

**Multi-stakeholder interaction as a source for sustainable  
development: organisational drivers determining firms’  
‘stakeholder dialogue’ and ‘knowledge integration’  
capabilities**

MSc thesis

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## **Abstract**

Multi-stakeholder interaction is seen as one of the best business strategies to achieve sustainable development. Despite the wealth of research on multi-stakeholder interaction, it is unclear which organisational drivers enable firms to integrate sustainability in their business in a profitable way. A literature research, along with a case study of four MNEs and four stakeholders, which are involved in stakeholder interaction on sustainability, is performed.

This paper aims to get a better understanding how a dynamic capability can facilitate the achievement of sustainability goals by using multi-stakeholder interaction.

**KEYWORDS:** corporate social responsibility, stakeholder dialogue, knowledge integration

## **Preface**

This thesis is the final part of the master program Management, Economics and Consumers studies at the Wageningen University and Research Centre, The Netherlands.

The accomplishment of this thesis was made possible by the support of my two supervisors. First of all I want to thank Dr. V. Blok who provided me with a lot of critical feedback to guide me in this process. His enthusiasm, critical feedback and high expectations motivated and gave me enthusiasm to fully commit myself for this thesis. Thanks go to Dr. D. Dentoni for his positive and critical feedback. He helped me to understand the process by taking time for discussions and by frequently making graphical representations of his ideas. Both supervisors provided me with a lot of opportunities and challenges for further development of my research.

I also like to thank the 8 representatives of the firms which were interviewed who took the time to answer my questions.

Last but not least I thank God for giving me the talents, motivation, possibilities and pleasure to work on my masters degree at this university.

Developing and writing this research was a big challenge for me. Despite the difficult and sometimes frustrating moments I enjoyed working on this research. Looking back I can say this research project was a very educative experience..

I hope you will enjoy reading

Margreth Veldhuizen

May 2012

## **Research justification**

The subject chosen for this research was the result of my increased interest in sustainable developments in firms. The topic was chosen because of the lack of research on this topic and the contribution the results can bring to the sustainable development of firms.

This thesis has been written in article form and will be presented on the annual world symposium of the International Food and Agribusiness Management Association (IFAMA), 2012 Shanghai, with the title: Multi-stakeholder interaction as a source for sustainable development: organizational drivers determining firms' 'stakeholder dialogue' and 'knowledge integration' capabilities. Authors: Margreeth Veldhuizen, Dr. V. Blok and Dr. D. Dentoni.

The article is extended with an executive summary and table of contents. Moreover appendixes are included giving a better background of the research and a better understanding of the results. The transcripts are not included in the appendices because of confidentiality reasons.

An adapted version of the article will be submitted to the special issue on Managing Corporate Social and Environmental Responsibility – From Strategies to Implementation of the journal Corporate Social Responsibility and Environmental Management. Working title: A dynamic capability as a strategic tool for sustainable development in companies: Management implications of multi-stakeholder interaction for sustainability. Authors: Margreeth Veldhuizen, Dr. V. Blok and Dr. V. Dentoni.

## **Executive summary**

As result of the raising expectations of society towards businesses to take responsibility and the increased pressure from stakeholders to meet their expectations on social and environmental issues, interest in sustainability increases on all levels of the agri-food chain. Although a large number of firms invested in CSR, only a few firms were able to achieve a competitive advantage out of these social and environmental concerns. This paper identifies the organizational drivers needed to integrate sustainability in a profitable way. The following research question has been formulated: *Which organizational drivers are stimulating the capabilities ‘stakeholder dialogue’ and ‘knowledge integration’ as a source for sustainable development in firms?*

A concept which can facilitate the sustainable development in firms and can help to give answer to this research question is a dynamic capability. A dynamic capability can be defined as a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operation routines in pursuit of improved effectiveness (Zollo and Winter, 2002: 340). Current research has shown a relation between a dynamic capability and sustainable development in firms (Ayuso 2006; Ramachandran 2011). Applied to the problem of sustainability, the dynamic capability of firms is their ability to learn from stakeholders and to integrate this knowledge in the skills, resources and functional competences of their organization in order to meet the requirements of sustainable development. A dynamic capability can help firms to integrate sustainability in a profitable way.

A dynamic capability can facilitate sustainable development in firms by use of multi-stakeholder interactions (MSI), which is one of the best strategies for sustainable development (Black and Härtel, 2004; Hult, 2010). Interactions with multiple stakeholders will give firms more insight in the different interests and perspectives stakeholders have with regard to sustainable development, which are crucial to manage complex problems like sustainability (Ayuso *et al.*, 2006; Sharma and Kearins, 2011) and will lead to better solutions and innovative ideas. To perform a dynamic capability for multi-stakeholder interaction certain prerequisites must be met. Therefore more information has been collected about these prerequisites. The literature described two capabilities leading firms to a dynamic capability for multi-stakeholder interaction. (Ayuso *et al.*, 2006, Hult 2011, Zollo and Verona 2011). These capabilities are ‘stakeholder dialogue’ and ‘knowledge integration’. Stakeholder dialogue is defined as the capability to interact with stakeholders and to access their knowledge (Ayuso *et al.*, 2006). Knowledge integration is defined as the capability of assimilating stakeholder knowledge within the organizational processes (Ayuso *et al.*, 2006).

Both capabilities are necessary to enable MSI for sustainability. Although general literature is available

about these capabilities, it is still unknown what the drivers for a dynamic capability at the organizational level are, and how these capabilities can be operationalised in agri-food firms.

Because not much research is available related to this subject, a grounded theory approach involving inductive research focusing on theory development has been applied in this research. Based on the literature research and secondary data collection a case study was performed to indicate the organizational drivers which enable firms to perform 'stakeholder dialogue' and 'knowledge integration' for sustainable development. Interviews were conducted with managers involved in multi-stakeholder interaction of four MNE firms and four internationally operating stakeholders dialoguing with one or more of the firms' participating in the research.

Based on the literature research, secondary data collection and case studies a firm needs the following organizational drivers to perform the capability 'stakeholder dialogue': social credibility, stakeholder consciousness, resources, support from the top, joint ownership, shift in organizational culture. This implicates firms involved in multi-stakeholder interaction for sustainable development need to get their sustainable initiatives supported by NGOs which are known in society. With this support, a better reputation can be built. To select the right parties for the sustainable issue certain knowledge about stakeholders is needed. Firms have to invest people, time and money to interact with stakeholders. Within the firm support from the higher management and the involvement of employees is needed. Besides that firms need to have an open minded culture and need to be flexible to change.

The following organizational drivers are needed to perform the capability 'knowledge integration': creativity, organic organizational structure, management commitment, common knowledge, media involvement. These drivers implicate firms have to be innovative bringing the different interests of parties together while integrating the knowledge from the dialogue within the firm. The integration of sustainability has to be organized in a non-hierarchical way in the organization. Managers have to be committed to be involved in the integration. These managers have to be able to communicate and understand each other because they have to work together while integrating sustainable initiatives. The initiative needs to be communicated to the outside world by media, which possibly leads to a better reputation of the firm.

