uncertainty about how to transfer circular economy into practice. The group of employees directly related to circular economy in their work pointed out that the organization had only worked with recycling. They criticized that colleagues equate circular economy and recycling, while emphasizing that this view is incomplete.

While a general conceptual view of circular economy with desirable goals was shared among the employees, details on an operationalization were not developed to an organizational extent.

4.2 Interrelation

In order to frame the concept and especially delimit it, the interview guide involved questions relating circular economy to other concepts or research fields. Many interviewees instantly used related concepts to define circular economy without being asked. In the narration of most participants, circular economy is linked to sustainability or sustainable development. However, some participants used approaches that are also researched in the context of sharing economy in order to simplify explanations on how to put circular economy into practice.

4.2.1 Interrelation with Sustainability
Sustainability is often linked to circularity in practical approaches and legislation. It was therefore involved in the interviews and acted as a starting point in the interviews. However, interviewees often referred back to sustainability in the course of the interviews. Circular economy was in most cases integrated into the sustainability concept, delimited and compared.
4.2.1.1 Organizational View
From the organizational perspective, circularity and sustainability are strongly linked at IKEA. The relation is already mentioned briefly in chapter 4.1.1 Organizational View, however in this context a slightly different perspective is appropriate: The current version of the sustainability strategy People & Planet Positive features one chapter called: Circular & Climate Positive, seeing circularity as a core driver to approach sustainability (Inter IKEA Systems B.V., 2018, p. 11). Julia confirmed the view and added the perspective that circularity makes sustainability more practical:

“Circular and sustainability, there is a big connection [...] You can say, circular is an enabler to make sustainability models happen.”

Tom, who was working as a project leader in production, added the view that circular economy is a progress coming from sustainability:

“We worked with sustainability. The next step would now be to work with circularity.”

However, he pointed out that the emphasis of sustainability at IKEA was different from circularity in the past:

“The focus has been within sustainability: how can we use less amount of resources? Not how do we work in a circular way.”

For this thesis, two versions of the “People & Planet Positive” sustainability strategy were taken into consideration and one main difference was acknowledgeable: Although most interviewees stated that IKEA is still in an exploratory stage when it comes to circular economy, ideas linked to the circular goal in the new “People & Planet Positive” were already found in the first version of the strategy from 2012. However, these ideas are not linked to the exact terms circular, circularity or circular economy in the first version. In 2012, the agenda point: “Take a lead in turning waste into resources. We will develop reverse material flows for waste material, ensure key parts of our range are easily recycled, and take a stand for a closed loop society” (IKEA Group, 2014, p. 14) is summed up in the chapter Resource and Energy Independence. In the new version, the goals are rephrased and collected in the chapter Circular & Climate Positive (Inter IKEA Systems B.V., 2018, p. 15). Thus, it is obvious that in the earlier version, some ideas that were later associated with circular were already existing under the sustainability umbrella. In the latest version, the subheading circular is introduced as one part of
sustainability to collect the most important meanings the organization aims to address and how this can be approached.

### 4.2.1.2 Individual View

Most participants used sustainability to frame circular economy in some way. Either the comparison was used to place circular economy inside the sustainability concept or to point at the differences and emphasize difficulties when linking them. The narrations often pointed at issues of practically applying sustainability and saw circular economy as somehow linked. However, no single agreed-upon relationship was acknowledgeable. Although Sandra underlined that people are more familiar with sustainability than they are with the concept of circular economy, she pointed out:

> “sustainability can be a bit fluffy, a bit difficult to understand”.

Paul emphasized the ambiguity of sustainability:

> “there’s almost never like one way to make something sustainable, I would say.”.

Henrik took in a critical position and emphasized:

> “Sustainability in itself is really nothing. You have to connect it to other activities to make sense.”

The way how the two approaches go together were seen in different ways. Sandra, for instance saw the two concepts interconnected but indicated that more factors are needed in order to make circular economy sustainable:

> “it’s two different things but it’s depending on each other [...] To make a circular system sustainable, it has to have all the sustainability factors in it [...] and for a sustainable society, you have to have a circular economy.”

Henrik instead followed a slightly different line of argument, loosening the relation between circularity and sustainability:

> “Circularity is not necessarily a sustainability thing only. It’s going to be more of a sort of business-driven movement [...] So it’s not necessary to connect circular and sustainability.”

### 4.2.1.3 Connecting Organizational and Individual View

Comparable to the observations from the previous chapter 4.1 Closing the Loop, employees agree on general aspects, but deviate when it comes to details or the practical execution. The existence of a connection between circular economy and sustainability in broader terms is widely acknowledged. Circular ideas have been involved in the
company’s sustainability strategies since 2012 and were thus connected ever since. The employees’ understanding is based on those overall strategies and their wording is chosen in a similar way. Moreover, some employees describe a development from sustainability to circular economy in the organization, that can also be understood when comparing the two versions of the People & Planet Positive strategies available to this research (IKEA Group, 2014; Inter IKEA Systems B.V., 2018). However when it comes to details regarding the connection, deviations become obvious, pointing to a general issue with understanding and applying sustainability. While circular economy is perceived as more practical than sustainability, some employees saw the concepts interdependent. Some however emphasized circular economy as more driven by business interests and less related to sustainability at all. Although the organization attempts to create an overall collective view on the relation of the concepts, the more detailed views are still widely individual.

4.2.2 Interrelation with Sharing Economy Approaches
Given the initial research interest of how sharing economy is approached by the individuals in an organization like IKEA and with regards to the links found in literature, the research also included links between sharing economy and circular economy ideas. As with sustainability, the participants also drew a connection without being specifically asked in some cases. In this study, the theme was however only chosen to explain the participants’ understanding of the circular economy concept, since participants used sharing economy to support their definition of circular economy and what it entails.

4.2.2.1 Organizational View
Most interviewees indicated that IKEA is still in an exploratory stage when it comes to circular economy. There was a notion towards using the business model of product-service-systems as examples for putting circular economy into practice by the interviewees. This is where the link between circularity and sharing is made in most occasions and the reason why this particular category is taken into consideration in the study. Julia, for instance underlined:

“Sharing often gives the idea it’s free but of course IKEA is a business and we need to make money, so it’s more I guess, the renting, leasing idea.”

The link between circular economy and product-service-systems is also found in the People & Planet Positive strategy 2018, where: “establishing and promoting systems
and services to enable a circular economy” (Inter IKEA Systems B.V., 2018, p. 15) is summed up as a measure to prolong product and material lives and a more efficient use of resources. In the interviews, most employees emphasized that IKEA still wants control over the products, such as Paul talking about sharing:

“Of course, we could have something around that, but it will still mean that we want to have full traceability of our products. So, for us, I think it will more be that we lease or rent out something to a customer and then take it back.”

