

FROM LINEAR TO CIRCULAR  
ORGANIZATION:  
TOWARDS AN ECOLOGICAL THEORY OF  
THE FIRM

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# Special Issues:

- Journal of Business Ethics:
- “Internet Addiction and Social Marketing”
- Deadline: February 28, 2018.

# SPECIAL ISSUE:

- Journal of Business Strategy and the Environment
- “MINDFULNESS-BASED BUSINESS STRATEGIES AND THE ENVIRONMENT”
- Deadline: November 30, 2017

# Background: US market:

- 1960ies: 5% import of clothing
- Today: about 95%
- Information Asymmetry in Supply Chains from production to consumption

# Journal of Business Strategy (Forthcoming):

- Outsourcing bad behaviour in multinational companies: Don't throw the baby out with the bathwater, Nelson Oly Ndubisi & Arne Nygaard

## Information asymmetry in the 3.rd world production:

- Difficult to control working conditions
- Auditing is ineffective
- Difficult to track supply chains
- Difficult to verify data and information

# Benetton



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# Rana Plaza, Bangladesh 24. april 2013:1129 Died





# Benetton Homepage:

- Benetton “concern for the environment and transparency towards the consumer have for years been the key values”

# World's Biggest Wealth Fund Turns Attention to Fashion Houses

- The fund invited 30 fashion companies to join the initiative.
- Together with UNICEF, the world's biggest wealth fund is setting up a network with some of the top fashion companies to improve children's rights

Bloomberg 24. november 2017

# Linear Business Models

"take, make, dispose«



From a Linear Economy...



# Circular Business Models

- Resource input and waste, emission, and energy leakage are minimized by slowing, closing, and narrowing material and energy loops

# Circular economy



# Highlights:

- Linear to circular organizational relationships.
- Triple bottom line of sustainability affects performance ambiguity.

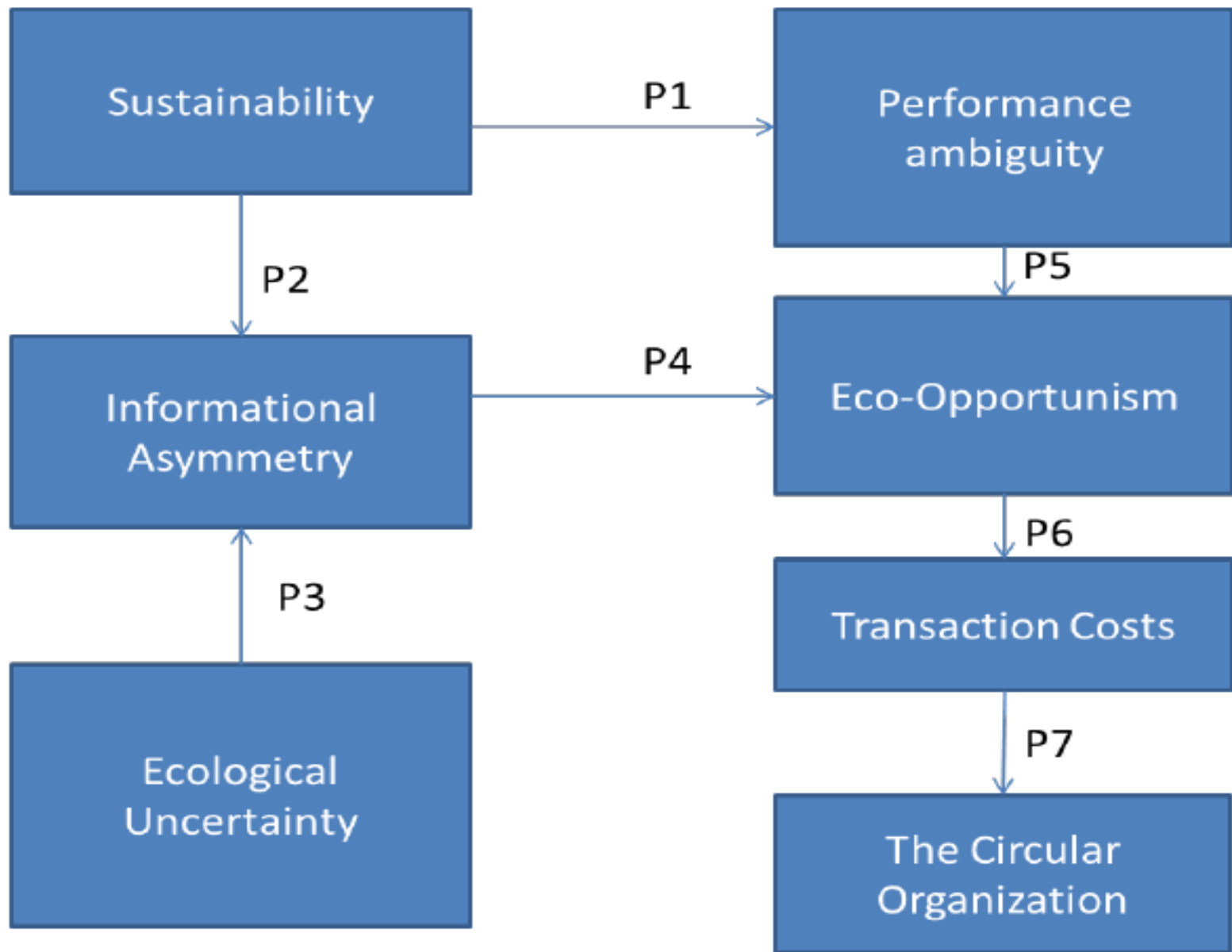
# Highlights

- Sustainability increases information asymmetry of transactions.
- Ecological uncertainty produces informational asymmetry.
- Eco-opportunism increases transaction costs

# Sustainability and Opportunism

- **Opportunism** relates to economic buyer-seller relationships: Dyads
- **Eco-opportunism** relates to sustainability in the entire network of economic agents: Networks





*Figure 2. The ecological theory of circular organizations.*

Blockchain could dramatically reduce the cost of transaction and, if adopted widely, reshape the economy

Jansiti & Lakhani, HBR 2017



- Thank you!