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## 1. Introduction

Over the decades the concept of Corporate Social Responsibility (CSR) has continued to grow in importance and significance (Carroll and Shabana, 2010). Society has increasingly raised their expectations towards businesses to take responsibility (Hitchcock and Willard, 2006). In the agri-food sector too, stakeholders are pressuring firms in an unprecedented way when business strategies and policies are not meeting their expectations on ethical, social and environmental issues (Hitchcock and Willard, 2006). Interest in sustainability has therefore increased at all levels of the agri-food chain (Vermeir and Verbeke *et al.*, 2006). Although a large number of firms invested in CSR, only a few firms were able to make a competitive advantage out of these social or environmental concerns (Porter and Kramer, 2002). This paper faces the question how firms can integrate sustainability in their business in a profitable way.

In the literature, multi-stakeholder interaction (MSI) is defined as one of the best business strategies to achieve sustainable development (Black and Härtel, 2004; Hult, 2010). Multi-stakeholder interactions enable firm to work together with multiple stakeholders in order to solve social and environmental issues. Interactions with multiple stakeholders will lead to firms which are better able to respond to the pressures from the environment. Besides that, interactions with multiple stakeholders will give firms more insight in the different interests and perspectives stakeholders have with regard to sustainable development. These insights are crucial for managing complex problems like sustainability (Ayuso *et al.*, 2006; Sharma and Kearins, 2011) and will lead to better solutions and more innovative ideas. Furthermore, these insights will drive the development of new markets and create opportunities for growth. Nowadays, twenty-two out of the fifty largest agribusiness firms are tackling sustainability issues by engaging in multi-stakeholder interactions (Dentoni and Peterson 2011).

This potential of multi-stakeholder interactions for the competitive advantage of agri-food firms raises the question what organizational drivers determine their capability to interact with multiple stakeholders. In the literature, it is stated that a dynamic capability can help firms to engage in multi-stakeholder interaction for sustainability and maintain their profitable at the same time. In general, dynamic capability is defined as the composition of the following capabilities: 'acquisition', 'assimilation', 'transformation' and 'exploitation' (Zahra and George, 2002). Ayuso (2006) defined two specific capabilities composing a dynamic capability, which is in

particular relevant in case of multi-stakeholder interactions for sustainable development. These are ‘stakeholder dialogue’ and ‘knowledge integration’ and will be used in this research.

Although general literature is available about these capabilities, it is still unknown what the drivers are for a dynamic capability at the organisational level, and how these capabilities can be operationalised in agri-food firms. To address this gap in the literature, this study will examine the organizational drivers which enable firms to perform ‘stakeholder dialogue’ and ‘knowledge integration’ for sustainable development. With this, we are better able to understand how a dynamic capability can facilitate the achievement of sustainability goals by using multi-stakeholder interaction.

The paper is organized as follows: section 2 highlights the concept of dynamic capability and the way this concept can facilitate multi-stakeholder interaction, based on a broad literature study. Section 3 discusses the research methodology. Section 4 presents the findings and is followed by conclusions.

## **2. Theoretical framework**

In order to understand how a dynamic capability facilitates multi-stakeholder interaction for sustainability, this chapter will introduce theory about dynamic capability and the relation with multi-stakeholder interaction.

### *2.1. Dynamic capability*

Although various definitions of dynamic capability exist in the literature, most of them make use of the definition of Teece *et al.* (1997). He defined a dynamic capability as ‘the firms’ ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments’ (Teece *et al.* 1997, 516). The concept of dynamic capability can be split up into two different concepts. The term ‘dynamic’ refers to the capacity to renew competencies in order to achieve congruence with the changing business environment (Teece *et al.*, 1997). The term ‘capability’ emphasizes the key role of strategic management in appropriately adapting, integrating and reconfiguring organizational skills, resources and functional competences to match the requirements of a changing environment (Teece *et al.*, 1997). A dynamic capability can be seen as a strategic tool for firms which are part of a dynamic environment in which there is a rapid change of technology and market forces. Winners in the global market are firms that can demonstrate timely responsiveness and rapid and flexible product innovation (Teece *et al.*, 515). In the case of sustainable development, increased pressure is put on companies to create resources meeting the needs of stakeholders on environmental and social issues (Hitchcock and Willard, 2006). A dynamic capability for sustainability will make firms able to learn from stakeholders and to integrate this knowledge in the skills, resources and functional competences of their organisation in order to meet the requirements of sustainable development. This can help firms to engage in multi-stakeholder interaction for sustainability so resources meeting the needs of stakeholders can be created and firms can stay competitive in the market.

Not all organisational change has to be understood as a result of the dynamic capability of a firm. Winter (2003) distinguishes between two types of change: change as a result of ‘ad hoc problem solving’ and change as a result of a ‘dynamic capability’. Ad hoc problem solving occurs when firms respond to challenges from the environment or other unpredictable events. After the problem is solved, business as usual is continued without any structural change within the organisation. This kind of problem solving is not routine, not highly patterned and not

repetitious (Winter, 2003). A dynamic capability is not only the ability to find a solution for sustainable problems, but first and foremost the ability to create and adapt routines as a result of the interaction with multiple stakeholders. In order to stress this structural aspect of problem solving as a result of dynamic capability, Zollo and Winter (2002) developed an alternative definition of the concept: 'A dynamic capability is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness' (Zollo and Winter, 2002:340). The words 'learned and stable pattern' and 'systematically' highlights the point that a dynamic capability is structured and persistent (Zollo and Winter, 2002).

## *2.2. Capabilities: 'stakeholder dialogue' and 'knowledge integration'*

A dynamic capability consists of different capabilities which a firm needs to develop (Zahra and George, 2002). First of all a firm needs to value and acquire external knowledge. Second, a firm needs to transform and exploit this knowledge in their own organisation. Both capabilities coexist at all times and contribute towards building the firms' competitive advantage (Zahra and George, 2002).

In the case of a dynamic capability for sustainable development, external knowledge can be acquired through interaction with multiple stakeholders and by accessing their knowledge. Therefore a firm needs the capability to dialogue with stakeholders (Ayuso *et al.*, 2006). Knowledge from the dialogue has to be transformed and exploited into the own organisation. Therefore a firm needs the capability to integrate knowledge (Ayuso *et al.*, 2006). Both capabilities, 'stakeholder dialogue' and 'knowledge integration', have been identified as two more specific capabilities with regard to sustainable development, leading firms to a dynamic capability for multi-stakeholder interaction. (Ayuso *et al.*, 2006, Hult 2011, Zollo and Verona 2011). These capabilities are necessary to enable MSI for sustainability and will lead to innovation in general, and growth and survival of the firm in particular. These capabilities will be explained in the next paragraphs.

### 2.3. Stakeholder dialogue

The first required capability a firm needs to enable MSI for sustainability is stakeholder dialogue. Stakeholder dialogue can be defined as the capability of a firm to interact with stakeholders and to access their knowledge (Ayuso *et al.*, 2006).

Kaptein and van Tulder (2003) define ten characteristics of ‘stakeholder dialogue’. These characteristics are defined based on their experience of visiting and facilitating many different MSIs.

