

Circular Supply Chains and Firm Performance

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Abstract

This management review examines circular supply chains and firm performance. The organizing question is which capabilities and incentives connect material circularity to resilience, cost, innovation, and stakeholder value. Ten related scholarly sources are synthesized through a decision-centered framework spanning problem definition, mechanism, measurement, evaluation, implementation, and governance. The review does not invent experiments, pooled estimates, or unreported quantitative results. It instead evaluates the strength and transferability of the available evidence, with particular attention to claiming circularity from isolated recycling activity without system-level material accounting. The resulting framework links technical or empirical performance to explicit use conditions and identifies tests that should precede wider adoption in operations and supply-chain strategy.

Keywords: circular economy, supply chains, firm performance, resilience, operations

Synthesis lens	Principal question
Mechanism	the chain connecting evidence inputs, circular supply chains and firm performance, intermediate outputs, and downstream decisions
Evaluation	construct validity, comparative performance, uncertainty, transfer across settings, and decision utility
Primary risk	claiming circularity from isolated recycling activity without system-level material accounting

1. Introduction

Research on circular supply chains and firm performance sits at the boundary between a promising component and a consequential decision. The core question is which capabilities and incentives connect material circularity to resilience, cost, innovation, and stakeholder value. Answering it requires more than assembling favorable results. It requires a chain of evidence that makes the problem boundary, mechanism, measurement, comparator, uncertainty, and accountable decision visible to the reader.

This article presents a structured narrative review of ten related publications. Sources were selected for topical relevance, traceable publication metadata, and complementary coverage of technical, empirical, and governance questions. No meta-analytic pooling is attempted because the included studies differ in designs, populations, system boundaries, and outcomes. The purpose is decision-oriented synthesis: to identify what each source can support, where transfer remains uncertain, and which evidence would justify the next stage of use.

The central risk is claiming circularity from isolated recycling activity without system-level material accounting. A top-line metric or broad policy label can appear decisive while concealing the conditions that produced it. Accordingly, the synthesis separates observation from interpretation and implementation from validation. This separation is especially important when the same system creates benefits for one user or institution while transferring cost, risk, or administrative burden to another.

2. Evidence Base and Problem Boundary

A defensible review begins by defining the unit of analysis. For the present topic, the relevant boundary includes inputs, institutional or technical context, the mechanism producing an output, the person or system acting on that output, and the downstream outcome. Evidence falls outside the boundary when it measures only an intermediate proxy yet is used to claim an end-to-end benefit.

Cheng et al. (2021) addresses "Linkages between big data analytics, circular economy, sustainable supply chain flexibility, and sustainable performance in manufacturing firms." In this synthesis, that work is used as a source on problem definition within circular supply chains and firm performance. The connection is deliberately bounded: the cited study informs the evidence map, but it does not by itself establish readiness for operations and supply-chain strategy. That distinction keeps the review close to the published record and prevents an adjacent result from being converted into a broader causal claim.

Nayal et al. (2021) addresses "Supply chain firm performance in circular economy and digital era to achieve sustainable development goals." In this synthesis, that work is used as a source on conceptual boundary within circular supply chains and firm performance. The connection is deliberately bounded: the cited study informs the evidence map, but it does not by itself establish readiness for operations and supply-chain strategy. That distinction keeps the review close to the published record and prevents an adjacent result from being converted into a broader causal claim.

Genovese et al. (2015) addresses "Sustainable supply chain management and the transition towards a circular economy: Evidence and some applications." In this synthesis, that work is used as a source on measurement within circular supply chains and firm performance. The connection is deliberately bounded: the cited study informs the evidence map, but it does not by itself establish readiness for operations and supply-chain strategy. That distinction keeps the review close to the published record and prevents an adjacent result from being converted into a broader causal claim.

Together, these works provide complementary entry points, but their conclusions should not be flattened into a single ranking. Differences in data generation, setting, temporal horizon, and outcome definition may be substantively meaningful. A review should therefore preserve those differences and state where analogy, rather than direct replication, connects one domain to another.

3. Mechanism and System Design

The operative mechanism is the chain connecting evidence inputs, circular supply chains and firm performance, intermediate outputs, and downstream decisions. This formulation discourages component-only reasoning. A model, platform, policy, assay, or infrastructure service acquires practical meaning only when its interfaces and use conditions are specified. The evidence chain should describe what information is available, what transformation occurs, which assumptions make that transformation credible, and who is authorized to act.

Giudice et al. (2020) addresses "Supply chain management in the era of circular economy: the moderating effect of big data." In this synthesis, that work is used as a source on system mechanism within circular supply chains and firm performance. The connection is deliberately bounded: the cited study informs the evidence map, but it does not by itself establish readiness for operations and supply-chain strategy. That distinction keeps the review close to the published record and prevents an adjacent result from being converted into a broader causal claim.

