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“Reinterpreting Multinational Enterprises through a Revitalized Transnational Social Space Perspective,”

GLOBAL VALUE CHAINS AND TRANSNATIONAL SOCIAL SPACES AND COMMUNITIES: THE EMERGENCE OF A CIRCULAR ECONOMY IN THE APPAREL INDUSTRY

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ABSTRACT

The transition to a circular economy (CE) requires multinational enterprises (MNEs) to engage with diverse social actors involved in production, reuse, and recycling across global value chains. Existing research often adopts a static, economics-based perspective that privileges MNEs while overlooking the dynamic interactions between MNEs and other social actors, as well as their varying interests, which shape the emergence of CE policies and practices in global supply chains. This study applies the concepts of transnational social spaces (TSSs) and transnational communities (TCs) to examine CE transitions in Bangladesh’s garment industry. Drawing on interviews with various social actors embedded in two interlinked cases, we develop a contextualized view of MNEs and their evolving relationships. We explore three emergent properties—shared purpose, shared cognition and logic, and symbolic change and transformation—that drive structured interactions within TSSs, fostering TCs that facilitate the transition to a CE in MNEs’ global supply chains. We highlight how shared objectives emerge from social actors’ interactions, fostering a TC with shared cognition that instigates symbolic changes across multiple actors and institutional contexts. At the same time, differences and tensions persist among these actors. By emphasizing the emergent and dynamic nature of TSSs and TCs—both of which reflect and enable the CE transition—this study contributes to research on sustainability transitions, international business management, and global value chains.

KEYWORDS: Transnational Communities, Transnational Social Spaces, Circular Economy, Global Value Chains, Apparel, Bangladesh, International Business, Sustainability Transition

INTRODUCTION

The move towards a circular economy (CE) is increasingly becoming an environmental and business imperative, requiring firms to adopt policies and practices that mitigate the environmental effects of their activities (Montiel et al., 2021; Rana & Tajuddin, 2021; World Economic Forum, 2023). Greater circularity will require companies, especially large multinational enterprises (MNEs), to introduce changes to their supply chains (Rana & Allen, 2021a; Rana & Allen, 2024), which are often complex, with subsidiaries and suppliers located in multiple countries (Casson & Li, 2022; Kano et al., 2020). In addition, MNEs will need to work with transnational stakeholders, such as non-governmental organizations (NGOs) and international organizations, including the EU, to ensure greater sustainability and circular economy transition across their global value chains (GVCs) (Ellen MacArthur Foundation, 2017; Rana & Whitfield, 2024).

Hence, the move to a CE has significant implications for socio-economic relationships both within and across national borders. However, much of the existing literature on MNEs and the shift to a CE predominantly adopts an economic perspective, often focusing on a single country, and typically prioritizing aspects related to component and process technologies (Corvellec et al., 2022; Ellen MacArthur Foundation, 2017; Kirchherr et al., 2017; Moreau et al., 2017; Murray et al., 2017). Similarly, while some international business (IB) and GVC research focuses on the collaboration between MNEs and some social actors to address broader sustainable development goals (Cairns, 2019; Kolk & Ciulli, 2022; Montiel et al., 2021; Liu & Heugens, 2024), these studies pay limited attention to MNEs' interactions with other organizations, such as transnational organizations, host-country business associations, and global NGOs, transnational technology intermediaries, and the policies and practices that emerge from those interactions (Chabowski et al., 2023; Gereffi et al., 2021; Gereffi & Lee, 2012; Montiel et al., 2021). Consequently, they downplay how socio-economic relations amongst MNEs and a broad range of other actors shape dynamic and emergent efforts to move towards a CE (Alam et al., 2024; Djelic & Quack, 2010, 2012; Morgan, 2001a; Rana, 2015; Rana & Morgan, 2019; Rana & Tajuddin, 2021; Reinecke et al., 2018). This has led to calls for research on the collective efforts of complex multi-tier organizations and multi-stakeholder groups to establish and govern corporate sustainability practices in MNEs' GVCs (Benito & Fehlner, 2022; Ghauri, 2022; Marano et al., 2024).

To fill this gap in the literature and to explain better the genesis and development of initiatives to transition to a CE, we draw on the concepts of *transnational social spaces* (TSSs) and *transnational communities* (TCs) (Morgan, 2001a, 2006). Morgan (2001b, p. 115) defines a ‘transnational space’ as an ‘arena of social interaction where the main modes of connection between groups cross national boundaries’, distinguishing such spaces from ‘international’ ones. In international spaces, powerful national-level actors, such as states or firms, control and structure cross-border connections. By contrast, TSSs enable interactions that do not have a predetermined end or outcome between different actors. When social actors in the TSS develop new social identities because of their interactions with other social actors in the TSS, they represent a ‘transnational community’ (Morgan, 2001b).

The TSS and TC concepts facilitate an embedded and contextualized view of MNEs that sees them as one actor amongst a group of actors who have common – and, at times, contradictory – goals to develop practices that will enable progress towards a CE in the global apparel supply chain. They enable a better understanding of how particular MNEs, including their various constituent ‘parts’ (Dörrenbächer & Geppert, 2017), work with their suppliers, and other socio-economic actors over time on efforts to move to a CE, making the TSS and associated TC concepts inherently holistic, dynamic and process oriented (Morgan, 2001b).

Consequently, we focus on the emergent properties and practices associated with a TSS in the global apparel value chain that may potentially lead to the development of a TC. Emergent properties refer to characteristics that arise from the interaction and interdependence of ‘parts’, such as social actors, within a ‘whole’, such as a TSS or TC, that cannot be fully understood by examining the individual actors alone (Elder-Vass, 2008).

We seek to address the question of *how the interactions of various social actors influence efforts to move towards a CE in the Bangladeshi garment industry*. Unlike the mainstream IB literature that adopts an MNE-centric, managerialist, and relatively static view of production systems (Geppert & Bozkurt, 2021; Buckley et al., 2017; Cairns, 2019; Dörrenbächer & Gammelgaard, 2019; Ghauri, 2022; Kolk et al., 2017), we focus on two chronologically separate, but strategically linked TSSs that seek to promote circularity within Bangladesh’s apparel industry. We draw on archival material and data from interviews with senior managers in organizations involved in TSSs and TCs. Examining the interplay between MNEs, global organizations and NGOs, local organizations, some of which operate outside the purview of MNEs and tax systems, as well as political actors (Alam et al., 2024), we chart the emergence

of a TC that influences the move to a CE in Bangladesh's apparel industry. Our study identifies three key properties that emerge from the structured interactions between MNEs and other actors within the TSS: 1) a 'shared purpose/objective' among actors within the TSS, 2) 'shared cognition and logic,' which guide MNEs and other organizations in developing a cohesive framework to achieve greater circularity, and 3) 'symbolic change and transformation,' representing an evolving concept of change deeply embedded in the construction of the TSS.

These three emergent properties simultaneously 1) reflect the strategic and practical compromises that different social actors make over time and 2) facilitate moves towards a CE. While shared purposes act as the binding force, shared cognition and logic enable normative communication and practical cooperation. Symbolic change and transformation reflect the deeper, evolving relationships and identities within the TSS. Therefore, although the various social actors within the TSS may contest some of the (proposed) changes, these emergent properties enable a TC, nonetheless, to emerge.

MNEs are not always the primary drivers of circularity in GVCs, as they often lack direct control over their extended value chains across countries. Instead, TSSs can act as catalysts, promoting institutional change and policies that facilitate CE transitions for both large and small actors in GVCs. The TSS and TC concepts are useful analytical tools, helping us to reveal the limits of some MNEs' efforts to reform their supply chains, and highlighting the need for studies to examine the properties that emerge from the interactions between various social actors in TSSs and TCs. Our study, therefore, helps to expand conventional views of MNEs in GVCs, highlighting the importance of complex and dynamic interactions between MNEs and other social actors, whose interests may sometimes overlap, but, at other times, conflict, with those of MNEs. We also extend the TSS and TC concepts, by showing how decisions made outside the immediate TSS, such as investments in new technologies, can influence interactions within, and emergent properties of, TSSs.