1. To know and to be understood: parties have to know each other. Firms have to know the interests of the other parties.
2. Trust and reliability: A certain level of trust is needed. Each party has to interact with an open and vulnerable attitude. Fairness, openness and honest agreements are important (Waddock and Smith, 2000).
3. Clear rules for the dialogue: appointments about procedures followed during the MSI, for example with respect to confidential information.
4. A coherent vision on the dialogue: A balance has to be found between accepting invitations from stakeholders and personally inviting stakeholders for meetings.
5. Dialogue skills: Parties must perform skills for participating in a dialogue.
6. Expertise in the subject matter: a good dialogue needs expert knowledge about the subject.
7. Clear dialogue structure: parties have to know the expectations, possibilities and limitations of the dialogue. A clear agenda is needed.
8. Valid information as basis: the facts presented by the parties have to be beyond any doubt. This is important as parties’ present information related to their own agenda, which can lead to skewed facts.
9. Successive meetings: joint ownership has to be created for actions resulting from the dialogue. Frequent interactions give parties the opportunity to develop a closer relationship.
10. Feedback of results: parties have to rely on the fact that the other party will represent the interests and views of its constituents. For example, a firm cannot say, after a lot of meetings and agreements, that they will not support the conclusions or the agreements made during the dialogue. However, even if a decision is made which satisfies all the

stakeholders, it might be too difficult to translate this decision into actions, because implementation of the decision might lead to a number of barriers (Pedersen, 2006).

In this research, stakeholder dialogue is defined by these ten characteristics. Parties involved in stakeholder dialogue need to apply these characteristics.

#### *2.4. Knowledge integration*

The second required capability a firm needs to enable MSI for sustainability is knowledge integration. Knowledge integration can be defined as the capability of assimilating stakeholder knowledge within the organisational processes (Ayuso *et al.* 2006).

The knowledge integration capability of an organization is determined by two mechanisms. These mechanisms are 'direction' and 'organizational routines' (Grant (1996). When firms make use of directions, knowledge is communicated at low cost to a large number of persons (Grant, 1996). For example, it is easier to create an operation manual which can be used by every person in the organisation then to educate each person separately. When firms make use of organisational routines, knowledge is converted into explicit rules and instructions and less information is lost. The essence of an organizational routine is that individuals develop sequential patterns of interaction which permit the integration of their specialized knowledge without the need for communicating that knowledge (Grant, 1996:379). Examples of organizational routines are organizational rules, strategies, structures, technologies etc.

Knowledge can be integrated within the organizational processes by directions or routines. Firms have to use one of these mechanisms to integrate the knowledge in the organization.

#### *2.5. Organisational drivers of 'stakeholder dialogue'*

The organisational drivers of 'stakeholder dialogue' and 'knowledge integration' are the conditions which have to be met by organizations to perform these two capabilities for MSI.

Based on general literature on stakeholder interaction the following organisational drivers of 'stakeholder dialogue' can be defined:

Stakeholder consciousness: According to Pedersen (2006), knowledge and awareness of the environment are important for stakeholder dialogue. Without stakeholder consciousness, there is a risk that the selection of sustainability issues and stakeholders does not fit with the operational

practices of the firm (Pedersen, 2006; Reed, 2008). Based on stakeholder awareness, firms are able to differentiate between different levels of stakeholder engagement - for instance with regard to their power, legitimacy or urgency - and select stakeholders which are able and suited to be involved in the dialogue. A firm can also select stakeholders with different benefits for the firm (Reeds, 2008). For example firms can select certain stakeholders because these stakeholders have a good image or because their knowledge can be used.

Resources: According to Waddock and Graves (1997), it will be easier for firms to engage in stakeholder dialogue when sufficient resources are available, compared to firms that face resource constraints. Examples of resources are time to create relationship with stakeholders, money to invest in the project and people who are able to participate in dialogue.

The selection and response of stakeholders will all be affected by the resources available for stakeholder dialogue (Pedersen, 2006).

Shift in organizational culture: Stakeholder dialogue has to be institutionally embedded within the organization (Reed, 2008). Many of the limitations experienced in stakeholder dialogue have their roots in organizational cultures. Decision makers normally feel comfortable to stay in control, while room to negotiate with stakeholders is a necessary condition for stakeholder dialogue. By committing themselves to stakeholder dialogue and knowledge integration, decision makers have to learn to release this control because they do not know the outcome of the dialogue by forehand (Reed, 2008). This requires a shift in the organizational culture of the firm.

Management commitment: Commitment concerns the willingness to give priority and allocate resources to a certain issue.

Based on the available literature on stakeholder dialogue, it is expected that stakeholder consciousness, resources, shift in organisational culture and management commitment are organisational drivers for stakeholder dialogue.

## *2.6. Organisational drivers of 'knowledge integration'*

Based on the research of Grant (1996) on stakeholder interaction, three organisational drivers of 'knowledge integration' can be defined: high level of common knowledge, the frequency and variability of task performance and the organizational structure.

Common knowledge: Common knowledge refers to the understanding of a subject area shared by organizational members who engage in communication (Nonaka and Takeuchi, 1995). For

example to facilitate the discussion on sustainable sourcing within a firm between a technologist and a trader, it is crucial for the trader to have some basic understanding of the new product, and for the technologist to have some basic understanding about the trading process. The lower the level of common knowledge, the more difficult the integration of the knowledge with regard to sustainable sourcing within the firm (Grant, 1996).

The frequency and variability of task performance: The frequency and variability of task performance refers to the ability of the organisation to receive and interpret a stream of incoming messages from the environment (Nelson and Winter, 1982:100). The efficiency of integrating knowledge in the organization depends on the extent members are able to integrate knowledge of team members by means of organizational routines. This depends on the sophistication of the system to signal and respond. The efficiency of the organizational routine will improve as a result of repetition.

Organizational structure: The principle of modularity is fundamental to the structuring of organizations to achieve communication efficiencies (Grant, 1996). When the environmental change is high, the principle of hierarchical decomposition may be viewed as an organizational condition for optimizing the efficiency of knowledge integration (Williamson, 1981: 1550). An organic structure supports the increasing demands for communication and permits the improvement of integration efficiency (Wright and Snell, 1998). An organization can for example be structured by function or by product segment. This structuring will improve the integration of knowledge within the organization. This is also supported by research performed by Ayuso *et al*, (2006). This research found that non-hierarchical structures favour direct communication and proximity between people. For example a cooperative structure or a multidisciplinary structure are ground for many innovations (Ayuso *et al*, 2006)

In sum, based on a broad literature study, seven organisational drivers are selected as possible organizational pre-conditions to perform the capabilities ‘stakeholder dialogue’ and ‘knowledge integration:

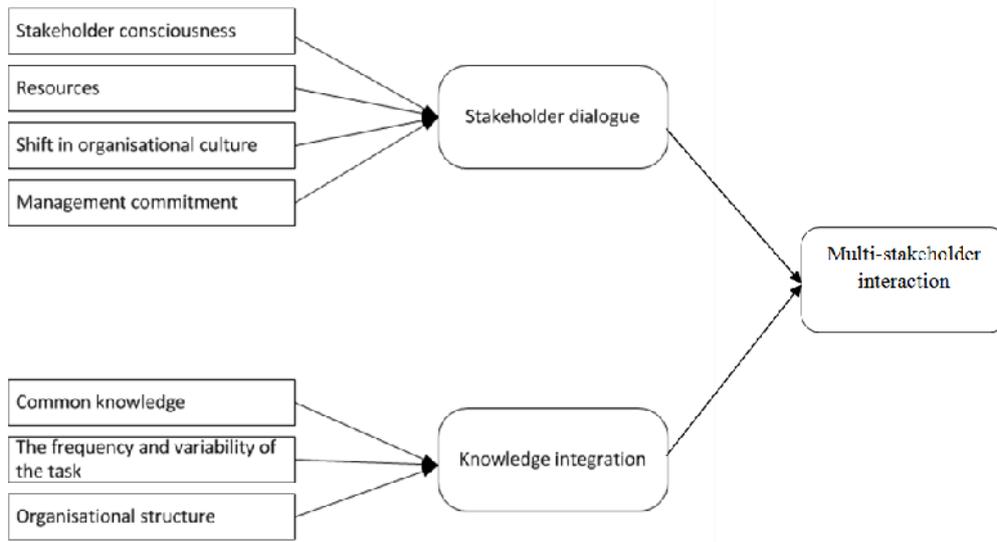


Figure 1: Relation between dynamic capability for MSI, capabilities and organisational drivers.