The product-service-system perspective can also be found in the Guide to Design for Circularity, an internal guideline with several principles for product development. The principles suggest taking renting or leasing out into consideration when developing a new product (e.g. IKEA of Sweden, n.d., p. 4).

4.2.2.2 Individual View
The perspectives on sharing economy were only developed to a limited extent, but a connection was drawn by some participants, for instance by Anna, indicating:

“I think the sharing economy will contribute to circularity because it will slow [loops] down.”

Jack also suggested that it can be seen as an element contributing to circularity:

“Just reusing things isn’t the whole solution but it’s part of it. So, sharing economy can be also part of that. But it’s each piece […] It’s all of the topics, you can’t look at them individually.”

4.2.2.3 Connecting Organizational and Individual View
From an organizational perspective, sharing economy and circular economy are connected in the way, that leasing, renting and services can support the goals of circular economy. While a general agreement within the organization is reached, that the interpretation of sharing would rather involve product-service-systems with the company in charge than a peer-to-peer business model, these connections are not developed widely. The employees’ thoughts are rather developed upon the broader keywords from the People & Planet Positive strategy documents.
4.3 Circularity in Practice

IKEA set the goal of being a circular business by 2030 in the recent *People & Planet Positive* strategy (Inter IKEA Systems B.V., 2018). This theme around IKEAs circularity goal includes narrations on the specific approach that the organization is pursuing, since the goal of being a circular business by 2030 is not further described in the sustainability strategy. The category deals with how the employees understand the specific goal related to their work, what tasks they identify for the organization and how they are going to approach these tasks. Moreover, challenges along a circularity transformation at the case organization are summarized and the motivations for this step are presented.

4.3.1 The Circularity Goal at IKEA

This chapter summarizes the main themes appearing in terms of the goal to transform to a circular business from the employees’ narrations. In this chapter, the separation of organizational view contains the specifics, how the employees see the organization approaching circularity and what focus areas play a significant role in the shift. The individual view is more concerned with the nature of the goal – however not related to the concept itself as it is done in chapter 4.1.2 Individual View, but how it arrived in their specific work environment and how they relate to it.

4.3.1.1 Organizational View

In the interviews, several subtopics appeared around an operationalization of the transformation to a circular business model. These subtopics should be considered as requirements or a starting point for areas of activity for a transformation, because only few of them were actually filled with specific activities and almost all interviewees underlined that the company is in an exploratory stage when it comes to circular economy at the moment. The focus areas are also interconnected in the sense that they did not appear isolated but were extracted from the narrations to appear as clusters. Henrik summarizes the various fields in which the organization needs to be involved for turning circular as:

“If you put all of this together, it becomes a system. I mean, we have to be system thinkers.”

Jack, who was taking part in creating the new sustainability strategy, referred to the ambitious character of the goal to transform to a circular business:
“So, you need to put it out there knowing that you have no idea how you are going to accomplish most things [...] That’s what we tried to do with [People & Planet Positive]: Have the ambition levels actually higher but put a larger frame for the understanding of all the things that need to move before we get there.”

Tom, who was not entirely familiar with the circularity goal and the revised sustainability strategy, was not discouraged by the ambitious goal and the missing action plan:

“I guess no one is really: this is how we’re gonna go [...] but that’s how it has to be, we need to start doing things with it and then we see where we’ll end up in the future.”

The following subtopics appeared in the ongoing narrations of the employees additionally:

**Relation with External Stakeholders**

The role of external partners like suppliers but also customers was discussed in many interviews. Henrik, who was in charge of circular business development in retail emphasized the need to focus on interacting with customers more and look at their take in circularity. Julia confirmed this view and saw IKEAs role in supporting customers to use their products longer. Sandra, working with innovation projects, added an example suggesting:

“For example, a simple thing that’s already there today like if you’re a ‘Family’ member, you sell things free on Blocket [...] If you then also would add the service to that that if you miss a screw or something, we can easily provide that [...] or an old assembly instruction [...] that would be services.”

Another narration widely appeared and affected both customers and other external stakeholders, such as suppliers. Many interviewees emphasized that the goal can only be reached with partners and more external collaboration. Anna, working with the supplier relations pointed out:

“Just come in and say we want it because we want it will not work. It’s about motivating and working together with others [...] So what can we do as an actor in the supply chain? And we can’t act alone.”

**Product Development**

Products are seen as an essential part of IKEAs business and play an important role for all employees in the sample. Julia, working with sustainability projects stated:
“I think IKEA’s identity is our range.”

Henrik confirmed:

“Products have always been our identity, that’s what we do best.”

The task for the organization was identified in terms of how products are designed in order to extend their lifespan. Jack, working with the sustainability policy, elaborated:

“It goes back to the design of it. Can a sofa all of the sudden transform itself or, you know, children’s furniture – can it transform itself over the life of things to go from what we used for a baby can be used for a teenager [...] So that’s the design of it, to grow with you in your life.”

This is supported by the previously mentioned internal “Guide To Design for Circularity”, that summarizes nine principles to take into consideration when developing products and stating that all products will be circular by 2030 (IKEA of Sweden, n.d.). Considering these, Julia confirmed:

“We need to change the way we develop our products, because a lot of our products developed today are having a short lifespan.”

On the use of the “Guide to Design for Circularity”, Paul commented:

“That is one way to do it. To have like, hard requirements.”

Waste, Materials and Supply

Many employees emphasized the importance of using and sourcing the right materials in order to reach circularity at IKEA. Henrik suggests circulating materials backwards into the supply chain. Paul, who works with circular supply chains, goes one step further and points out the need to not only take into consideration waste that comes from IKEA:

“If we are going to this transition, then we will need external waste”.

With regards to the supply chain, Jack added:

“You won’t be able to do it in a country, you have to do it on a global level.”

Sophie gives an example of using solid wood as a material:

“Today, we rarely manage to do that at an enough low price but if we know that it’s more than one customer using it, maybe we can actually defend having solid wood in products.”

Paul furthermore describes, how the company is approaching the topic now from a supply chain perspective:

“We will now build some case studies, or business cases, which will then hopefully move on to a pilot phase [...] around refurbishment, sell second life products [...]”
so I’ve been working with that for two weeks [...] So we want to explore. With the help of actually doing it in the market. And then we know of course that if we do this in one market, then it will look totally different in another market. But at least, if we do it now, then we can gather some generic possibilities and problems that will always occur.”