LITERATURE REVIEW

MNEs, the Circular Economy, Transnational Social Spaces, and Transnational Communities in Global Apparel Value Chains

Traditionally, IB research has examined MNEs' behaviour and interactions with other firms, organizations, and civil society actors in terms of transaction costs and competitiveness in cross-border operations (Buckley & Ghauri, 2004; Kolk et al. 2017; Morgan et al., 2001a; Morgan, 2001b; Rana & Sørensen, 2021). Recently, IB research on GVCs has focused on sustainability explaining how and why MNEs govern their global networks to create and co-create social, environmental, and economic value in response to exogenous changes (Buckley, 2021; Gereffi et al., 2021; Hoque et al., 2021; Kolk et al. 2017; Kolk & Ciulli, 2022; Marano et al., 2024; Montiel et al., 2021; Wood, et al., 2021). Despite these studies, efforts to move to a CE as part of a greater 'sustainability turn' (Di Stefano et al., 2023) have received little attention in IB research. Studies that do exist tend to adopt an economic and/or environmental perspective to examine a shift toward a CE (Bozkurt et al., 2022; Corvellec et al., 2022; Dzhengiz et al., 2023; Kirchherr et al., 2017; Murray et al., 2017).

Consequently, many existing studies downplay the sociological aspects of any systemic change (Chizaryfard et al., 2021; Rana & Tajuddin, 2021), overlooking the dynamic and emergent properties of progress towards a CE (Djelic & Quack, 2010, 2012; Morgan, 2001a, 2001b; Rana, 2015; Rana & Morgan, 2019). These emergent properties within any TSS evolve from the social interactions between actors who come from different institutional contexts, but who have a common set of interests within the TSS that may differ from the interests of those parts of their organizations in their respective home-countries (Morgan, 2001b).

It is, thus, important to examine the social relationships within GVCs (Chizaryfard et al., 2021; Reinecke et al., 2018), as this can help to reveal various actors' socially constructed interests and perceptions of what is at stake in such a transition (Moreau et al., 2017). In addition, understanding the links between various social actors facilitates the identification of areas of contestation and disagreement, as well as bargains and issues of agreement (Reinecke et al., 2018), thus revealing the contingent nature of transnational social processes (Morgan, 2001b).

Drawing on Rana and Whitfield (2024, p. 2), we define a CE as one:

[CE is] Based on several key principles, including using renewable energy and resources, moving from goods to services, and keeping products, components, and materials at their highest utility and value through circular flows and smart design. Adopting a circular economy model allows MNEs to work with their suppliers and other organizations, which are socially embedded, to reduce, re-use, and recycle production and consumption wastes by closing loops in global production and consumption value chains with an aim to maintain planetary balance and societal wellbeing.

A shift to a CE would boost economic and environmental efficiency, foster innovation, and drive growth.

In global apparel supply chains, production is largely concentrated in the Global South, generating substantial pre-consumer waste, high consumption of natural resources, energy, and chemicals, and environmental degradation. To mitigate these climate impacts, MNEs and their suppliers must transition to renewable energy, advanced production technologies, and circular production systems. However, suppliers face significant barriers, including uncertainties around recycling technologies and inadequate national policies on recycling, traceability, and green financing.

A major challenge for MNEs in this transformation is the involvement of both formal and informal actors in MNEs' extended value chains. Key players, such as waste collectors, traders, and micro-recyclers, often operate outside of MNE's oversight and tax systems despite being officially registered. Achieving a CE transition, therefore, requires coordination and cooperation between these actors, yet local political dynamics complicate efforts to standardize recycling practices. Addressing these challenges necessitates greater recycling awareness, capacity development, and national institutional support (Alam et al., 2024), making them critical areas of focus within the TSS framework.

Organizations in the Global South also struggle to keep pace with evolving transnational policies from multilateral institutions like the UN and EU. MNEs rarely prioritize support for suppliers to implement CE-aligned practices. For example, tracking recycled resources would require a globally accepted digital tracing system, demanding collaboration among multiple national and transnational actors within a TSS. However, even when such cooperation emerges, it often benefits only large and medium suppliers that can present strong business

cases, leaving small and micro firms marginalized in MNEs' extended value chains. This results in a partial, non-inclusive CE transition, misaligned with EU directives such as 'Extended Producer Responsibility' and 'Corporate Sustainability Due Diligence.'

Transforming the global apparel value chain is, therefore, challenging for MNEs, as their influence over national policies and extended supply chains remains significant but limited. To navigate these constraints, MNEs increasingly engage in transnational initiatives to drive CE transitions (Rana & Whitfield, 2024; Rana & Allen, 2024; Rana & Allen, 2021b). These initiatives enable MNEs to access the power and legitimacy needed to influence value chain practices and foster collaboration with other social actors, facilitating the development of CE practices (Taran et al., 2016; Boje & Rana, 2021; Andersson, Forsgren, & Holm, 2021).

Transnational Social Spaces and Transnational Communities in the Transformation of Global Apparel Value Chains

The concepts of TSS and TC are open and fluid analytical tools to assess the dynamic interactions between various social actors from both national and transnational spaces (Morgan, 2001b). The concept of a TSS indicates that the forms of interaction between different actors in TSSs represent something novel and are not just a replication of connections between pre-existing national actors and their associated interests (Morgan, 2001b). In particular, 'structured interactions', for instance in CE transitions in supplier countries, with their 'distinctive and identifiable processes' that constitute the TSS may facilitate greater understanding between individuals and lead 'in the direction of "shared understandings" and "shared meanings"' (Morgan, 2001b, p. 118) to become TCs. These TCs could evolve into cohesive groups with shared norms and values, but do not necessarily need to (Morgan, 2001b). They are emergent, evolving dynamically from international interactions between (typically) nationally rooted actors (Morgan, 2001b; Rana & Morgan, 2019).

In the context of the transition to a CE in GVCs, diverse actors interact and communicate to form ties in TCs that influence their value-adding activities (Rana & Morgan, 2019). These communities can shape the international activities of firms through shared values and purposes, supported by (i) international regulatory bodies, ii) multinational enterprises, and (iii) cognitive and normative frameworks provided by business education and consultancies (Morgan, 2001b). For example, UNIDO and Chatham House's initiatives are helping to transform plastic recycling systems in several developing countries. Sustainability-driven business models

addressing climate change have prompted transnational actors to create imagined communities or formal networks to pursue common objectives, such as the CE initiatives of the Global Fashion Agenda and the Circle Economy Foundation, which aim to transform linear apparel supply chains in several countries (Boje & Rana, 2021).

Research increasingly finds links between national institutional contexts and transnational institutions and their influence on multinationals, as evidenced by the development of International Labour Standards and various sustainability measures in apparel production (Bulut, 2009; Beyers & Heinrichs, 2020; Whitfield & Staritz, 2021; Reinecke & Donaghey, 2022). Furthermore, research shows that transnational institutions arise from interactions and collaborations between various social actors (Bozkurt et al., 2022; Clark & Geppert, 2006; Distelhorst et al., 2015; Kano et al., 2020).

METHODOLOGY

Our research follows an inductive method to explore the potential emergence of a TC within a TSS that structures interactions between MNEs and other social actors in their efforts to move towards a CE. The TSS brings together transnational regulators, NGOs, MNEs, transnational organizations, international consultants, technology intermediaries, business associations, suppliers, and local actors; some of the latter operate within Bangladesh's informal economy.

We chose the apparel industry as it is one of the most polluting industries in the world. Annual purchases of global fashion products are estimated to exceed 60 million tons. Producing these garments is estimated to use between 20 trillion to 200 trillion litres of water every year and emits 1.2 billion tons of greenhouse gases (GHGs) annually (Rana & Whitfield, 2024).

We focus on Bangladesh's apparel industry. Bangladesh is the world's second-largest apparel exporter with approximately 4000 large, medium, and small garment manufacturers (Bangladesh Garment Manufacturers and Exporters Association, 2024), who predominantly work for global brands from the global north. Bangladesh's apparel sector is the country's largest emitter of GHGs (Green Climate Fund, 2020) and is estimated to produce 577,000 tons of pre-consumer textile waste annually (Runnel et al., 2021).

Moving Bangladesh's garment sector from a linear to a CE is, thus, vital for MNEs to reduce GHG emissions, water consumption, and resource use in their GVCs. One key area to achieve

a CE in Bangladesh's apparel sector is the re-use and/or recycling of pre-consumer textile 'waste'. Although we refer to 'waste', it is important to note that this material is not worthless; indeed, for some recyclers and manufacturers, it is an important source of revenue, which we discuss in more detail below. To explore waste recycling further, our research design focuses on understanding how TSS can complement MNEs' efforts to effectively implement CE practices.