### **3. Research methodology**

#### *3.1. Sample and case selection*

A grounded theory approach is used in this research, which involves an inductive research approach, focussed on theory development. This approach is chosen as result of a lack of theoretical knowledge with regard to the organizational drivers for the dynamic capability to interact with multi-stakeholders. Therefore an explorative approach with in-depth case studies is justified.

The selection of cases is an important aspect of building theory from case studies. The method of theoretical sampling is used to select cases which are likely to replicate or extend the emerging theory (Eisenhardt, 1989). As a dynamic capability often presents commonalities among firms within the same industry, cases are selected operating in the same industry. The food industry is chosen because this industry is one of the leaders of sustainable development. Four big Multi National Enterprises (MNE), each active in one or more multi-stakeholder interactions leading to successful changes in the organization, have been selected for the case studies (Appendix 2, Appendix 3).

#### *3.2. Data collection*

Secondary data was collected from firms' websites and CSR-reports to get a better understanding of the CSR policies of each firm and the experience they have with multi-stakeholder interaction (Appendix 2, Appendix 6).

After the secondary data analysis, in-depth semi-structured interviews were conducted to investigate the organisational drivers of multi-stakeholder interaction for sustainability. At each firm a manager involved in multi-stakeholder interaction was interviewed (Appendix 2). Most times this person was responsible for sustainability in the firm.

The interview consisted of the following: two case descriptions in which interviewees had to describe an interaction with stakeholders on the field of sustainability, one case description about an interaction which was successful and resulted in organisational change in order to meet sustainability requirements, and one case description about an interaction which was not successful and did not lead to changes in the organization. Interview questions were derived from literature on sustainability, stakeholder interactions, dynamic capability and change management, and were asked with regard to the two case descriptions. An interview protocol was

developed to safeguard non-biased and consistent data gathering (Appendix 5). Questions were left as open as possible, in order to collect in-depth information (Kumar, 2011).

To improve the reliability of collected data, interview data and secondary data were triangulated from interviews with four international known stakeholders dialoguing with one or more of the firms' participation in this research (Appendix 4). Each stakeholder could be identified as an NGO and two stakeholders fulfilled the role of a platform; their primary role is to facilitate the interaction of firms and stakeholders facing sustainable issues.

For the sake of this paper, all researched firms have been coded. Firms are indicated in this research as firm 1,2,3,4. Stakeholder are indicated in this research as stakeholder A,B,C,D.

## 4. Analysis of results

### 4.1. Firm description

Four MNE firms in the food industry are selected for this research. These firms are indicated as firm 1, 2, 3 and 4. Table I gives an overview of the variability between the firms. The variability is defined by the experiences each firm has with sustainability in general and partnerships in particular (Appendix 3, Appendix 6).

Table I. Firm description

MNE	Employees	First CSR report	Partnerships	Partnerships founded
1	19.500	2006	5	10
2	167.000	2000	19	0
3	41.000	2008	10	1
4	35.000	2005	9	1

In order to select cases which can provide more insight in the organisational drivers for the capabilities 'stakeholder dialogue' and 'knowledge integration', it is conditional is to know whether these firms are able to perform these two capabilities.

### 4.2. Ability to dialogue

In order to analyse the ability of each firm to dialogue with stakeholders, all participating MNE's are evaluated with respect to the ten characteristics of 'stakeholder dialogue' (cf. chapter 2).

The analysis of the interviews shows that each firm possesses the same nine characteristics of stakeholder dialogue (Appendix 8). A possible explanation is that all

participating MNE's have lots of experience with different stakeholder dialogues with at least five partners. Only one characteristic was not mentioned. According to this characteristic, a firm has to ensure the facts presented by other parties are trustworthy. A possible explanation that no firm mentioned this characteristic is that each firm interacted with stakeholders which are willing to collaborate. Compared with very activist stakeholders, these stakeholders are more interested in finding common solutions than pursuing their own agenda.

Because each firm has been evaluated positive for almost all characteristics it is assumed that each firm is able to dialogue with stakeholders. Moreover, the ability of firms to dialogue with stakeholders is also confirmed by the fact that stakeholders value the ability to dialogue positive in each firm (Appendix 7).

#### *4.3. Ability to knowledge integration*

Data from the interviews shows that firm 1, 2 and 4 have integrated the knowledge derived from interaction with stakeholders in the organisation. Firm 3 is still working on the integration. According to the literature, knowledge can be integrated by use of directions or routines (cf. chapter 2). Firm 2, 3 and 4 assimilated knowledge from the dialogue by use of routines. Firm 1 assimilated knowledge from the dialogue by use of directions (Appendix 8). This can be explained because the knowledge coming from the dialogue does not directly affect the operations of the firm itself. Therefore directions were sufficient to integrate the knowledge.

It can be concluded that each firm integrates sustainable issues within the firm by making use of routines or directions. Moreover secondary data shows that each firm integrated different sustainable initiatives in the past as a result of multi-stakeholder interaction. Therefore it is assumed each firm participating in this research is able to integrate knowledge from the dialogue in their organisation.

#### *4.4. Organisational drivers: 'stakeholder dialogue' and 'knowledge integration'*

The first part of this section analyses the organizational drivers which are derived from the research data, the second part of the analyses will cover the organizational drivers deriving from the literature.

## Social credibility

Table II. Social credibility of stakeholder dialogue

MNE	Justification from interview with managers
1	“WWF does have a high status. The whole world knows WWF. WWF made together with another party some criteria for sustainable sourcing, we could use this”.
2	“A good network is built to tackle the issue. A group of a marketer, a procurer and a category manager interviewed 2 NGOs on the field of animal welfare, a pig farmer, a supplier and a scientist from Wageningen and consumers”.
3	“Some parties deliver knowledge, others have to give credibility to the process. The involvement of the most important parties shows that if the process is widely supported, then the product will be accepted earlier by society”.
4	No data available. Firm 4 did not mention other parties, but stakeholder A mentioned that firm 4 selected an international known stakeholder to participate in the dialogue.

These quotes show that each firm has included parties with a certain social status in the dialogue. The results show that it is important for firms to get support from stakeholders for their sustainability strategy. These stakeholders can give credibility and reliability to the sustainability strategy of the firm.