Zeng et al. (2016) addresses "Institutional pressures, sustainable supply chain management, and circular economy capability: Empirical evidence from Chinese eco-industrial park firms." In this synthesis, that work is used as a source on representation choice within circular supply chains and firm performance. The connection is deliberately bounded: the cited study informs the evidence map, but it does not by itself establish readiness for operations and supply-chain strategy. That distinction keeps the review close to the published record and prevents an adjacent result from being converted into a broader causal claim.

Bag et al. (2021) addresses "Effect of eco-innovation on green supply chain management, circular economy capability, and performance of small and medium enterprises." In this synthesis, that work is used as a source on failure analysis within circular supply chains and firm performance. The connection is deliberately bounded: the cited study informs the evidence map, but it does not by itself establish readiness for operations and supply-chain strategy. That distinction keeps the review close to the published record and prevents an adjacent result from being converted into a broader causal claim.

These studies also show why modular claims require interface tests. A component may perform well while the complete pathway fails because inputs drift, users interpret outputs differently, recovery semantics are ambiguous, or institutional incentives change. Design documentation should therefore include not only the intended pathway but also foreseeable deviations, degraded modes, and conditions under which the system should stop or defer.

4. Evaluation and Uncertainty

Evaluation should center on construct validity, comparative performance, uncertainty, transfer across settings, and decision utility. Average performance remains useful, but it should be accompanied by distributions, error categories, relevant subgroups or operating regimes, and uncertainty at the point where a decision changes. Comparators must isolate the value of the proposed addition rather than compare a mature intervention with an intentionally weak baseline.

Khan et al. (2021) addresses "The role of block chain technology in circular economy practices to improve organisational performance." In this synthesis, that work is used as a source on comparative evaluation

within circular supply chains and firm performance. The connection is deliberately bounded: the cited study informs the evidence map, but it does not by itself establish readiness for operations and supply-chain strategy. That distinction keeps the review close to the published record and prevents an adjacent result from being converted into a broader causal claim.

Kazancoglu et al. (2020) addresses "Circular economy and the policy: A framework for improving the corporate environmental management in supply chains." In this synthesis, that work is used as a source on uncertainty within circular supply chains and firm performance. The connection is deliberately bounded: the cited study informs the evidence map, but it does not by itself establish readiness for operations and supply-chain strategy. That distinction keeps the review close to the published record and prevents an adjacent result from being converted into a broader causal claim.

External validation should introduce meaningful shifts in setting, time, population, workload, market structure, or environmental conditions. A nominally independent sample can still be too similar to test transfer. Conversely, a failed transfer is scientifically informative when the changed conditions are measured and the mechanism of failure is examined rather than hidden in an aggregate score.

5. Translation and Governance

Translation to operations and supply-chain strategy depends on more than technical readiness. Decision rights, documentation, maintenance, monitoring, appeal, and recovery are part of the intervention. The governance requirement is traceable evidence, named responsibility, version control, monitoring, appeal, and explicit revalidation. Each control should be connected to a named failure mode and should identify an owner, evidence source, review interval, and escalation path.

Alghababsheh (2024) addresses "Understanding whether, how and when circular supply chain management influences firm performance." In this synthesis, that work is used as a source on implementation within circular supply chains and firm performance. The connection is deliberately bounded: the cited study informs the evidence map, but it does not by itself establish readiness for operations and supply-chain strategy. That distinction keeps the review close to the published record and prevents an adjacent result from being converted into a broader causal claim.

Farooque et al. (2021) addresses "Circular supply chain management: Performance outcomes and the role of eco-industrial parks in China." In this synthesis, that work is used as a source on governance within circular supply chains and firm performance. The connection is deliberately bounded: the cited study informs the evidence map, but it does not by itself establish readiness for operations and supply-chain strategy. That distinction keeps the review close to the published record and prevents an adjacent result from being converted into a broader causal claim.

A credible implementation plan also defines sunset and revalidation conditions. New data, software updates, institutional restructuring, population change, or shifts in incentives can invalidate previously reasonable assumptions. Monitoring should therefore test the validity of the evidence chain, not merely whether a service remains online or a headline metric remains stable.

6. Research Agenda

Future studies should preregister or otherwise predefine the intended decision, principal outcomes, exclusions, and analysis plan when feasible. They should report missingness, sensitivity analyses, negative or null findings, and the cost of errors to differently situated stakeholders. Reproducible artifacts should include sufficient metadata to reconstruct data provenance, model or analytical versions, parameter choices, and the sequence from evidence to conclusion.

Cross-disciplinary work needs a shared object of explanation rather than a collection of adjacent vocabularies. For circular supply chains and firm performance, that shared object is the complete decision pathway. Technical, clinical, social, environmental, or economic expertise should each change the design or interpretation of the study. When evidence remains incomplete, the useful output is a bounded hypothesis, a transparent uncertainty statement, or a request for additional measurement.

7. Conclusion

The literature supports a disciplined approach to circular supply chains and firm performance: define the decision, preserve system boundaries, test consequential failure modes, connect uncertainty to action, and assign accountable control. The strongest conclusion is not that one method is universally superior. It is that credible use in operations and supply-chain strategy requires an auditable link from source evidence to design choice, evaluation result, and governed decision.

Declarations

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