Research Design

We adopt an embedded case study method (Yin, 2009) to examine the interactions among multiple social actors, including MNEs, suppliers/manufacturers, global regulatory institutions, intermediaries, NGOs, and waste traders. These actors collaborate within transnational social spaces (TSSs) to transition Bangladesh's apparel industry from a linear economy to a circular economy (CE). To understand their roles, interests, power dynamics, and interactions, we conducted interviews with key stakeholders.

Our study focuses on two interrelated cases of CE transitions in Bangladesh's TSSs: (1) the Circular Fashion Partnership (CFP), initiated by the Pioneering Green Partnership and Investing in Impact (P4G) group, which ran from 2020 to 2021, and (2) the Switch2CE project, led by the United Nations Industrial Development Organization (UNIDO) in collaboration with national and global actors, running from 2021 to 2025. These cases provide a dynamic lens to explore the emergent properties that contribute to TSS formation. The CFP case, which allows us to transition temporarily to the Switch2CE case over a period, serves as a foundation for exploring the antecedents of, and challenges and complexities within, a TSS. This approach strengthens our study by mitigating the limitations of a single-case analysis.

While our case selection is purposive, it was not pre-determined. The first author became aware of these TSSs through interactions with key actors while working on another CE research project in Bangladesh. This engagement highlighted the potential of applying TSS and transnational community (TC) concepts to better understand the evolving dynamics among social actors.

Case Backgrounds and their link to TSS

Our first TSS case, the Circular Fashion Partnership (CFP), was initiated by P4G between 2020 and 2021, funded by the embassies of Denmark, Australia, and South Korea. It was developed in partnership with the Global Fashion Agenda (GFA), Reverse Resources (RR), major fashion brands (e.g., H&M and Bestseller), selected suppliers, and the Bangladesh Garments Manufacturers' and Exporters' Association (BGMEA). Led by GFA, CFP aimed to facilitate a scalable transition to a circular economy (CE) in the apparel sector, particularly by increasing the availability of recycled materials. The initiative established a traceable pre-consumer textile waste recycling infrastructure, involving 30 global brands, 45 local factories, and 18 recyclers (Circular Fashion Partnership, 2024).

While P4G initiated CFP, GFA coordinated efforts between RR, fashion MNEs, BGMEA, the Ministry of Foreign Affairs of Bangladesh, and the Danish Embassy. GFA provided knowledge and raised awareness of CE principles to stimulate demand for recycling capacity in Bangladesh. RR trained suppliers on low-energy waste management technologies and digital waste registration, improving transparency across waste value chains. Enhanced traceability allowed informal and formal waste actors (e.g., suppliers and recyclers) to share data, assess business opportunities, and comply with EU regulations affecting fashion brands. RR also facilitated partnerships between foreign technology firms and local suppliers via BGMEA, aligning CE initiatives with EU standards, particularly EURATEX's strategies under the EU Green Deal, Sustainable Products Initiative (SPI), and Circular Economy Action Plan (CEAP) (Global Fashion Agenda, 2022).

Both H&M and Bestseller funded their suppliers' participation to support knowledge transfer on waste valorization and data sharing. Bestseller also integrated CYCLO, a cotton-waste recycling MNE in Bangladesh, into its supplier network to recycle pre-consumer cotton waste into yarn (Syrett & Lammas, 2022).

Our second TSS case, Switch2CE, launched in 2021, involves several actors from CFP, along with UNIDO, the European Investment Bank (EIB), the Circle Economy Foundation, and the British think tank Chatham House. BGMEA joined two pilot sub-projects with H&M, Bestseller, GFA, and RR. Recognizing the need for brand involvement, UNIDO invited global brands to express interest in Switch2CE, aiming to engage both brands and suppliers in transforming pre-consumer waste valorization.

GFA played a key role in securing Bestseller's participation in a Switch2CE pilot project, while H&M, already committed to advancing waste circularity and new technologies, collaborated with Impact Invest Corporation (US) and Intellectap (India) on another pilot. However, the two MNEs demonstrate different levels of commitment to CE transformations. RR's role in Bestseller's pilot project is to digitally trace and monitor the volume, price, and quality of recycled textile waste across value chains.

The EU and the Finnish Government financed Switch2CE in Bangladesh, Morocco, and Egypt, contributing €20 million. The initiative aims to (1) co-develop policies that facilitate a CE transition in apparel and (2) equip suppliers with knowledge on CE, green finance, and technology, fostering a circular textile economy in Bangladesh and beyond.

Data Sources

We conducted interviews with key actors involved in our two TSSs and analyzed reports and information available on their websites. For the CFP case study, we interviewed representatives from BGMEA, GFA, and the Consular Section at the Danish Embassy in Bangladesh, all directly engaged in CFP's development and implementation between 2020 and 2021. For the Switch2CE case study, we spoke with senior executives from UNIDO, global NGOs (Chatham House, GFA, Circle Economy Foundation), BGMEA, the technology intermediary RR, recyclers, and two MNEs (H&M and Bestseller).

Additionally, the first author visited and interviewed suppliers of varying sizes, recyclers, and textile waste-processing clusters in Bangladesh to understand the pre-consumer textile waste value chains, recycling mechanisms, and the role of CFP and Switch2CE in their transition processes.

Table 1 summarizes our interviews, interviewees, and the organizations they represent.

Our respondents shared valuable insights into the roles, goals, and motivations of various social actors within the TSS, the nature of their collaboration, and potential tensions between them. This enabled us to explore the emergent properties of the TSSs and assess the development of a transnational community (TC).

Table 1 Summary of interviews, interviewees, and the organizations they represent.

Organization Type	Organizations Interviewed	Interviewees' position	No. of Interviews	Duration (Hrs)	
Transnational Institution	United Nations Industrial Organization (UNIDO)	Country Head	1	1	
		Senior National Expert	1	1	
		Project Coordinator (Switch2CE)	1	1.5	
NGOs	Chatham House, UK	Senior Research Fellow (Switch2CE lead)	2	2	
	Circle Economy Foundation, NL	Managing Director	1	1	
Business Association	BGMEA	President	1	0.5	
		Director (Sust.)	1	1	
		Deputy/Assistant Secretary (Sust.)	4	6	
MNE	H&M	Head of Communication/Sustainability	1	1	
		Manager, Production, Sustainability	1	1	
		Asst. Manager-Production & Sustainability	1	1	
	Bestseller	Manager- Production, Sustainability	1	1	
		Asst. Manager-Production and Sustainability	1	1	
		Manager- Social Responsibility	1	1	
Partners of Bestseller's Pilot	NGO	Global Fashion Agenda (GFA)	Country Manager, Bangladesh	1	1
	Intermedia ry Org.	Reverse Resources (RR)	Director: Business & Operations	1	1

Suppliers	Large	i. Knit Concern Ltd. ii. DBL Group iii. Team Group iv. Terashima Apparels Ltd. v. Shasha Denim Ltd. vi. Interstoff Ltd.	Chief Sustainability Officer, Head of Sustainability, Sustainability Manager	6*3	18
	Medium	Supplier (3)	Managing Director	3*1	3
	Small	Supplier (5)	Owner	5*1	5
Recyclers	i.Recover, ii. Cyclo, iii. Zinat recycler		Director. Head of Operations. Chief Production Officer. Technical Officer. Sustainability Manager	3*5	15
Recycling Clusters	Narayanganj		Waste Handlers.	4*1	4
	Mirpur		Waste wholesalers. Waste retailers; &	4*1	4
	Gazipur Cluster		Waste sorters	4*1	4
	Kashimpur			4*1	4
	Baliadangi			4*1	4
Total				81	83 hrs.

Data Analysis

To categorize and organize our data for pattern and theme identification, we employed inductive coding using NVivo software. We applied both open and axial coding techniques, which enabled us to develop theoretical themes. These themes reflect the emergent properties

that both constitute and drive the evolution of a **transnational community (TC)**, integrating MNEs and other social actors, and contributing to greater circularity in the Bangladeshi apparel industry.

ANALYSIS AND DISCUSSION

Our analysis reveals three emergent properties that explain the development of a TC within the studied TSSs: ‘*shared purpose/objectives*’, ‘*shared cognition and logic*’, and ‘*symbolic change and transformation*’.