The importance of social credibility is confirmed because both firm 1 and firm 2 are using the label of NGO’s on their products. Besides that, on the website of both firms the sustainability issue discussed in the dialogue is mentioned together with the name of the NGO. Moreover the website of firm 2 shows a list of the different recognitions the firm received from external parties as a result of their sustainable behaviour. The website of firm 1 shows a list of different relationships they have with external partners.

The role of stakeholders as providers of social credibility is also confirmed by research of Dentoni *et al.* (2010) who explored the credibility of different information sources and its effect on consumer choice. They have found that the information about firm brands provided by stakeholders has a positive effect on consumers choice. This result is almost similar to social credibility as organizational driver of stakeholder dialogue. However, from the perspective of the firm it is expected that social credibility can also be used to show other stakeholders the firm did take their responsibility.

Based on the evidence of the data, the following testable proposition is defined:  
 P1 *Social credibility is a driver for ‘stakeholder dialogue’ and ‘knowledge integration’.*

## Support from the top management

Table III. Support from the top management for stakeholder dialogue

MNE	Justification from interview with managers
1	“From the firm the sustainability manager, the manager external communications and the secretary of the board were involved”.
2	“An internal team is involved. This is the marketer, the meat procurer, the technical management, the production manager, someone from category management, the finance business partner, I am involved from sustainability. Also a media colleague is involved. During the whole process we made presentations for the Benelux Board or International board about our status and the results”.
3	“From the industry people like me [director international CSR] are involved and some specialists...people from our environmental department”.
4	“In the beginning the procurement department, together with his suppliers were involved. Besides that someone concerned with the CSR policy was involved”.

In firm 1 and 2 someone of the board was involved during the dialogue. In firm 2 the board was indirectly involved in the dialogue. This can be explained by firm 2 being a much larger firm compared with the other three firms. The distance to the board is therefore much longer. Stakeholder D confirms the higher management is involved in the dialogue in firm 2. Based on the quotes of firm 1 and 2 support from the top can be defined as the involvement of the board during the dialogue. The fact that the boards of firm 3 and firm 4 were not involved in the dialogue can possibly be explained because these firms do not have their headquarters in the Netherlands.

Stakeholder A and D mentioned the importance of high level support of initiatives. Stakeholder D mentioned the involvement of higher management as proof that the sustainability issue is taken seriously by the firm.

Some literature indicates that the involvement of top management is an important determinant of change. Morsing and Schultz (2006) indicate the role of top management to identify the CSR focus which could be used to select stakeholders. In that case top management is indirectly involved, but they are still not involved in the interaction. No research is available which indicates the necessity to include top management within the dialogue.

Based on the evidence from the data, the following testable proposition is defined:  
P2 *Support from the top management during the dialogue is a driver for ‘stakeholder dialogue’.*

## Joint ownership of employees

Table IV. Joint ownership of employees for stakeholder integration

MNE	Justification from interview with managers
1	“We communicate the initiative to employees using the firm magazine. We showed employees the initiative works in the annual reports”.
2	“We distributed our sausages [product] to the employees to try, we showed the movie we made on the farm and a movie about the stakeholders during a general meeting with the whole firm. You have to make employees proud of the new product”.
3	“You do not have to involve each department, in this case only one department is relevant”.
4	“The communication of the initiative towards employees looks like a fashion show. We arrange a lot of meetings to explain the initiative. Also someone from stakeholder A was involved and a lady from Ivory Coast who gave the training of stakeholder A over there. We did it for everyone, also our factory was closed for some hours”.

Firm 2 and firm 4 invested in the involvement of employees in the sustainable initiative. Both firms brought employees close to the initiative, so employees became more involved. Joint ownership of employees can be defined as sharing the right of ownership of the sustainability issue with the employees in the organisation. This makes employees proud of the sustainable initiative.

Firm 1 and 3 only included the relevant departments. In the case of firm 1 this can be explained because the firm still does not have many experiences with partnerships. In the case of firm 3 the sustainability issue was very technical and not very interesting for all employees. Furthermore firm 3 is still working on the integration, so possibly employees will become involved later.

Stakeholders could not give a lot of information about the involvement of employees during the integration, since stakeholders were not at all, or only for a small part, involved during the integration.

General literature on change management has indicated the importance of having the support of employees in change (Hayes, 2007). However this literature focuses more on reward systems and employee empowerment instead of creating a joint ownership towards change.

Based on the evidence from the data, the following testable proposition is defined:  
*P3 Joint ownership of employees is a driver of ‘knowledge integration’.*

## Creativity

Table V. Creativity for knowledge integration

MNE	Justification from interview with managers
1	“You need to create something good together”.
2	“You have to find a balance within the collaboration with different parties. There is not a one-size-fits-all method. It is ‘building the bridge, when you walk on it’”.
3	“The collaboration has to provide mutual benefit to the parties”.
4	“To shape the initiative you talk a lot from the different opinions of the parties. You have to explore the possibilities”.

Each firm mentioned the challenge to find innovative ways to bring the different interests of parties together. Additionally stakeholder A and stakeholder B mentioned the importance of finding the same route towards the integration of the initiative. It is important to find a way in which knowledge can be combined within the current organizational routines. Creativity is needed to create ideas, alternatives or possibilities to bring different interests together.

Lawson and Samson (2001) mentioned creativity and idea generation as one of the organisational drivers for using a dynamic capability for innovation. Despite that this article does not focus on multi-stakeholder interaction for sustainability, it is a similar result only in a different context.

Based on this evidence, the following proposition is defined: P4 *Creativity is a driver of ‘knowledge integration’*.

## Involvement of media

Table VI. involvement of media for knowledge integration

MNE	Justification from interview with managers
1	“In the beginning we did some advertisement together with the stakeholder”.
2	“Communication to the outside world is very important. We launched our new products on a media event in collaboration with the NGO. You are involved in different media settings to tell about the initiative”.
3	No data available
4	“In collaboration with the NGO, we organized a big kick off to the media in which we not only informed the media about the initiative but also our trade partners and a lot of external stakeholders”.

Firm 1, 2 and 4 involve the media in collaboration with the NGO to tell something about the integration of the sustainability issue. Firm 2 and 4 organised a media event to inform the outside world about the initiative. Firm 1 communicated by advertisements to the media. This difference in communication can be explained by firm 1 being smaller compared to the other firms. Additionally firm 1 has less experience with partnerships compared to the other firms. Firm 3 did not complete the integration of the sustainable initiative yet, so maybe they will involve the media after the initiative is integrated in the organisation.

Literature shows a positive between the reputation of a firm in the media and the performance (Deephouse, 2000). It is assumed that the involvement of media in the integration of sustainability issues will improve the reputation of firms. No literature could be found making a relation between the involvement of media and ‘knowledge integration’.

Based on the evidence from the data, the following testable proposition is defined:  
*P5 Involvement of the media is a driver of ‘knowledge integration’.*

### **Stakeholder consciousness**

Table VII. Quotes related to stakeholder consciousness

MNE	Justification from the interview with managers
1	“It is important to select stakeholders with which you can have a long-term relationship. Defining and analysing stakeholder is an important aspect to do that”.
2	“Because we focused on animal welfare in our program, it was logical to create a link to the NGO in the field of animal welfare”.
3	“Especially in the case of NGOs it is important to select the right party for the sustainability issue”.
4	“Stakeholder A focuses more on the farmer and his entrepreneurship. Therefore stakeholder A connects better to our values for the chain”.