Stores and Retail
For the retail environment, the interviewees shared ideas mostly around the setup of the stores. Julia summarized that the store of tomorrow will not look like today’s store and Jack, problematized:

“The chains are still very linear, even from the way we design the stores.”

Emma, who was working in a communications-related role painted a clearer picture of how she imagined the store in a circular economy:

“If we look at the stores maybe instead of as purely shopping destinations. So, I know that we see them as an experience – so, let’s look at how do we widen that experience from just buying new products and getting a good meal [...] We could quite easily find space in the warehouses for some kind of workshop area maybe, where people can upcycle or hack or repair products that need some love and attention but then also support this ability to buy and sell used and new and unwanted furniture.”

Henrik, who is working in the retail environment, also suggested a shift in how people’s needs get addressed in the store:

“If we were circular, we would start by asking you what’s wrong with the old sofa? Instead of offering you a new one like that.”

Business Model
Another aspect, the interviewees were concerned with, is themed around IKEAs business model as a whole and the way, how possible future business models should be addressed. As an example for a circular business model, Henrik indicated that IKEA needs to think about selling only services in some cases. He furthermore demanded:

“We just have to sort of find those game-changing ways of doing it, that are also IKEA-cool. Not like everyone else.”

Julia took in a more global perspective and referred to the entire business model:
“If we’re talking about business models: Do we talk about business models in terms of: we should have more services for customers for example. I guess that can be a business model, right? So: to repair, pimp up or whatever. But we could also reflect on business models in terms of IKEAs business model today is to sell very large volumes of things new. So, how do we really take the entire business model and say: what is sustainable consumption, what is circular consumption? And that’s something we need to definitely address.”

Concerning how exactly circular business models are put into place in the global organization, most participants agreed that there is a need for more individual solutions depending on the regional circumstances. Julia, for instance stated:

“One global approach, I’m not sure that is the way forward. You just need to do different approaches. You know, be more market specific.”

Henrik confirmed:

“Our take on it is not to look at the given business models and try to sort of make something global out of that and then push it out to the markets. Our take on it is instead find a good methodology to understand the problem and then to develop the solution that’s needed in that location.”

Sandra summarized the views, suggesting:

“I think it will work with many local solutions. I don’t think there will be one big major solution that could cover everything. But I think there will be one big approach that will allow for many different local solutions that fit the needs of the people in the local markets.”

4.3.1.2 Individual View

Although all employees were aware of the shift to being a circular business, there was a different narration recognizable from how the employees directly and indirectly related to circularity reacted on the specifics of IKEA’s circularity goal and how it came up in the organization. Most of the employees indirectly related to the circular economy in their work indicated that no specific activity was yet pursued in their surroundings, such as Emma, who worked in a communications role, pointed out:

“Some of us obviously know more about what those plans are, but for us, we are kind of: wait and see what that reorganization means really in terms of meeting those goals.”
Also, there was a notion to link back to sustainability as a theme for the organization, such as Sophie, when asked about the circularity goal:

“We have always, since many many years back, we have talked about sustainability, and to be honest, I don’t know exactly when circularity actually popped up.”

For employees directly related to the circular economy, the goal was sometimes not perceived as phrased clearly enough, such as Henrik stating:

“I think that’s a very limited view of things when you say fully circular in 2030 [...] Because I think, you can never be 100% circular, that’s not possible, that system doesn’t exist. So you’re somewhere on the line between 100% linear and 100% circular [...] The entire business model is moving slowly in incremental steps up the scale away from linear towards circular but it’s not like we’re coming to some sort of: ‘hey, now we’re circular!’ [...] So, I’m not sure myself, what does it mean. [...] Because that means we will basically not add anything to the economic system.”

4.3.1.3 Connecting Organizational and Individual View
Relating back to the initial observation, that the circularity goal for the organization was kept as a broad direction and not elaborated when communicated to the employees, the participants developed their own interpretations of the goal, usually related to their line of work. Due to the variety of content in the statements, distinguishing between an organizational view with agreements on topics and individual views, where understandings differ, was not entirely clear. Often, wordings from organizational documents blended into narrations. However, the narrations entail some main lines of argument: The participants see the organization in an exploratory stage when it comes to circular economy. They begin reflecting on necessary changes and point at issues that arise in various parts of the business. In their narrations, they begin building future scenarios and conclude that there is a need for various local solutions instead of one global approach to include circular economy.

However, the degree of reflecting on the future was strongly related to their professional role. Most people that were only indirectly related to circularity were rather uncertain and tended to rely on colleagues to come up with more specific action plans. Participants directly involved in circularity roles had a notion to add details from their personal point
of view to the circularity goal and also emphasized more critical views that they identified.

4.3.2 Challenges for IKEA
During the interviews, the employees were also directed into reflecting on challenges they perceive when it comes to the goal of moving towards circularity. This topic is not concerned with the understanding of the conceptual nature of circular economy, which is split up in an individual and an organizational view in the chapters 4.1 Closing the Loop and 4.2 Interrelation. The challenges identified from the interviews rather concern the implementation in the particular organization, so distinguishing between an organizational and individual view was not feasible. Instead, the participants referred specifically to the organization when talking about challenges and complemented each other’s narrations, without showing notions of conflicting understandings. Therefore, this category is presented solely from the organizational view but instead split up in internal and external challenges depending on their origin.

Employees perceive the goal of being a circular business by 2030 as challenging to reach, such as Julia, working with strategic sustainable development:

“It’s a long-term goal but it’s actually very short-term, when you realize how much IKEA needs to do in that time.”

Different dimensions of challenges were discovered, coming from inside and outside the organization.

4.3.2.1 Internal Challenges
Referring to the employees’ competences, Sophie, working in human resources, noticed challenges in terms of the people’s competences to work in a circular way:

“I have to say right now, people don’t know how. I think, people are quite motivated and they are passionate about it [...] and I think today, all the how’s are not there.”

Another internal challenge is seen in the logistics of today’s IKEA and the partners: Anna, working with suppliers emphasized that the necessary changes will impact the organization strongly:
“We have lots of linear flows. There is almost a transformational change that needs to happen on so many different levels. And how you design and then how you implement it to make it happen.”

The supply chain was perceived as a major challenge by Paul as well, who was working on the adaptation of it towards a circular economy. He focused on the issue of how to deal with flows of returning products to the company, that was not taken into consideration to a wide extent but also pointed at an issue of cost for the customers:

“Our supply chain is making a huge transformation to be able to satisfy the circular economy [...] As of now, we don’t have that many services, like we do pick up customers’ couches and sofas for example [...] We’re not that used to have transportation back to us. Of course, we offer it, it comes with a cost. But in order to facilitate the circular economy, then it shouldn’t be that huge of a cost to have this extra service.”