Actors’ Shared Purposes/Objectives

The various social actors within the studied TSSs pursue different goals while aligning with the overarching objective of transitioning to a CE. This shared purpose was elucidated in several of our interviews.

In the **Switch2CE** case, **UNIDO** took the initiative to establish what effectively became a TSS to drive the transition to a CE in the apparel industry. This aligned with its longstanding efforts to enhance resource efficiency in the **global south**. The **CFP** served as a precursor to **Switch2CE**, helping key actors such as **BGMEA** and suppliers recognize the value of CE in the industry. While a shared purpose united these actors, the policies and regulations of multilateral institutions played a crucial role in initiating the transition (Figure 1). As the head of UNIDO in Bangladesh stated:

The EU's Circular Economy Action Plan 2020 prompted us to establish a global alliance of national and transnational actors, including fashion brands, to drive national policy development for the circular economy transition. Our goal is to create pathways for national institutions [i.e. organizations] and global brands to support suppliers in adopting new technologies, processes, and practices that enhance resource efficiency by saving energy and water. Our partnership with the European Investment Bank and our collaboration with Bangladesh's central bank, Ministry of Finance, and BGMEA facilitate technology upgrades for suppliers. Additionally, [the] Circle Economy Foundation provides training for suppliers of various sizes to improve their understanding of textile waste circularity. Chatham House, in

collaboration with BGMEA, helps us navigate the dynamics among different actors in Bangladesh's apparel manufacturing value chains to inform policy action. Through our shared purpose, we are effectively forming a transnational community committed to advancing the circular economy in supplier countries.

At first, global brands were reluctant to actively participate in a group that aimed to improve resource efficiency, having little interest in collaborating with others to move towards a CE before the EU's policy came into effect. A Senior Research Fellow at Chatham House stated.

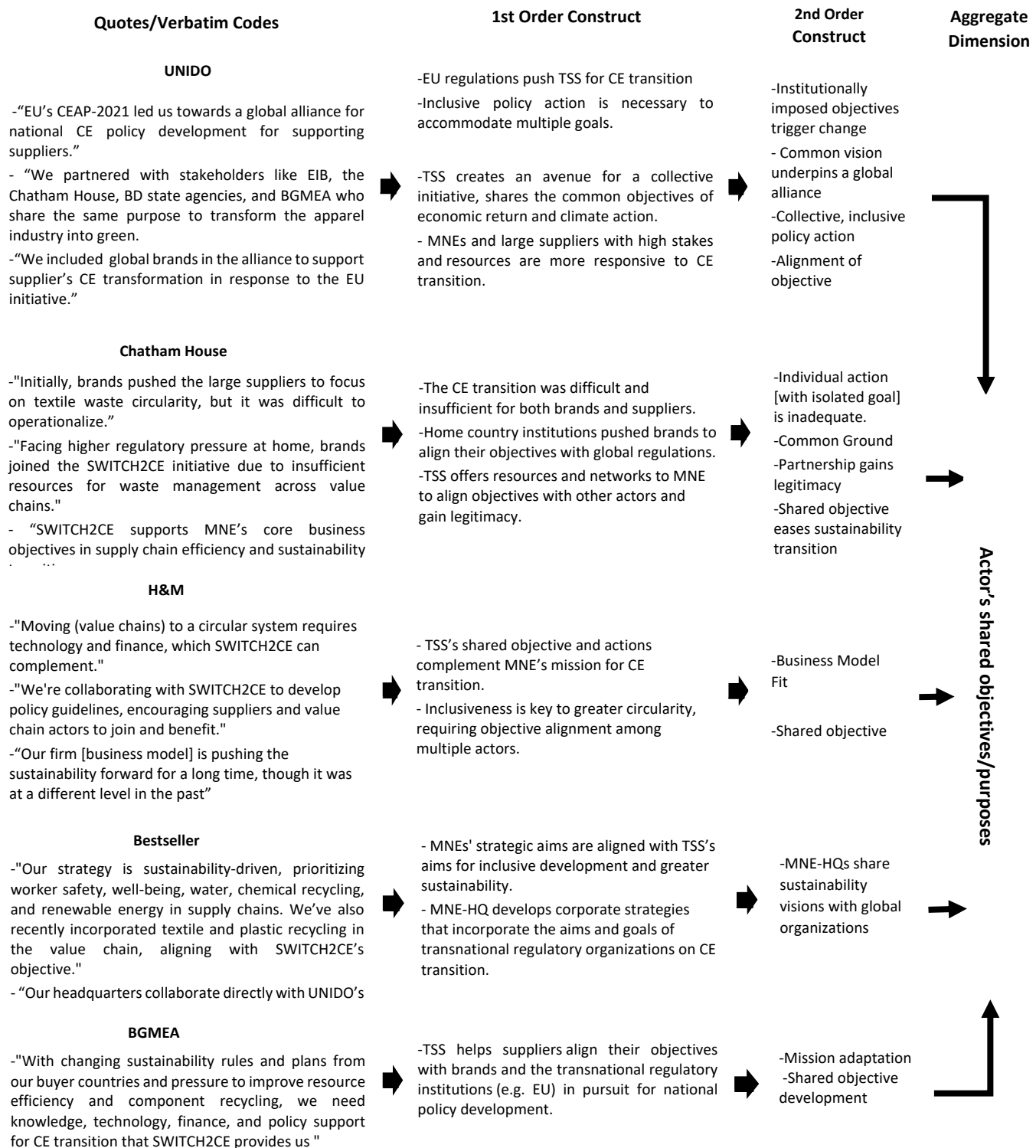
Initially, brands were interested only in textile waste circularity by pushing large suppliers to transform. Waste management across the supply chains, recycling of waste, and policy change at the national level are complex activities, which brands realized [was] hard for them to do. When brands experienced high regulatory pressures from their home countries, with the change of EU policies, they got interested in moving their linear value chains into CE. They found a common ground, purpose, and benefit to join this initiative. CIRC, a cutting-edge chemical recycling technology company for blended textile waste from the USA, showed interest in coming to countries ... under the Switch2CE umbrella to set up a pilot operation. Suppliers of the brands would benefit from this sort of new technology, if it is proven effective, so you can see how their core business model would be supported.

Bestseller, as the company itself indicates, sources many of its garments from small and medium-sized manufacturers in Bangladesh, rendering the transition to a CE difficult. By contrast, H&M sources high-volume orders from mostly (very) large suppliers, making the transition to a CE easier, as such suppliers often have more technological and financial resources.

As H&M's Production and Sourcing Manager noted:

[M]oving to a circular system requires cutting-edge technology and finance, which Switch2CE can complement us in our effort to push circularity. We are working with Switch2CE to develop a comprehensive policy guideline for the Bangladeshi apparel industry so that suppliers of all sizes are encouraged and benefited in a circular ecosystem.

Figure 1: Codes of ‘Actors’ Shared Objectives/Purposes



Actors' Variable Interests and Responses:

This and the following excerpts illustrate the, at times, competing interests amongst the different actors within the TSS: H&M must 'push' for circularity, which implies potential resistance or reluctance on the part of some other actors. Similarly, the policy guidelines that H&M is developing with others aim to 'encourage' suppliers of all sizes to participate in a circular ecosystem, suggesting some hesitation on the part of some suppliers.

More broadly, MNEs and UNIDO have contrasting principles: the former are driven by profit-seeking, while the latter emphasizes socio-economic and environmental benefits. These contrasting principles condition four tensions within the TC's development.

The first tension relates to the nature of governance embedded in Bestseller's business model, which reflects its HQ-centric 'international strategy' approach (Bartlett & Ghoshal, 1991).

Bestseller's subsidiary was directed by its headquarters to collaborate with UNIDO and other Switch2CE organizations. However, the company's Head of Sustainability, based in its Danish headquarters—where different logics and priorities prevailed—appeared to have limited understanding of the contextual complexities of the production process in Bangladesh. Regular communication with him was challenging, making it difficult for the headquarters to fully grasp the locally embedded issues.

This made it difficult for UNIDO's project manager to convey the nature of challenges or developing issues that required immediate attention to Bestseller. As a senior expert within UNIDO noted:

When our responsible person wants to discuss any change with Bestseller's office in Dhaka, it is difficult, also time-consuming, to make them understand the logic [or interests] rooted in the textile waste value chains in Bangladesh. Because the head of this project at Bestseller sits in Denmark, who is out of the scenario; and the local manager does not have full autonomy to make independent decisions.