Each firm mentioned the importance of selecting the right partners. Firm 2, 3 and 4 gave more emphasis on selecting stakeholders which connected to the values of their firm. Firm 1 focuses more on selecting stakeholders with which they can have a long-term relationship. This difference can be explained by firm 1 having less experience with stakeholder dialogue. For this reason they have less long-term relationships with stakeholders in the field of sustainability compared to other firms.

These results imply stakeholder consciousness can indeed be seen as an organisational driver, which earlier has been derived from literature. Firms have to connect to stakeholders that fit within the vision of the firm.

Firm 3 mentioned an example in which their sustainable agenda does not match with the agenda of the NGO. As a result the interaction failed. This strengthens the fact stakeholder consciousness is an important organisational driver of stakeholder dialogue.

### **Organisational culture**

Firm 1 mentioned that they had to learn to admit that they need stakeholders to integrate sustainability because they are not able to do it on their own. This finding was expressed in the context of the first experience of the firm with multi-stakeholder interaction for sustainability. This can be a reason this was not mentioned by the other firms. Because of the fact each firm selected many different partners for the dialogue, it is assumed that they have admitted that they were not able to do it by themselves. The ability of firms to stay open towards knowledge from the outside and to be flexible to change, needs a cultural change in the organization. This change in the organizational culture can indeed be seen as an organisational driver, which was also derived from the literature.

### **Resources**

Table VIII. Resources as driver for stakeholder dialogue and knowledge integration

<b>MNE</b>	<b>Justification from the interview with managers</b>
<b>1</b>	No data available
<b>2</b>	“There is also a finance business partner involved who looks at the entire cost calculation, because it of course does have a cost impact”.
<b>3</b>	No data available
<b>4</b>	“If you want to buy certified cocoa you also will make higher costs”.

From the data can be derived that each firm needs to invest time and people, not only during the integration of knowledge but also during the dialogue. This is not directly visible from the table, but knowing that in each firm people from different departments were involved in the interaction shows the need for these resources. Additionally firms 2 and 4 mentioned the need to invest in financial resources for the project.

This was confirmed by stakeholder A and B. Stakeholder A mentioned the investment of a firm in an initiative. This investment demonstrates the commitment of the firm towards that initiative.

## Organisational structure

Table IX. Role of CSR within organisational structure

MNE	Justification from secondary data
1	“Sustainability is organized in a sustainability coordination team, and four teams responsible for the implementation of CSR throughout the entire organization”.
2	“Sustainability is organized in a steering team. A wide range of functions is represented on the team, from research, supply chain and marketing through to human resources and raw material procurement”.
3	“We have organized CSR in a steering team in which the highest managers of the different departments are represented”.
4	“Firm 4 developed the Sustainability Process to provide a consistent and coordinated framework for each Business Unit and facility. This framework makes it possible to define and implement a customizable sustainability program at each business and facility under a business model”.

Despite the fact that MNE firms have in general a hierarchical structure, within each firm CSR is also organized in a multidisciplinary structure, wherein people from different departments are involved. This structure will better facilitate the integration of sustainable issues within the particular firm.

Although literature prefers an organic structure to integrate knowledge into the organizations, MNE firms are, despite their hierarchical structure, able to organize sustainability in a less hierarchical way.

## Common knowledge

Table III demonstrates that people who are from different departments involved in the project have to be able to communicate and understand each other, regardless of their different backgrounds. The organisational driver of common knowledge could not be directly derived from the data, but it can be assumed that this is needed when different departments have to work together.

## Management commitment

The citations in table III show management commitment as an organisational driver for stakeholder dialogue. This could already be derived from the literature. Table III shows that in

each firm managers from different departments were involved in the dialogue. Especially in firm 2 the initiative was supported by a broad organisational involvement. According to the literature, commitment concerns the willingness to give priority and allocate resources to a certain issue (Petersen, 2006).

The five propositions resulting from this study together with the organisational drivers which could be derived from the literature are summarized in the conceptual framework in Figure 1.

## **5. Conclusions and recommendations**

This study sought to contribute to the literature by exploring the organisational drivers firms need in order to practice the two capabilities 'stakeholder dialogue' and 'knowledge integration' . Trough this investigation a better understanding is obtained on how a dynamic capability can facilitate the integration of sustainability using multi-stakeholder interaction.

The organisational drivers found in this study, if confirmed in future research, may have crucial managerial implications. First of all, knowing the pre-conditions of interacting with stakeholders and integrating the knowledge from this interaction enables firms to integrate sustainability and be profitable at the same time. Additionally, practicing multi-stakeholder interaction gives firms the possibility to deal with external stakeholder pressure, leading to less reputation loss. Moreover interaction with multiple stakeholders makes firms better able to manage the complexity of sustainability problems within the firm.

Given the nature of a 'grounded theory' approach as research method (Yin, 2002), this study is exploratory in nature. A relatively small amount of firms and stakeholder were used as a sample. Based on the exploratory evidence presented in this paper, future research on multi-stakeholder interaction and the organizational requirements can test the suggested propositions.