The participants also related to the size of IKEA being a challenge, such as Sandra pointing out that the organization, due to its size, is resistant to change. Henrik explained in greater detail that IKEA is behind when it comes to services and related to issues to change the organization more precisely:

“Our business idea is based on a linear economy. It was created at a time when linear economy was not a problem. So this machine, that we’re sitting on now, this tanker that we’re running, is built on assumptions that are sort of falling apart. And I think we all have this problem, and by we, I mean all global old consumer-product oriented companies. To be a lean nice little startup, where basing your business idea on a circular thinking is much easier. It’s a huge challenge to take an old existing legacy big tanker boat company and make it turn circular [...] How do we work with our suppliers? How do we transport things? A thing like asking people to take better care of their furniture instead of selling more, it’s actually going against us. [...] We are built on the assumption that people buy more things [...]”

4.3.2.2 External Challenges
Because IKEA is a global organization, the participants referred to the challenge of different standards on an international level, such as Jack, working with sustainability policy, stating:
“You depend on the infrastructure in the country, in regions, in cities to be able to make it circular, to bring it back [...] The concept with consumers is rising, but maybe what hasn’t kept up with it is the infrastructure to actually do it.”

Julia, working with sustainability projects, generally identified bigger challenges outside the organization, such as when it comes to dealing with customer behavior in terms of circular economy:

“Moving our range into a circular range, that’s easier to do that on a global perspective. The sourcing part, it’s easier to do that at a global perspective. But really getting that kind of customer behavior, changing that part would be a challenging part [...]. Internally, we can get people on board and they can change.”

Anna and Sandra confirmed the need for a mindset shift in people in order to move to a circular economy. Apart from this necessary mindset shift, that Paul, working with the circular supply chain also noted:

“It could be legal-related. I mean, what if we resell an appliance, should we still guarantee that it has a lifetime of five years, that we do today or should we say that: okay, so now this is the third life of this oven, when it breaks, it breaks. Or do we say that you have one year guarantee on this product? And also, what would happen if the product breaks and causes damage to the customer’s home?”

He adds, that the challenge can be keeping up a positive brand image, if products are not fully traceable during their lifetime and cause damage. Even though IKEA is not responsible in a case, it could have a negative effect on the brand perception.

4.3.3 Motivations for IKEA

In this chapter, the motivation for pursuing the shift to a circular business is summarized in more detail. The employees are building an explanation from their point of view, however in this category, no clear distinction between an organizational and an individual view can be identified because the results were related back to the organization in each case.

Jack saw the circular economy as a business opportunity and relates to IKEAs specific circular goal:

“It’s more around timelines, not the agenda itself, not the ambition. In the new strategy, we had a lot of discussions around that: Should this be a five-year-
strategy? And the answer was easily: No, it can’t be because the ambition is so big, that we want to change.”

Henrik confirmed the relation between circularity and the business side of IKEA and saw it as one of the main assignments for IKEA for the future:

“How do we stay in good business in the years to come? One of the answers is: We have to be circular. Other people say that we need to be multi-channel. That’s probably true. We need to be closer to where people are. Also true. But we also need to be circular. There is no other option for us, if we want to be relevant for people. [...] It’s probably a business necessity.”

Sophie saw a transformation to a circular business as a requirement to remain in business and pointed at IKEA’s responsibility:

“We would be out of business if we don’t go there, and I think that a big company like IKEA needs to show the way. Because people are buying why we do things, not what we do actually.”

This view was confirmed by Caroline when asked about reasons for pursuing the goal. She added that it was also part of IKEA values, but the main emphasis was to stay in business given a growing issue of resource scarcity for a business dependent on resources:

“Because otherwise we won’t have any business. I think it’s part of IKEA values and everything else [...] If we don’t look into circular models, we’re not going to have the materials that we need for the future. We need to sell something and if we don’t look into circularity, there won’t be the resources.”

Paul also added a business-related motivation and took into consideration the public image of the organization:

“We want to position ourselves as one of the leaders in circular economy. [...] The hope is, I guess that once they go public, that other companies might be able to use that as well to some extent.”

4.4 Summary of Empirical Themes

The empirical findings can be separated into two streams: One stream relates to the concept of circular economy in general, the understanding and delimitation towards other concepts from a collective (organizational) and individual view. The other stream is concerned with the approach that the case company practically chooses, the goal of transforming to a circular business, the challenges and the motivations. This stream was
not entirely separable into an organizational and an individual view, since an organizational view remained predominant in the participants’ narrations and employees supplemented their respective narrations. Chapter 4 Empirical Findings is therefore separated into three subchapters:

The first subchapter 4.1 Closing the Loop includes the conceptual definitions, with a collective, organizational view that circular economy is about closing material loops and extending product lifecycles. The perspective representing different individual views include the observation that some employees argued more practically, often mentioning recycling and reusing. Other employees however criticized that the concept was not understood entirely.

The second subchapter 4.2 Interrelation is summarizing the interrelation with the concepts of sustainability and sharing economy, since they were most prominently referred to in the interviews. From a shared, organizational view sustainability was connected as a preceding concept to circular economy or circular economy was identified as a more practical approach to sustainability. From an individual point of view, the interrelation was sometimes seen as an interdependent relationship of the concepts and in some cases a relation was not primarily identified. Challenges with sustainability itself were pointed out. The relation to sharing economy was drawn from an organizational perspective by suggesting renting or leasing as approaches to put circularity in practice, so that the organization stays in charge of the product and applies product-service-systems as business models. Individually, some employees pointed out that sharing approaches will probably contribute to circularity by slowing loops down but no clear standpoint was taken in.

The practice-related subchapter 4.3 Circularity in Practice concerns the goal of transforming to a circular business by 2030 that forms the basis for the specific case of this thesis. Instead of focusing on the concept of circular economy only as in the first subchapter, this subchapter contains the organizational view on the goal itself, more specifically referring to the way the organization is pursuing it, as well as insights on the relation with external stakeholders like customers and suppliers; product development; waste, material and supply; stores and retail; and the business model. Although all participants were expressing uncertainty on how to reach the goal, all of them were
convinced that it will be reached in parts and all agreed that these fields will be affected to different extents. From an individual point of view, some interviewees expressed uncertainty about the content of the circularity goal and some participants criticized that it was not phrased clearly enough.

This subchapter contains two categories that only allowed an organizational view. Although the attempt to separate each subchapter based on the views from an organizational and an individual perspective was pursued in most subchapters and categories, the structuring of the content in an organizational-only view for the last categories on challenges and motivations is due to the fact that the organizational view prevailed and blurred into the narrations or narrations widely complemented each other. Thus, it was impossible to clearly extract individual views.