This quotation highlights the importance of the level of specific actors' agency, here the authority delegation to subsidiaries, affecting each actor's degree of contribution and prioritization within the TSS, which is an important factor in forming the emergent properties. Such factors make it difficult to establish a TSS—and, more broadly, a TC—as one actor who

arguably should be directly part of the TSS was not: Bestseller's head of sustainability was based in Denmark, making that person's participation in the TSS marginal at best. If Bestseller's head of sustainability lacks an understanding of recycling activities within Bangladesh, their approach to improving recycling rates in Bangladesh is likely to be largely rooted in their national, Danish experiences, rendering the emergence of a new social actor at the transnational level difficult.

The second tension relates to RR, a technology partner that sought to track textile waste across value chains in Bestseller's pilot project. Tension emerged due to RR's changing business model. Initially, RR received commissions from those waste traders/suppliers who registered the volume of waste they dealt with in its digital system. However, RR now trades waste itself, making it a competitor to the local waste handlers who typically operate in the informal economy. This has affected RR's legitimacy amongst local waste traders, the BGMEA, and data-management firms. Local suppliers and the BGMEA, thus, tend to have reservations about co-operating with RR by participating in the digital waste registration system that RR manages.

The third tension relates to H&M, which works with several national and international partners in the Switch2CE pilot, performing coordination difficult. Although the excerpt below highlights H&M and its suppliers, the broader issues it raises are also relevant for other companies, and once again illustrate the dynamic and contested nature of some of the interactions within the Switch2CE TSS. As UNIDO's project manager noted:

Switch2CE is a live project, and we need to change so many targets and activities on short notice, but it is difficult to accommodate varied targets from different actors.

Initially, we had estimated a percentage of CO2 emission reduction, but it is difficult for H&M's suppliers to achieve that target now. Recently, we have changed the target, but others have difficulty accepting it.

The mention of UNIDO's need to change 'targets and activities on short notice' reflects the tensions that are typical in this TSS, as the various actors involved have different, dynamic, and often competing interests.

Finally, the biggest challenge, arguably, to moving to a CE in the global apparel value chain is the recycling of material, which requires the upgrading of technology and the optimization of process, design, and energy use; in turn, this is dependent on how effectively MNEs, suppliers,

and technology providers collaborate to evolve shared garment design and governance processes. In the apparel industry, for instance, some recycled materials require suppliers and brands to co-develop garment designs. They also require joint planning to ensure that the designed clothes are consistent with available recycled inputs and consumers' fashion choices. For example, off-cuts are recycled to make blended recycled fabrics; however, the quality of blended fabric, limited by current recycling technologies, tends to be too low to make high-quality garments. However, fabric recycled from pre-consumer waste (i.e. off-cuts) is of higher quality than fabric recycled from post-consumer waste (i.e. used clothes) when mechanical recycling technology is used. These issues rooted in existing production and recycling processes shape the interactions between various social actors in the TSS, influencing the development of the TSS itself as well as the TC.

These pressures shape brands' reliance on, and collaboration with, suppliers and circular value-chain actors. Synchronized collective effort is, therefore, essential for enhancing circularity in GVCs, prompting MNEs to collaborate within TSSs to seek resources and legitimacy (Rana & Sørensen, 2021).

Increasing the re-use or recycling of pre-consumer textile waste is difficult for two further reasons. Thousands of individuals and small and micro enterprises currently handle this waste, trading, sorting, re-using (i.e., by making new garments or handicrafts), and recycling (i.e., by making yarn) it. These individuals and enterprises are often part of the informal economy. A corollary of the informal handling of waste is the limited availability of technology for recycling textile waste into high-quality yarn, along with the absence of a digital tracking system and the influence of local politics on incentives in informal waste trading systems.

The large and medium apparel manufacturers that global brands often rely on to produce their garments generate pre-consumer textile waste; to increase their revenues, these manufacturers often sell this waste to informal handlers for cash, typically outside the tax system. To ensure the waste garment material remains outside the tax system, waste handlers usually do not register pre-consumer waste in a digital system, with the exception of RR's digital register.

The norms and practices currently associated with the informal recycling of textile waste mean that moving towards a CE by increasing recycling rates will require a new set of incentives and values for the social actors involved. Organizations must incentivize the manifold social actors currently involved in the management of textile waste to join a new system of waste recycling

and circularity. As global brands are, typically, not directly involved in the current informal system, they need to engage with other social actors in the TSS to achieve a CE transition in the apparel industry. However, the interests of the social actors in the TSS often conflict with one another: several social actors in the informal economy may lose their income if moving to a more formal recycling system without having a compatible incentive structure, meaning only larger social actors in the formal economy have legitimacy and can compete.

Similarly, while transnational regulators create new policies to facilitate the transition to a CE, they depend on national actors to work with local actors in the global south to implement those policies; however, suppliers in the global apparel value chain do not necessarily have the financial resources, skills or technology to move towards a CE. A sense of the dynamic and contested nature of the move towards a CE, which reflects the different social actors' divergent interests, is given by the head of UNIDO in Bangladesh, who stated:

We are driven by EU policies for greater sustainability and circular economy in global value chains. EIB [the European Investment Bank] has the same purpose to provide finance through local organizations to support suppliers for new technology adoption. Other actors, such as global actors and brands [e.g. Bestseller and H&M], support our endeavours with a similar purpose. We incorporate all actors' objectives, work plans, and targets into our action plan; however, it is challenging. Since the beginning, we have been interested in including both brands and suppliers, because our initiative is for suppliers and other small actors working for the brands to benefit from the transition. However, in the end, circularity is for achieving sustainability goals to make our planet liveable for all.

Interestingly, by stating that 'however, in the end, circularity is for achieving sustainability goals to make our planet liveable for all', the head of UNIDO in Bangladesh suggests that, in some areas, decisions are made that may not benefit all actors—particularly marginal or less-resourceful actors in the extended value chains involved in the transition to a CE. This is because the most powerful actors often make the decisions about which parts of the value chain to prioritize, leaving less powerful actors, such as micro-firms or workers involved in marginal sections of the value chain, with relatively limited or no influence.

Shared Cognition and Logic

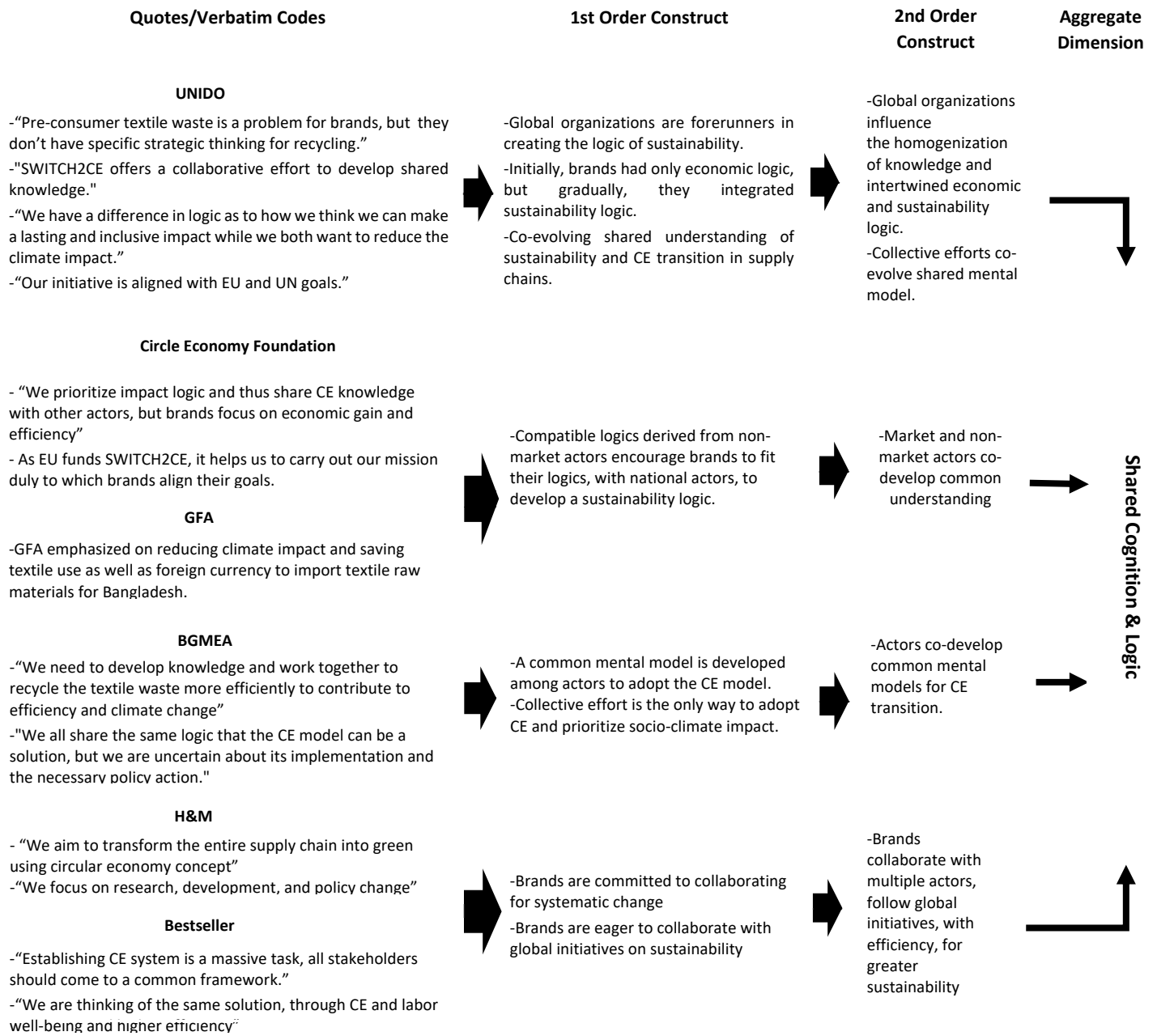
Social actors within a TSS will, to some extent, depart from the interests associated with their home-country contexts. As Morgan (2001b, p. 117) argues, transnationalism can lead to a ‘change in [...] existing institutions and the creation of social relationships that are qualitatively distinct from those previously existing.’ This indicates that the practices and interests that emerge amongst social actors within a TSS may differ from nationally based practices and interests. If the various social actors within the TSS come together to develop ‘shared meanings’ and ‘shared understandings’ so that they combine to become a (more or less) cohesive social actor, a TC has emerged.