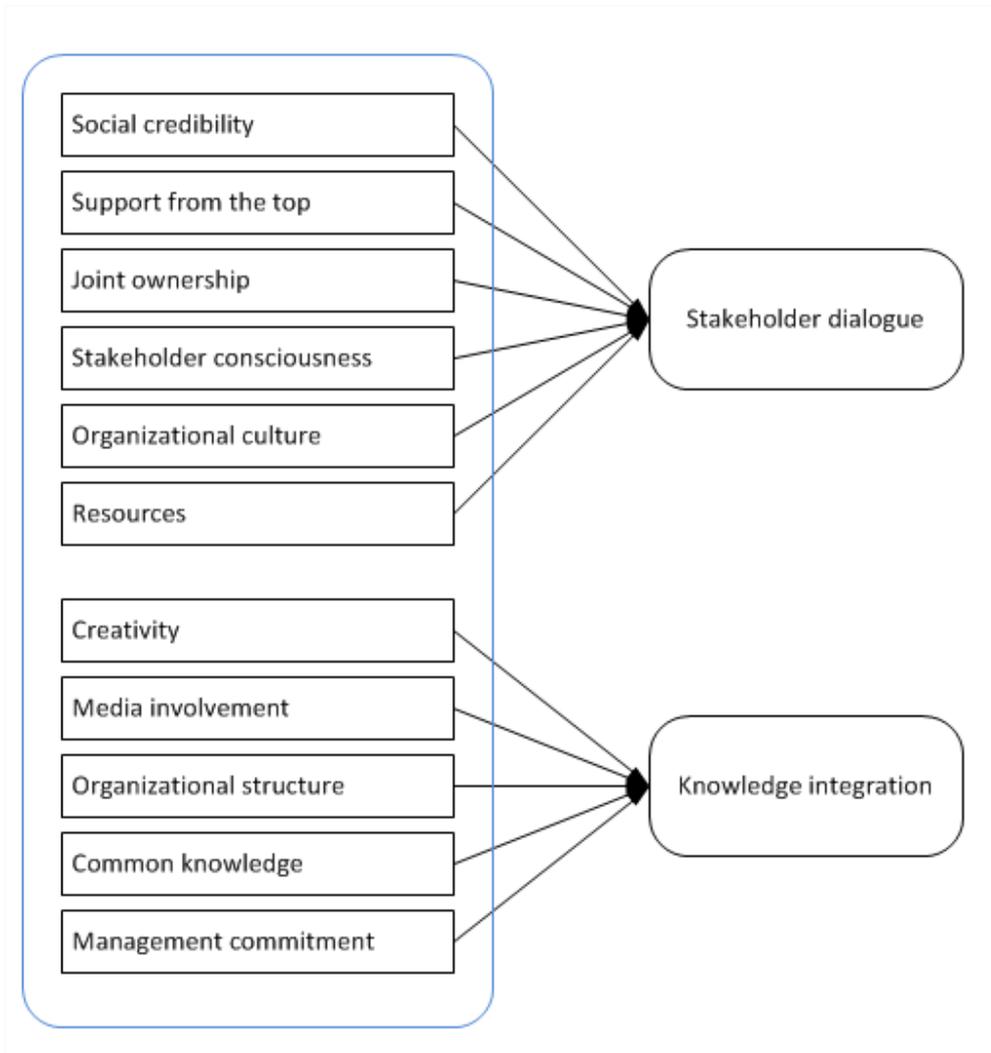


Figure 2 The proposed conceptual framework

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## **Appendix 1 Literature overview**

This appendix is an extension of the theoretical framework described in chapter 2.

### **2. Theoretical background**

In this chapter the theoretical background of the research report will be developed in order to enable a better grounded approach towards the answering of the research question from a theoretical perspective. This chapter will answer the following question: *Which organisational drivers are stimulating the capabilities ‘stakeholder dialogue’ and ‘knowledge integration’ as a source for sustainable development in firms.* To answer this research question different sub-questions have been defined. These sub-questions are:

- RQ1 How can a dynamic capability influence the sustainable development of firms?
- RQ2 What are the prerequisites for the dynamic capability to integrate stakeholder insights in the process of sustainable development?
- RQ3 Which organizational drivers determine the capability ‘stakeholder dialogue’?
- RQ4 Which organizational drivers determine the capability ‘knowledge integration’?

To answer the research question by means of these sub-questions a theoretical and empirical research is needed. RQ1 and RQ2 will be answered by theoretical research. A small amount of theoretical background could be found to answer RQ3 and RQ4, but because of the lack of research on these subjects these questions will be mainly answered by empirical research.

This chapter answers the questions by use of theoretical research. First of all the possibility to integrate sustainability in a profitable way using a dynamic capability will be described in section 2.1. This section will investigate the way a dynamic capability can facilitate multi-stakeholder interaction. Section 2.2 will investigate prerequisites of using a dynamic capability for multi-stakeholder interaction. This section will indicate two capabilities as prerequisites for a dynamic capability. These capabilities are; ‘stakeholder dialogue’ and ‘knowledge integration’. In section 2.3 the organisational drivers for ‘stakeholder dialogue’ will be investigated. In section 2.4 the organisational drivers for ‘knowledge integration’ will be investigated. Both sections 2.3. and 2.4. can not fully be answered by theoretical research.

#### **2.1. The influence of a dynamic capability on the sustainable development in firms.**

This section will answer to the question; *how can a dynamic capability influence the sustainable development of firms?* To answer this question this chapter starts with an explanation of sustainable development in section 2.1.1. Section 2.1.2. describes how this concept is translated to business. Section

2.1.3. gives an explanation of dynamic capability and a discussion on the way a dynamic capability can facilitate sustainable development in firms, making use of multi-stakeholder interaction.

### **2.1.1. Sustainable development**

Sustainable development (SD) became a prominent subject with the definition of the Brundtland Report (World Commission on Environment and Development, 1987). In this report SD was defined as: 'Development that meets the needs of current generations without compromising the ability of future generations to meet their needs and aspirations' (WCED, 1987, p 43). This definition is still the most common cited definition of SD (Steurer et al., 2005). The Brundtland report defined SD as an integrated concept in which environmental and economic issues are balanced (Steurer et al., 2005).

Around the 1990s the scope of SD was both broadened and deepened. Issues other than strictly environmental ones were incorporated. While initially economic and social issues were addressed only as far as they were perceived to be relevant for environmental concerns (Steurer, 2001), they evolved into equally important dimensions or pillars of SD (Steurer et al., 2005). The concept was expanded to an integrated concept of social, environmental and economic issues. Nowadays known as the triple P, referring to People, Planet and Profit and used as a well-known societal guiding model today (Steurer et al., 2005). Acting sustainable, a balance has to be found between the three Ps which is not always easy. For example, in the case of biofuel, green fuel will be raised by use of food. Production of biofuel will improve the environmental issue of SD, but the social issue will decrease because it will affect the world food problem. This example shows how difficult it can be to find a balance between these three issues.

### **2.1.2. Sustainable development in firms**

Sustainable development also plays a role within firms. For firms SD means adopting business strategies and activities that meet the needs of the firms and its stakeholders while protecting, sustaining and enhancing the human and natural resources that will be needed in the future (IISD Deloitte and Touche, WBCSD, 1992, p, 1). Firms have to find the balance of engaging in social and environmental problems on the one hand and be profitable on the other hand (Ramachandran, 2011).

In the literature different definitions and concepts are used related to the sustainable development in firms. Some literature refers to corporate sustainability, other literature mentioned it corporate social responsibility, corporate citizenship, corporate social responsiveness, corporate social entrepreneurship. In most of the literature these definitions also include the environmental aspect (Castelo Branco and Lima Rodrigues, 2006).

Steurer et al., (2005) made a differentiation between SD and CSR. CSR is defined as a concept whereby firms integrate social and environmental concerns in their business operations and in their interaction with

their stakeholders on a voluntary basis. CSR can be seen as the application of SD within firms in which stakeholders play an important role. The role of stakeholders within this concept will be discussed in section 2.1.3.

Both definitions are asking to balance the triple P in business operations. Baumgartners and Ebner, (2010) explained the use of these three pillars within firms:

- Profit: the economic dimension of CSR is about the aspects of an organization which are needed to remain in the market for long time. The use of this aspect has to lead to good financial and sustainable result for the firm (Baumgartner and Ebner, 2010).
- Planet: the environmental dimension deals with environmental impact as a result of corporate activities. These environmental impacts are caused by for example resource usage, emissions into air, into water or ground, as well as waste and hazardous waste (Baumgartner and Ebner, 2010).
- People: according to the Brundtland Report (WCED, 1987), the social dimension is about equity within the present generation and between the present and future generations. This is a very broad definition. The way firms operationalize this definition within the organization will differ between organizations. What is included in this dimension depends on the meaning firms give to this aspect. Baumgartners and Ebner (2010) made a differentiation between internal social aspects and external social aspects. The internal social aspect is about the relationship with stakeholders, motivation and incentives for employees, healthy and safe working environment, human capital development. The external social aspect is about ethical behavior and human rights, no controversial activities, for example not holding shares of organizations that are not defined as sustainable, no corruption and cartel, corporate citizenship (Baumgartner and Ebner, 2010).