This category summarized external and internal challenges that might arise in relation to a transformation to a circular business and motivations for pursuing this step. The participants agreed on challenges relating to the missing competences on circularity of the employees, the existing linear supply chain and resistance to change due to the company’s size, but also saw a challenge from the external environment in coping with local infrastructure, legislations and a circularity-opposing customer behavior. The goal to be a circular business was motivated by a desire to be leading in the field, referring to IKEA values that include sustainability, a chance to create business opportunities or just as a necessity to stay in business despite resource scarcity.
5 Discussion

The findings in this study are acquired from nine IKEA employees working within different areas of the business and both internal and publicly accessible secondary material. Due to the time scope of the data collection, the findings only reflect a fragment of a transformation to a circular business, an exploring stage, where the specifics of the transformation are still in the process of being defined or agreed upon. Only a limited sample of involved employees was taken into consideration. Since the goal of being a circular business by 2030 is valid for the entire organization, many more differing views can be expected. Moreover, because the studied phenomenon is an ongoing activity, the views of the participants can have shifted at a later point in time. Therefore, the discussion is made based on the insights from this case study’s sample of employees at IKEA at the point in time when the interviews were conducted. In order to follow through sensemaking theories, it needs to be stated that this thesis is a process of interpreting how others make sense of circular economy. Therefore, I acknowledge that my interpretations are not free from bias based on my own constructed reality around the concept, around the case organization, around my situation as a university student and around my past experiences.

In this chapter, the findings are interpreted to identify how the participants are making sense of circular economy. Therefore, the empirical material is analyzed through the lens of Karl Weick’s sensemaking theory (e.g. 2001, 1995, 1979). Moreover, the findings are interpreted along the lines of Jennings and Greenwood’s (2003) understanding of the key steps of enactment and its relation to organizing and sensemaking. The aim of sensemaking is not to identify the truth but rather to make an emerging story more comprehensive (Weick et al., 2005). Therefore, the empirical findings are not compared to the theoretical approaches on circular economy to identify if there are faults in the understanding of the theory. This would not only work against the ambiguous theoretical situation around the circular economy concept, referred to in chapter 2.2 Circular Economy and 2.3 Sensemaking Perspectives on Circular Economy. The ambition would even contradict the epistemological considerations that go along sensemaking and this thesis, referred to in chapter 3.2.2 Epistemology. Rather, an analysis is performed to add results on two levels: The conceptual level of circular economy and its growing research body, from the perspective of the specific case in this study. Additionally, the thesis
makes an attempt to show to which degree the employees of an organization make sense of an emerging concept collectively and individually.

5.1 Connection to the Theoretical Framework

In the following section, the empirical findings are connected to the theoretical framework, defined in chapter 2 Theoretical Framework. As elaborated in the theory chapter, sensemaking is characterized by a processual nature (2.1.1 The Process of Sensemaking), triggered by uncertain or ambiguous occasions (2.1.2 Occasions for Sensemaking) and entails the enactment of sensible environments (2.1.3 Enactment). The empirical findings are therefore interpreted and explained through this framework.

In order to discuss the findings in this context, they need to be broken down into smaller problems: The general situation around the concept of circular economy (as in chapters 4.1 Closing the Loop and 4.2 Interrelation) and the situation specifically referring to the organization and the particular goal of transforming to a circular business (as in chapter 4.3 Circularity in Practice). The general situation around the concept of circular economy (chapters 4.1 Closing the Loop and 4.2 Interrelation) refers to what the interviewees reflected on regarding their definition of circularity and what they relate to without themselves putting it in a context with the case company’s goal. This relates more to what they perceive as circular in an ideal scenario and how they define it. The basis for this categorization contained no relation to the circularity goal. After an interpretation, this distinction might seem problematic because in their position as members of the case company, the participants were biased in the sense that they were aware of the company’s goal to turn circular. However, although the company context often blurred in, still every interview contained statements independent from the specific goal. From these contexts, a collective view (expressed as organizational view) with participants collectively agreeing on certain points and an individual view, including deviating understandings could be extracted, often depending on the individual involvement and familiarity with circular economy.

The situation specifically referring to the company’s recent goal (chapter 4.3 Circularity in Practice) contains the details, such as how the transition could specifically look like, what kinds of offerings the company should engage in, what challenges are expected and
what the actual motivations are to turn circular. In this section, the employees actively include the company in the picture and reflect upon possible future scenarios for the organization’s specific goal. In other words, they fill the circularity goal with life.

5.1.1 The Circular Sensemaking Process
As this thesis is taking a snapshot of the current state of the employees’ sensemaking at the case company, it only allows for a limited identification of the processual nature of sensemaking. A comprehensive documentation of the process would require an extended period for the study and ethnographic observations in the field. The results only represent the current state of the sensemaking on circular economy. As Weick (1995) states, it is more common to see sense that has already been made than to see the actual process of sensemaking. Although sense can be made of anything, it can therefore be challenging for researchers to investigate the process. In order to make the processual nature visible to a limited extent, the empirical findings were clustered in an organizational and an individual view. This enables documenting deviations in the sensemaking at this point in time and shows, that the participants are at different states of sensemaking. One example in this case is participants collectively agreeing on “closing the loop” in their definitions for circular economy, but disagreeing on practical applications, when Emma suggests “taking back product packaging” and Henrik points out that take-back solutions are not necessarily circular.

5.1.1 Occasions for Circular Sensemaking
This subchapter describes how sensemaking of circular economy is triggered and summarizes ambiguous and uncertain situations arising. This chapter is more concerned with the general view of circular economy and how it triggers the more specific sensemaking established in the circularity goal.

Weick identifies two types of sensemaking occasions, ambiguity and uncertainty. In ambiguity, several interpretations are possible at the same time and instead of too less information, people are confused by too many interpretations. In uncertainty, information is missing, the future consequences are unknown and actors are ignorant (Weick, 1995).

Referring to the general conceptual characteristics of circular economy, the situation can be seen as ambiguous, looking at the various ideas, theories, practical and legislative
approaches to the concept. Along McCaskey’s (1982) twelve characteristics of ambiguous situations, if circular economy is considered the problem, it is unclear and shifting what the problem is. The problem is intertwined with other messy problems, as can be acknowledged through the links to sustainability and sharing economy in this research and in the literature. There are multiple and sometimes conflicting interpretations of the problem, visible in the different theories that the concept is built upon in circular economy theory. Also in the empirical data, considering how the links to other concepts are established, when seeing some participants connecting it strongly to sustainability and some doubting the tight relation. Moreover, the statements reveal issues with the practicality of the sustainability concept and show rather restrained opinions uttered on the connection between circular economy and sharing economy in the interviews. These observations show that the problems, circular economy is intertwined with, are indeed messy. In the findings, it is also visible that instead of a precise definition, participants initially used a loop or a circle as a symbol to describe circular economy, a characteristic that McCaskey (1982) also assigns to ambiguous situations. Therefore, this research acknowledges that an ecological change in form of the circular economy hitting the case company IKEA initially represented an ambiguous situation.