We find that the various social actors within the studied TSSs developed shared cognition: collective understanding, knowledge, and mental models that various social actors within a community develop and use to co-ordinate and achieve common goals. However, the extent to which those understandings are shared varies between different actors in the community. Such shared understandings simultaneously emerge from, and facilitate, actors’ interactions and exchanges of perspectives and knowledge. The structured interactions between actors within a TSS enable them to amend their shared goals and strategies, providing cognitive legitimacy to the shared framework of understanding leading to the emergence of a TC (see Figure 2).

UNIDO's Switch2CE initiative encouraged key stakeholders to engage in open communication, sharing both business and sustainability insights, along with technical and context-specific knowledge on recycling textile waste. Additionally, it facilitated the exchange and development of subjective, but overlapping, perspectives on the challenges involved in moving to a CE. The initiative enabled stakeholders to better understand 1) the resources as well as the individual and collective actions required to transition effectively to a CE, and 2) the potential obstacles to such a transition. Learning and knowledge sharing, over time and through interactions, shape shared cognition in our TSS, but they do not lead to a completely unified cognition. This is because MNEs aim to increase the efficiency and profitability of the value chains they share with tier-1 suppliers (while reducing their impact on the climate), while transnational organizations and global NGOs are more interested in the broader positive social and environmental impacts of the development of a CE ecosystem in Bangladesh.

Both the CFP and the Switch2CE initiatives aimed to develop social actors’ awareness and cognition of CE as a new concept and method of production and consumption. The CFP TSS created a shared cognition that developing a CE system within the apparel industry in

Figure: 2 Codes of ‘Shared Cognition and Logic’



Bangladesh is logical and important—not just to mitigate the effects of climate change, but also as a means of saving foreign currency (i.e., USD) from importing virgin fibres, which encouraged local actors to move towards a CE. For instance, in their workshops with Ministers, GFA provided a statistic indicating that textile-waste recycling could save Bangladesh yearly USD 0.5 billion by reducing the need to import virgin fibre; Bangladesh currently suffers from a shortage of foreign currency reserves, so this represents a significant saving (Syrett, et al., 2021).

While shared cognition has been achieved regarding the need for circularity in the textile industry, the interests and preferred changes to achieve greater circularity of different social actors are not identical; actors' perspectives on how best to achieve common aims can vary, as the person in charge of UNIDO's involvement in the Switch2CE initiative noted:

Brands knew that pre-consumer textile waste was their problem to solve because it originates from the production process of their orders at suppliers' factories. Initially, brands had no specific strategy for recycling huge amounts of waste or monitoring the waste flow in value chains. They were interested in having supplier-specific strategies for gaining efficiency in textile and water use and reducing CO2 emission, which they could handle for limited suppliers given their resources, business models, and governance. However, the Switch2CE initiative offers [enables] them to join a concerted effort to develop a shared knowledge between us [brands, suppliers, national organizations, and UNIDO]. We complement their limited endeavours, though we have a difference in logic as to how we think we can make a lasting and inclusive impact for all parties and society.

During the Switch2CE initiative, knowledge sharing played a crucial role in helping social actors establish a common framework for CE transition. First, it legitimized the CE concept by explaining why local actors must transition and how it would benefit them. Second, it underscored how collective efforts and behavioral changes could benefit the apparel industry, society, and the environment. Third, it clarified the actions and policies various social actors must develop to achieve their shared purpose. Due to resource constraints, MNEs cannot lead system-level knowledge sharing.

As part of Switch2CE, the Circle Economy Foundation, in collaboration with BGMEA, runs a training program to provide CE knowledge to suppliers of all sizes. BGMEA gathers insights on suppliers' motivations and challenges related to circularity and shares them with UNIDO. H&M and Bestseller communicate their strategic choices to suppliers, encouraging textile and water recycling while also sharing pilot project results with UNIDO and BGMEA.

UNIDO and EIB engage with Bangladesh government agencies to develop an action plan and green financing policies for CE transition. Shared cognition on circularity within the TSS enabled brands, suppliers, and other actors to refine their strategies and policies. While disagreements persist, the TSS facilitated a broad consensus on the need for change. However, this consensus does not extend to all aspects of CE. For example, the textile waste traders'

association has accused brands like H&M and Bestseller of undermining their export business, as CE policies could restrict revenues from waste exports to India—a key export destination.

Cognitive legitimacy and the consideration of diverse interests in strategy and policy development are essential for advancing value chain circularity. Notably, managers from UNIDO, GFA, and MNE subsidiaries (H&M and Bestseller) frequently move between these organizations, indicating overlapping social and professional networks. This fosters shared interests, similar knowledge on CE transition, and low barriers to information exchange, enabling a common cognitive framework on challenges and policies relevant to CE adoption.

Symbolic Change and Symbolic Transformation

In a TSS, shared cognition and logic are crucial for driving symbolic change, which involves shifts in meanings, symbols, identities, values, or social norms that hold significance for all actors. This leads to collective rationalization, adaptation, and the development of broader social narratives. Symbolic transformation occurs when these changes result in deeper cultural, social, or institutional shifts, altering how actors perceive themselves, their roles, and their relationships with others. Symbolic change is foundational to the formation of TSSs. It may stem from a shared vision or ideological standpoint among members, motivating them to pursue a common goal (such as resource conservation and climate change mitigation), or arise from the objectives and action plans of a TSS.

Symbolic change and transformation involve shifts in identities and social norms, driven by interactions among various actors within the TSS. As such, the emergent properties of the TSS are shaped by the contributions of all participating actors, not just one.

Through knowledge sharing and acquisition within the TSS, social actors enable symbolic change and potential transformation both in themselves and in others. In our case, change was integrated into the establishment of both the TSSs and the visions of global brands as soon as they adopted a CE approach in their business models. The CFP was initiated to ‘set the scene’ for influencing national actors, while Switch2CE was launched to bring about real change. Both change and transformation are multifaceted. Transnational regulatory organizations are pushing from the top to drive sustainability within both MNEs and national organizations. Both TSSs and TCs have the potential to transform member behaviors and national business systems through the emergence of new social actors who possess greater powers and resources.

As the head of UNIDO in Bangladesh stated:

Our initiative is aligned with EU and UN goals, offering a platform for national actors and multinationals' value chains to transform the way they create value. We support the beneficiaries [suppliers and other value chain actors, and the Government for policy formulation] with training, financing, access to technology [through networks], and policy recommendations. As MNEs are not able to ignore the shift towards circularity, their success will depend on how efficiently their global circular value system is transformed, which they can trace.

In some situations, TSSs can facilitate institutional changes; in our examples, MNEs need to not only change the way they govern and support their suppliers but also transform their strategies and structures based on business models, resources, and path-dependent strategies (see Figure 3).

As the head of GFA in Bangladesh stated:

Bestseller and H&M have different business models, and are in competition, but both are taking advantage of SWITCH2CE initiatives. They are making only 'in-kind financial contributions' to their pilot projects under SWITCH2CE and trying to share knowledge with their suppliers for circularity. Both are eager to take part in developing a national policy on CE, making sure that the policy framework is aligned with suppliers' and their own strategies. They have realized that greater circularity is not possible without green energy, so they are planning to invest jointly in an offshore wind power project in Bangladesh with a 1.3 billion USD investment. Although their core business is fashion marketing, they are making this investment to support suppliers' access to renewable energy using a complementary business model.

In following global regulatory agencies' moves towards sustainability, MNEs undertake a variety of strategies according to their organizational structures. For instance, the H&M Foundation's initial investment in circular technology involved the co-creation of a now defunct company called 'Renewcell,' which was capable of recycling natural textile waste into cellulose.

Based on the Switch2CE platform, H&M now partners with CIRC, a US-based blended-textile waste-recycling company that uses chemical recycling technology. UNIDO has invited CIRC to come to Bangladesh to set up a pilot operation for testing. UNIDO's invitation provides

CIRC with national and global legitimacy while opening the door for further investment from the EIB. H&M has signed a promissory contract with CIRC, stating that its suppliers will provide sufficient textile waste for recycling, so CIRC has received an assurance of continuous feedstock supply. Bestseller is on track to make a similar agreement with recyclers.

The UNIDO-led TSS paves the way to a concerted effort with greater legitimacy, resources, and global network. However, changes in national policy will be required to accommodate foreign investment in cutting-edge recycling technology so that blended and natural fibre-based textile waste can be recycled at a reasonable cost into materials of higher quality.

While the transformation process follows contestation and adaptation, the two brands have implemented changes in different ways to avoid tension in their current business models.

H&M has undertaken comprehensive CE strategies, and Switch2CE complements the transformation process across GVCs.

In contrast, Bestseller has adopted a CE model in conjunction with its long-standing strategic focus on labour efficiency, safety, equality, and water and chemical recycling, as well as green energy in supply chains. Bestseller tends to move slowly, avoiding the contestation phase in supply chains, moving with the waves of TSS and national institutional changes, and adopting strategies that fit them (see Figure 3).

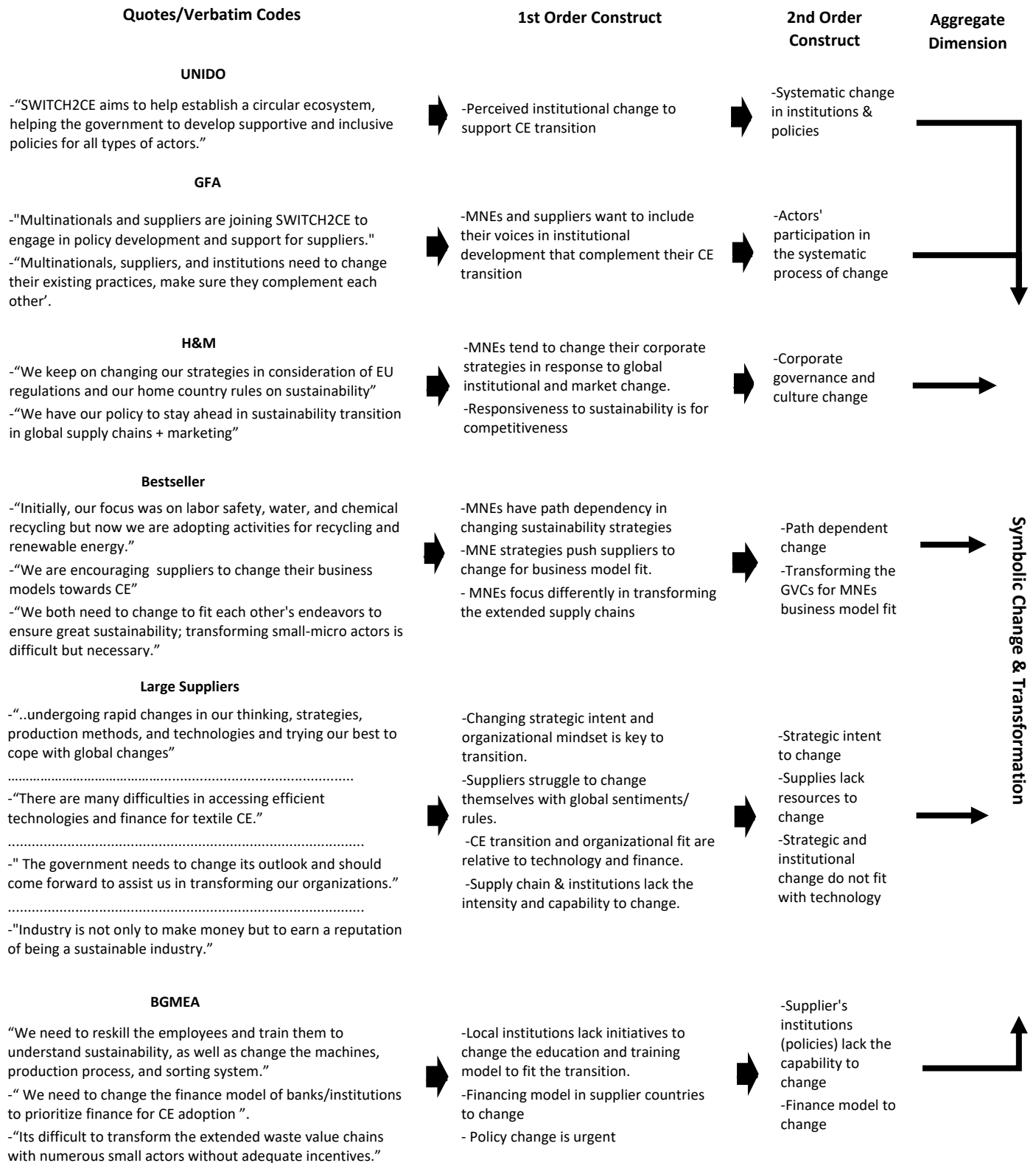
As Bestseller's head of sustainability in Bangladesh stated:

For decades, we have been co-financing several projects on workers' personal advancement and career enhancement, equality, health and safety, and water recycling. We are now incorporating textile circularity in our model, encouraging suppliers to move towards recycling. Our objectives are still aligned with what we have been doing for decades and what we are doing with UNIDO's Switch2CE. Our HQ has adopted strategies on CO2 emission and is thus on the way to making investments in wind-based green energy production in Bangladesh. This will help our suppliers attain UN sustainability goals by 2030.

In these circumstances, the strategic emphases of MNEs may vary, and MNEs' transitions towards a CE often exhibit path dependency. Thus, the extent to which an MNE will be involved in transition will depend on its organizational structure, resources, and business model. TSSs of the kind discussed in this study will, therefore, complement brands' endeavours

to transition to sustainability in an institutional void or to respond to new institutional developments (Rana & Sørensen, 2021).

Figure: 3 Codes of ‘Symbolic Change & Transformation’



CONCEPTUALIZATION AND CONCLUSION

Our research shows how TSSs are able to foster the emergence of a TC that can help address the global climate emergency. Our findings demonstrate how the structured interactions amongst various social actors within a TSS enable collective properties to evolve that, at the same time, enable the implementation of collective measures to move towards a CE and establish the basis for future joint action by various organizations working relatively cohesively.

In particular, we show how MNEs, in part, transform their priorities and actions within a TSS and TC in their efforts, with other actors, to transition to a CE. By employing an analytical approach that highlights the dynamic and evolving interactions among various actors in this emerging space, without presuming that MNEs can easily orchestrate a transition to a CE, we reveal the complex interactions between both national and transnational organizations.