As previously stated, the problem with ambiguity and uncertainty needs to be divided into two parts. When it comes to the specific goal of the case company IKEA, it is rather uncertainty coming into place when comparing the statements of the People & Planet Positive strategy that initially coins the circularity goal (Inter IKEA Systems B.V., 2018) and the statements of the participants. The interviewees were open about the fact that they did not know how transforming the organization to a circular business is going to be achieved, such as Jack referring to the strategy:

“So, you need to put it out there knowing that you have no idea how you are going to accomplish most things.”

Since the goal is clearly defined by emphasizing that the company is supposed to be circular by 2030, the employees are experiencing something, Milliken (1987) defines as response uncertainty: The goal is rather long-term and no immediate decision on a threat is necessary as it is often the case with response uncertainty. However, there is lack of knowledge among the employees about the available response options to the fact that circularity needs to be achieved.

68
In other words, while it is sometimes difficult to assess whether a situation is ambiguous or uncertain (Weick, 1995), the ambiguity of the pure circular economy concept has at least been reduced in the context of the organization, because organizational actors previously defined the goal to be circular and made an approach on sub-goals that need to be reached within People & Planet Positive (IKEA Group, 2014; Inter IKEA Systems B.V., 2018). However, as stated above, all employees that are now supposed to act on these goals are left with uncertainty on how to deal with the goals and how to reach them, because they are missing the tools to do that, like Sophie stating:

“I think, people are quite motivated and they are passionate about it [...] and I think today, all the how’s are not there.”

Having identified the relevant occasions, I will now explain how the employees enact their environment regarding circular economy.

5.1.2 Enacting Circularity
As elaborated in the previous chapter, uncertainty and ambiguity defined the complexity of the two problems of ecological change, regarding the circular economy concept as such and regarding circularity as a goal of the case company. As I have identified the occasions for sensemaking, this connects immediately to enactment. The following interpretation of how sensemaking is performed takes into consideration, that often only sense that has already been made is visible, because of its retrospective character (Weick, 1995). The enactment can therefore represent the current state of sensemaking, but not a documentation of the process.

Weick et al. (2005, p. 410) emphasize:

“people organize to make sense of equivocal inputs and enact this sense back into the world to make that world more orderly.”

In terms of circular economy, this attempt was made in case of the People & Planet Positive strategy. Simply put, the ambiguous input coming from the concept of circular economy was made sense of and enacted back into the world by writing goals into the strategy, that create uncertainty. Weick (1995, pp. 30–31) describes this process, comparing the role of managers with that of legislators:

“Both groups construct reality through authoritative acts. When people enact laws, they take undefined space, time, and action and draw lines, establish
categories, and coin labels that create new features of the environment that did not exist before.”

Although People & Planet Positive might not have the authoritative power of legislations, it still follows the main line of Weick’s argument: the strategy creates a new feature of the environment by emphasizing the goal to be circular by 2030 and moves circular economy up to a central theme. This new order created uncertainty for the employees because, as stated in the previous chapter, they did not know how to achieve this new order.

However, when interpreting this, it is important to refrain from the assumption that the employees are confronted with something they are not in charge of. This does not portray a situation, where decisions are put in front of a passive organization embodied in a group of people that simply reacts on them. Instead, there is no organization or an environment, that puts out this new order. As Chia (2000, p. 517) simply phrases it:

“We ourselves are organized as we engage in acts of organizing.”

As employees have done with drafting the goal, employees are now actively shaping the goal that has been set in the sustainability strategy. Whether the same people, who drafted the goal are now enacting on it, is not established. However, it came from people in the organization and it now affects people in the organization once again.

5.1.2.1 Reciprocity in Ecological Change and Enactment

As the scope of this research does not contain how the goal actually emerged, but how it is further made sense of, I will now focus on explaining how in this still uncertain situation, reciprocity in ecological change and enactment is visible. I base this on the empirical findings and Jennings and Greenwood’s (2003) model of enactment, organizing and sensemaking, referred to in chapter 2.1.3 Enactment. The following steps attempt to establish how sensemaking happens after setting the circularity goal.

The empirical data makes it possible to identify several moments of enactment, of which I am focusing on one and develop it further in order to explain how sensemaking happens retrospectively, as an ongoing activity and describe a challenging situation in terms of the circularity goal at IKEA and the theory of sensemaking. In several situations, participants pointed out that IKEA is still just in an exploratory stage when it comes to circular economy and the involvement of circular approaches in the company. It can now be
assumed, that with this statement, the employees constrain their own actions to exploring the concept of circular economy. Another interpretation of this phrase refers to their collective degree of sensemaking. Even though they called their situation around circular economy exploratory, this statement is inaccurate when it comes to their level of sensemaking on circular economy as a phenomenon. The pure fact, that most participants mentioned the exploratory stage of the organization demonstrates that a collective sense has been made of the situation of being in an exploratory stage. Sensemaking happens retrospectively, such as Weick et al. (2005, p. 412) point out:

“When people bracket a portion of streaming circumstances and label them as a concern, a bad sign, a mistake, or an opportunity, the event is at an advanced stage; the label follows after and names a completed act, but the labeling itself fails to capture the dynamics of what is happening.”

As previously pointed out, the process of sensemaking cannot be captured by this observation. However, by labelling the stage they are in as exploratory, they are actually not exploratory any more. At least when it comes to their degree of sensemaking of this situation, they are at what Weick et al. (2005) call an advanced stage in their sensemaking process of the exploratory stage of circular economy. Although this relation might be confusing, it represents another characteristic of sensemaking. As Weick (1995, p. 43) states:

“Sensemaking never starts. The reason it never starts is that pure duration never stops. People are always in the middle of things, which become things, only when those same people focus on the past from some point beyond it.”

Through the relation, it becomes clearer what the employees mean when they say that they are in an exploratory stage: They make sense retrospectively. Moreover, with the entire setting of the goal to turn circular by 2030, employees in the organization created a new reality before this step and created an ecological change. By enacting on that ecological change through developing new details and identifying tasks arising with the circularity transformation, they demonstrate the reciprocal relationship of ecological change and enactment such as Julia:

“We need to change the way we develop our products, because a lot of our products developed today are having a short lifespan.”