Our study complements the traditional insights from international business regarding collaboration between MNEs and NGOs or, sometimes, between MNEs, NGOs, and governments in pursuit of sustainability goals. Conventionally, MNEs are typically viewed as proactively partnering with NGOs to reduce transaction costs, access local knowledge, and deliver within emerging economies (Boddewyn & Doh, 2011). In this conventional perspective, NGOs either support MNEs' strategic initiatives along the value chain or help enhance MNEs' public image as responsive to green transitions (Liu et al., 2020). The concepts of TSS and TC, however, enable us to illustrate a more intricate dynamic network that ultimately supports MNEs' efforts to transform their supply chains. The mobility of managers across member organizations in TSS promotes knowledge sharing and fosters a common CE logic, thereby reducing normative distance and facilitating mutual understanding.

Indeed, previous international business research has highlighted the importance of collaboration and knowledge sharing between MNEs and non-market actors. However, it has addressed neither the dynamism of the contested goals of and tensions between various actors nor how the properties that emerge from the interactions between social actors can lead to the formation of a TC. Our research reveals that TSSs can lead to the development of a TC that supports greater sustainability within developing countries. Funding from, and the involvement of, some organizations, such as the EU, enables important social actors within the TSS to

prioritize social and climate impacts over business objectives and the reduction of transaction costs, which MNEs have typically emphasized in their collaborations with NGOs.

Our research, therefore, presents a more nuanced view of the relationships between MNEs, on the one hand, and transnational, national, and local actors, on the other. Our study shows how MNEs change both themselves and other social actors within a TSS, simultaneously competing, collaborating, and compromising to shift the industry toward a CE. This transition ultimately helps their suppliers adopt practices consistent with a CE, which, in turn, facilitates further changes. For instance, the Circular Fashion Partnership, which foreshadowed the Switch2CE initiative, acted as a TSS that enabled some key social actors, including those in Bangladesh, such as the BGMEA and the local suppliers that made the garments for the global brands, to realize the value of a CE and its benefits to them. Hence, involvement in a TSS enabled actors to perceive their interests and the benefits of continuing interactions with other social actors differently, enabling a more dynamic and open-ended set of practices to emerge and unfold.

Similarly, many suppliers perceive(d) MNEs' push towards a CE as a cost-intensive initiative that would primarily benefit brand owners, namely MNEs. Without a nationally agreed framework to provide finance, reduce duties, or provide appropriate tax incentives, suppliers were hesitant to invest additional resources in these initiatives unless brands guaranteed higher prices for each unit produced or shared the costs associated with adopting CE practices. Despite this tension, MNEs and larger suppliers with adequate resources have continued to collaborate towards a common goal, developing a shared understanding of the challenges and potential solutions. In doing so, they have become a transnational community within the TSS fostered by UNIDO.

We identify three emergent properties that simultaneously reflect outcomes associated with the interactions amongst various social actors within a TSS and enable further changes to the different actors themselves as well as their evolving nature as a collective actor. These three emergent properties are the actors' *shared purpose/objectives*, *their shared cognition and logic*, and *symbolic change and transformation*.

Actors' shared purposes help to keep them together, while shared cognition and logic aid practical cooperation. Symbolic change and transformation reflect and presage actors' deeper, evolving relationships and identities through contestation and agreement within TSSs.

Together, these dynamics condition how manifold actors navigate, negotiate, and transform both the TSS and themselves within a TC.

We, therefore, contribute to theory by offering a different view to the often relatively static and MNE-centric approach to understanding efforts to move to a CE in various industries or, more broadly, to foster greater sustainability within economic activities. The dynamism, interactions, and emergent properties of actors, both singly and collectively, are all important. Structured interactions and contestations regarding different social actors' priority settings, work processes, and targets – along with tensions and knowledge sharing – contribute to the evolution of a transnational community, as Figure 4 shows.

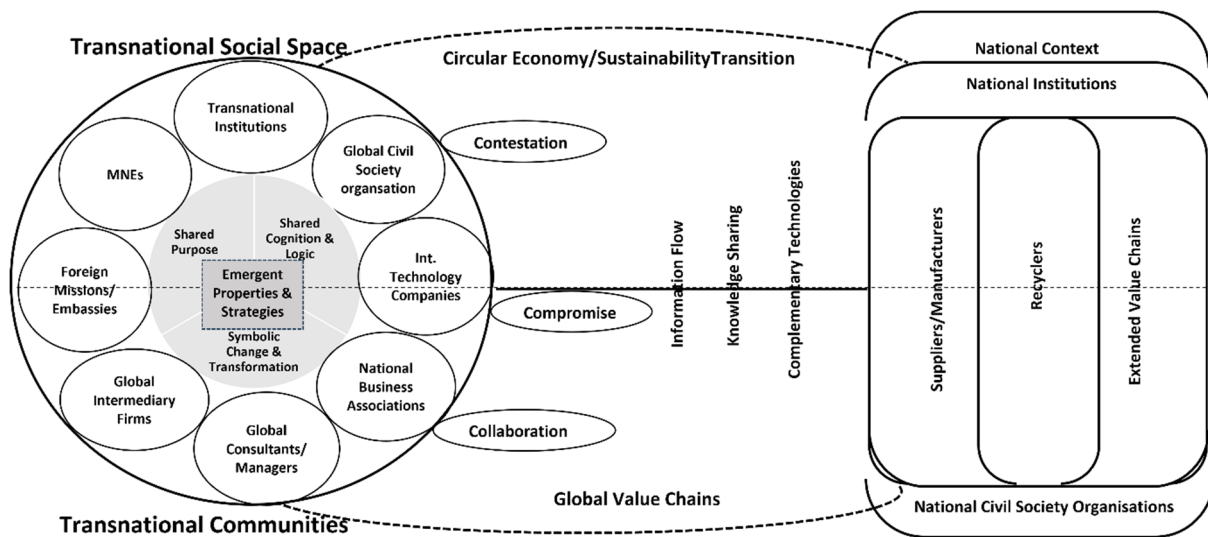


Figure 4: Conceptualization of TSS/TC in connection with CE/sustainability transition in the global value chain

Our research contributes to, and extends, the TSS and TC concepts. We find that some actors make decisions that are, in some ways, external to the TSS and have direct implications for the interactions between that actor and others within the TSS. For instance, the H&M Foundation invested in a company, Renewcell, to recycle textile waste into cellulose to reuse in the production of apparel, which was bankrupted later. It then partnered with CIRC, a US firm, to chemically recycle waste textiles in supply chains, although these new-tech firms' business viability in a national context depends on their business models, availability of quality feedstock, and institutional conditions (e.g. tax and duty waivers on components processing, green energy, etc.) These actions, however, potentially place MNEs of this sort in direct

competition with some of the activities of their suppliers and waste traders in Bangladesh, who sell some of their waste textiles to a network of small firms and individuals, who often work within the informal economy, to supplement their income from garment production.

Therefore, social actors do not just change because of their involvement in TSS and their interactions with others in a TSS, but they also evolve from the decisions and actions taken within other parts of the organization. Developing the TSS and TC concepts is, hence, likely to require a focus on interactions within a TSS, but also an awareness of the emerging properties and activities of the various constituent ‘parts’ of MNEs (Dörrenbächer & Geppert, 2017), and, by extension, all social actors within the TSS. This will, in part, require a more theoretically grounded explanation of the nature of different social actors and their interests. This will complement TSS and TC as powerful concepts that can further our understanding of attempts to make economic activities more circular.

In addition, the TSS and TC concepts enable a consideration of how actors’ interests may converge as well as diverge. We show that local actors’ interests often diverge from those of the MNEs; such interests are often rooted and manifested in the informal economy, that is, in the tax-evading practices around waste handling that may be socially accepted and tolerated by formal institutions. MNEs typically lack the resources to incentivize informal actors and cannot effectively influence formal regulations and incentives to transform all practices within all waste value chains. Informality within parts of these extended value chains frequently enables corruption, human rights abuses, inequality, and compromises in worker well-being and safety—all significant concerns for transnational organizations. However, MNEs alone may be unable to change these practices. As part of a TSS and TC, MNEs can engage both informal and formal actors to develop supportive frameworks for transition.

Circular value chains, particularly extended ones, are far more complex and deeply embedded within national contexts than linear value chains. Thus, the use of the TSS and TC concepts facilitates an analysis of MNEs’ interaction with other actors, including local ones, enabling a better understanding of 1) underlying issues and 2) the emergence and evolution of any potentially CE-promoting practices.

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