Acknowledging the need for change and reflecting on it means enacting on the ecological change of the circular goal and developing new details for it. With the combination of acknowledging that sensemaking is retrospective and an ongoing activity, this research is
experiencing a challenge as well. It proves difficult where to start to explain the sensemaking of circular economy. Sense can be made everywhere and the data only represents a snapshot of the state of sensemaking at this point in time.

Moreover, one major element of the empirical data might be perceived contradictory after the previous determinations that sensemaking happens retrospectively. In many streams of storytelling in the interviews, the interviewees elaborated around future scenarios, situations that are not assessed from a later point in time but by explaining expectations, such as Emma:

“If we look at the stores maybe instead of as purely shopping destinations. So, I know that we see them as an experience – so, let’s look at how do we widen that experience from just buying new products and getting a good meal [...] We could quite easily find space in the warehouses for some kind of workshop area maybe, where people can upcycle or hack or repair products that need some love and attention but then also support this ability to buy and sell used and new and unwanted furniture.”

Especially considering MacKay’s (2009) criticism that the future can be better assessed with modern tools and the retrospective nature of sensemaking does not always apply, this observation is relevant to point out. As Weick (1995, p. 134) states:

“As [people] dwell on what might happen, people’s expectations become better articulated, stronger, and potentially more capable of being a potent force in their own validation. Both arguing and expecting represent regularities in sensemaking that start with beliefs.”

In wide parts of the interviews, the employees emphasize challenges, necessary changes in different parts of the business like the stores, the supply chain or product development, as well as how the entire future business could look like under circular conditions. It is therefore also relevant to point out that in these cases, the employees make sense of future scenarios, based on their expectations and not after the event exactly happened.

5.1.2.2 Selection
Jennings and Greenwood’s (2003) model of enactment, organizing and sensemaking encloses the step of Selection after Enactment, that I would like to elaborate on with another key finding from the empirical data. The actions, categories and labels creating new elements of the environment, that Weick refers to in the quotation comparing the
role of managers and legislators, are expressed in the statements of the employees as practical approaches on circular economy, like business models the organization aims to pursue. As an example, the selection becomes more apparent in the way the interviewees connect circular economy and sharing economy. About enactment, Weick (1995, p. 31) states:

“People are very much a part of their own environments. They act, and in doing so create the materials that become the constraints and opportunities they face.”

The interviewees state that they expect the organization to be involved in sharing economy to the extent, that the company should stay in control of the respective product to make it traceable, such as Paul:

“Of course, we could have something around that, but it will still mean that we want to have full traceability of our products. So, for us, I think it will more be that we lease or rent out something to a customer and then take it back.”

Thus, they limit the idea of sharing economy as an approach for circularity to leasing or renting business models and argue that they need to have the business in mind. Consequently, they create what Weick calls materials. Whether this becomes a constraint or an opportunity remains open for further discussion because on one hand, they constrain to some business models, on the other hand they express options on what business models could be an opportunity for the company to engage in. No matter how this turns out - this is not the message conveyed in the example. Much more, it becomes clearer that the employees select. They do not know at this point in time, whether the company will follow this approach, nor can anyone reading this study assess whether it is the right interpretation or right conclusion. But in this case, sensemaking is about plausibility instead of accuracy (Weick, 1995). For the participants, this statement seems plausible and thus it is part of their sensemaking. As stated in the beginning of the chapter, according to Weick et al. (2005, p. 415):

“Sensemaking is not about truth and getting it right. Instead, it is about continued redrafting of an emerging story so that it becomes more comprehensive, incorporates more of the observed data, and is more resilient in the face of criticism.”

By linking their view on the incorporation of sharing in circular economy, the participants make the whole story around circular economy more comprehensive.
5.2 Summary of Discussion

The above described steps of triggering sensemaking on circular economy and making sense of the circularity goal inside the organization are representing key findings of this research. The aim of this reconstruction of sensemaking on circular economy was to make the degree of sensemaking on circular economy visible through analyzing findings with the sensemaking theory. In order to understand the analytical discussion correctly, it is important to note that based on the abductive character of this study, the theory was only applied to explain the sensemaking in detail. Since this analysis did not aim at building a new theory or testing hypotheses, the existing theory was applied to facilitate the description and capture the momentary state of sensemaking.

The theoretical framework of this research contained the aspects around the processual nature of sensemaking, occasions triggering sensemaking and the enactment theory as a central aspect. The empirical findings furthermore required a differentiated view at organizational and individual narrations, resulting in the observation that collective sense of circular economy has only been made on a general level within the organization. The definition is mutually understood, as well as overall challenges and motivations. When it comes to practically implementing circular economy and connecting it to other concepts, narrations deviate.

Capturing an entire process of sensemaking with a snapshot of data at a given point in time is not feasible. There is a need for an extended view on the sensemaking process regarding circular economy in the case company, however the divide into organizational and individual view within the empirical data allowed for an understanding, that the actors are currently at different positions of a sensemaking process.

Regarding the triggers for sensemaking, the employees in the case company are experiencing uncertainty when it comes to circular economy, because they do not know how to reach the company-wide goal of turning into a circular business yet. Uncertainty works as the trigger for their enactment.

Enacting on uncertainty, the employees acknowledge that they are in an exploratory stage of the organization’s circular business transformation. They identify tasks and challenges
for the organization and reflect on future scenarios. Their sensemaking is both retrospective and future-oriented. Moreover, they extract and select meaning based on plausible explanations and thus make their picture of circular economy more comprehensive.
6 Conclusion

This thesis aims at understanding how individuals of a multi-national organization make sense of the circular economy and their goal of transforming to a circular business. In previous research, much attention was put on developing and testing models on how to implement circular methods in the business model of companies. This research however takes a step back and looks at circular economy from a social science perspective by describing the phenomenon through an organizational sensemaking lens. The study explores how this sensemaking is triggered and developed when the goal of transforming into a circular business by 2030 was communicated inside the case company. This was seen relevant, because in order to find suitable solutions, first the interpretations of practitioners should be understood, as Blomsma (2016) points out. The difference to other research projects is, that in this situation the company did not apply a model or tool to implement circularity in the organization to start off a circularity transformation – instead, the sheer ambition was communicated without detailed practical directions on how this goal is reached. This poses a challenge to employees, as it is their turn to come up with the practicalities and operational aspects of the transformation. In the previous chapter, I focused on explaining excerpts of the empirical findings as a sensemaking process of circular economy of the organization. What I established by describing the sensemaking process is not to make a judgement how an implementation of circular economy is performed in a right way. It is simply one way of explaining what individuals in an organization do, when they make sense of circular economy. Merging the empirical findings with theory was a measure to capture a momentary state of the ongoing sensemaking activity.

6.1 Key Findings

Karl Weick’s theory of sensemaking (e.g. Weick, 2001, 1995, 1979) acted as a lens through which the sensemaking of circular economy by the individuals at IKEA was analyzed. This theory however only supported reconstructing a moment in the process of sensemaking at the organization. It helped explaining, how sense is made in the particular case and to which degree organizational sense is made. It turns out that by shaping the circularity goal in the sustainability strategy People & Planet Positive, sensemaking was triggered for the employees. Now, as the research question of this study is: How do
individuals in a multi-national organization make sense of circular economy and their goal of transforming to a circular business model? The answer is: By creating uncertainty. With the People & Planet Positive strategy, the organization turned an ambiguous situation into an uncertain situation. The strategy accelerated the establishing of collective agreement that circular economy is an approach to continue the business. Before, circular economy was ambiguous as it was consisting of a variety of theories, concepts and ideas. There was knowledge about contents of circular economy, but they were not put together and labelled with the name circular economy. The ambiguity of the concept in general still is the case, however when adding the complexity of the global case company and sensemaking processes of its members, details of the concept were shaped and adapted for the company, resulting in the development of a circularity goal. Uncertainty remains the trigger for sensemaking, as the employees are still missing the tools and practical approaches on how to achieve the goal. This will remain a challenge, but the ongoing sensemaking process is now directed towards circular economy among the members of the organization and will eventually result in action.

Different views on circular economy are present in the organization, such as regarding whether the motivation to pursue the goal is business-driven or sustainability-driven. Circular economy is linked with sustainability strongly, however there are different views on how the links are established and a collective sense cannot be recognized in this field – on one hand, circular economy is motivated as the next step for sustainability or as one tool to enable sustainability. On the other hand, however, circular economy is in times rather described as business-driven with the side effect of having sustainability advantages.

The organization is in an exploratory stage regarding circular economy, however the individuals act upon this exploratory stage already because there is agreement, in other words, a collective level of sensemaking about the exploratory stage. This exploratory stage has resulted in various findings that relate to the business and the transformation. Sharing economy is seen as a possibility to contribute to a circular business model, however the ideas of this link are not developed to a high extent and the organization has not made shared sense of the link. An agreed-upon sense is made of the expectation, that implementing circular economy at IKEA will most likely result in various local solutions instead of one global approach, because infrastructures and legislations are different in
the various countries of activity. This puts a high demand on the organization in terms of coordinating the approaches. Thus, with regards to sensemaking, there is a challenge in establishing a long-term global and collective sense for the details of local circular economy solutions, given an upcoming large variety of local approaches inside the company.

Finally, as this thesis combines circular economy and sensemaking: when looking at the above findings, still pointing at various interpretations of the circular economy concept and indicating a need for different approaches, it becomes obvious that there is no such thing as the circular economy. Given the interpretations and the various ways of making sense of the concept, there are different approaches towards a version of a circular economy, even in one organization. In sensemaking terms, a circular economy therefore represents a socially constructed environment with active people enacting on an ever-growing chunk of sense.

6.2 Managerial Implications

In this thesis, the insights into the sensemaking process of the organizations’ employees were limited to reflecting a snapshot of the point in time when the study was conducted. Documenting this process through accompanying circular economy or a similar phenomenon in an organization can help to create understanding and a framework how sensemaking occurs and unfolds in an organization. Documented sensemaking for sample phenomena such as circular economy can form a basis to develop organizational learning structures and provide a richer foundation to initiate change management regarding new developments in an organization. This can also have an effect in understanding how organizations innovate or deal with innovative concepts.

Regarding circular economy, especially large organizations will need to find ways to implement the conceptual ideas. One challenge will be the different understandings of the concept when it comes to details and regional differences in markets. In many cases, the entire supply chain and the business model are in question when a transformation of a global linear organization to a global circular organization is the aim.
6.3 Reflections and Future Research Implications

In terms of the overall concept of circular economy, the findings of the study can be seen as a puzzle piece, that needs to be merged with the results of studies in other organizations to make global sense to concepts of circular economy.

The results are not a model on how circular economy should be implemented in an organization, they are rather explaining how the employees in an organization approach a concept like circular economy. What started off with the aim to explore the circular economy phenomenon in an organizational context ended in accompanying and explaining the current degree of sensemaking that the individuals in the organization make of a phenomenon like circular economy. My approach can hardly describe the sensemaking of circular economy of its own and given the emerging character, it is unlikely that the same study will lead to the same results even in the same organization, with the same sample of interviewees but at a later point in time.

There is a consistent need of further research on circular economy, especially with regards to changing existing linear business models to circular ones. There are few answers so far and even fewer existing models can be generalized or applied on a global level. As the concept of circular economy is still very theoretical, there is a need for more insights from practitioners. These insights however need to be assessed in terms of reaching the goals of circular economy regarding sustainable development. A challenging aspect is the fact, that supply chains are largely global today, but circular approaches depend on local environments. There is a need to identify how this gap can be overcome. Moreover, especially the link to sharing economy is a controversial field that should be taken into consideration with regards to which sharing approaches actually contribute to a more circular economy.

From the organizational view, the statements of the participants contain another finding, not included in the scope of this research, but worth researching. Although participants discovered challenges in terms of the company being resistant to change due to its size, a big challenge was seen outside the organization: A shift in mindset of consumers is necessary to create acceptance for circular ways of providing products. Motivations for consumers to engage in circular consumption models should therefore be further
researched, in order to know how to create awareness for a more circular way of consumption.
7 References


8 Appendix

The appendix contains an additional supporting document, enabling guarding the anonymity of the interviewees.

Master Thesis Consent Form

Topic of the Thesis: Sharing Economy and Circular Economy
Name of Master Thesis students: Arne Guthknecht
Attachment: Introduction to the study

1. I confirm that I have read and understood the information about the above study. I have had the opportunity to consider the information and ask questions.

2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason and I will not be asked any questions about why. I can give notice to withdraw until 2018-05-01.

3. I understand that the information I provide will be confidential, I will be anonymous or a pseudonym will be used to protect my identity.
   - I agree to make my title public without revealing my personal details such as name
   - I prefer complete anonymity

4. I understand that my words may be quoted in publications, reports, web pages, and other research outputs, but my name will not be used. The interview will be documented in notes or recordings. It has been explained to me when and how the recording or scripting of the information I provide will be stored and destroyed.

5. I agree to take part in the above study.

____________________  ___________________  ___________________
Name of Participant   Date                   Signature

____________________  ___________________  ___________________
Name of Participant   Date                   Signature