CSR for firms means balancing between the economic, environmental and social dimensions.

### **2.1.3. Multi-stakeholder interaction**

The previous section highlighted the challenge of firms to meet the expectations of stakeholders on social and environmental issues and be profitable at the same time. This section will introduce the concept of multi-stakeholder interaction for sustainability which can help firms to engage in social and environmental problems on one hand and be profitable on the other hand.

Currently, firms' stakeholders play a prominent role as driver for environmental and social issues in the firm. Stakeholders are pressuring agri-food firms in an unprecedented way when business strategies and policies are not meeting their expectations on ethical, social and environmental issues (Hitchcock and Willard, 2006). Interest in sustainability has increased in all levels of the food and agricultural chain (Vermeir and Verbeke, et al., 2006) An increasing number of firms are promoting their Corporate Social

Responsibility (CSR) strategies , but only a few are able to do it in ways that also serve as a basis for competitive advantage (Porter and Kramer, 2002).

Multi-stakeholder interaction is seen as one of the best strategies a firm can enact to achieve sustainable development (The European Commission, 2001; Black and Harte, 2005; Hult, 2010). Within a multi-stakeholder interaction a firm works together with multiple stakeholders to face social and environmental issues. For example a firm can work together with an NGO and different partners from the supply chain to integrate sustainable sourcing of cocoa within the chain. Interaction with multiple stakeholder will lead to firms which are better able to respond to the pressures from the environment. Besides that, interaction with multiple stakeholders will give firms more insight on the different interests and perspectives of stakeholders on the field of sustainability which is crucial to manage the complexity of the sustainability problems (Ayuso et al., 2006 and Sharma and Kearins, 2011). Because of the different perspectives from the different parties a richer and more comprehensive understanding of the problem can be achieved (Gray, 2000;Huxham and Vangen, 2005) which leads to better solutions and more innovative ideas and can drive the development of new markets and create opportunities for growth.

The question arises, how can the success of firms dealing with multi-stakeholder interaction be explained? A concept which can be connected to multi-stakeholder interaction and which can help tackling the sustainability challenge of integrating sustainability on the one hand and be profitable on the other hand is the concept of dynamic capability. A dynamic capability can facilitate multi-stakeholder interaction for sustainability, so it can be used by firms to meet the challenge of engaging in social and environmental issues and be profitable at the same time.

The meaning of a dynamic capability and what is needed to perform a dynamic capability for multi-stakeholder interaction will be discussed in the next section.

## **2.2. MSI: dynamic capability**

As explained in the previous chapter, a dynamic capability can be used for multi-stakeholder. This chapter will go into the prerequisites needed by an organization to use a dynamic capability for multi-stakeholder interaction. The following research question will be answered in this chapter: *What are the prerequisites for the dynamic capability to integrate stakeholder insights in the process of sustainable development?*

Section 2.2.1. will discuss the concept of a dynamic capability and the way this concept can be applied to multi-stakeholder interaction. Different definitions and meanings of the concept will be discussed to give answer to RQ2. Thereafter, section 2.2.2. will introduce the concept of ‘capabilities’ and the relation between ‘capabilities’ and ‘dynamic capability’. Section 2.2.3. will discuss the capabilities needed to use a dynamic capability for multi-stakeholder interaction.

### **2.2.1. Dynamic capability**

The dynamic capabilities perspective has its roots in the resource-based view (RBV) of the firm, which emphasizes the competitive advantage of a firm by the use of valuable, rare, inimitable, and non tradable resources. However, this strategy is often not enough to support a significant competitive advantage (Teece et al., 1997). Firms are part of a fast changing environment which requires constant adaptation of the resource base. The concept of 'dynamic capabilities' provide a further extended view in which resources are acquired, modified, integrated and recombined to generate new value-creating strategies (Eisenhardt and Martin, 2000) meeting the needs of the changing environment. This leads to new forms of competitive advantages.

In the literature different definitions of dynamic capabilities exist. A lot of literature made use of the definition of Teece et al., (1997), who defined the concept of dynamic capabilities as: 'the firm's ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments' (page 516). The concept dynamic capability can be split up into two different concepts. The term 'dynamic' refers to the capacity to renew competencies so as to achieve congruence with the changing business environment (Teece et al., 1997). The term 'capabilities' emphasizes the key role of strategic management in appropriately adapting, integrating and reconfiguring internal and external organizational skills, resources and functional competences to match the requirements of a changing environment (Teece et al., 1997).

Dynamic capabilities distinct themselves from capabilities on the field of learning. The main difference between a dynamic capability and ordinary capabilities are that a dynamic capability will lead to modifications of existing operation routines through learning. Which would imply each organizational change as result of learning will be the result of a dynamic capability.

According to Winter (2003) it is quite possible to change without having a dynamic capability. Otherwise, one could state that each firm which changed does have a dynamic capability. In that case, organizational change would be the only requirement for possessing a dynamic capability. Winter (2003) made a difference between two types of changes: changes as result of 'ad hoc problem solving' and changes as result of 'dynamic capabilities'. 'Ad hoc problem solving' can appear as response to challenges from the environment or other unpredictable events. According to Winter (2003) if something in the environment changes firms are not prepared for, firms may be pushed into 'firefighting' mode, which lead to a creative search for satisfactory alternative behaviors. These behaviors are not depending on dynamic capabilities. This kind of change is the result of 'ad hoc problem solving'. This kind of problem solving is not routine, not highly patterned and not repetitious (Winter, 2003). In the case of multi-stakeholder interaction for sustainability, ad hoc problem solving can exist by selecting stakeholders only based on image. Which means no learning exists as result of the interaction. To solve this

misunderstanding between ‘ad hoc problem solving’ and ‘dynamic capabilities’, Zollo and Winter (2002) provided an alternative definition to the concept of ‘dynamic capabilities’: ‘A dynamic capability is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness. The words ‘learned and stable pattern’ and ‘systematically’ highlighted the point that dynamic capabilities are structured and persistent (Zollo and Winter, 2002). This means an organization which adapts in a creative but disjointed way to a crisis is not exercising a dynamic capability (Zollo and Winter, 2002, p 340).

A dynamic capability can be applied for multi-stakeholder interaction if it is a learned, stable and collective activity in which stakeholders play a role in systematically generating and modifying operations. This will meet the challenge of integrating sustainability on the one hand and be profitable on the other hand.

### **2.2.2. Capabilities needed for dynamic capability: ‘stakeholder dialogue’ and ‘knowledge integration’**

The previous section described a dynamic capability for multi-stakeholder interaction. To use a dynamic capability, certain capabilities are needed. This means capabilities have be defined needed to perform a dynamic capability of multi-stakeholder interaction. But first, a general explanation of capabilities determining a dynamic capability will be given.

Capabilities can be defined as: ‘bundles of complex skills and knowledge which are deeply embedded within organizational routines and processes (Eisenhardt and Martin, 2000). Certain capabilities are needed to perform a dynamic capability (Ayuso, 2006). These capabilities determine the dynamic capability. In fact, knowledge and learning have been widely acknowledged in the literature as the main ingredients in the creation of dynamic capabilities (Grant, 1996; Kogut and Zander, 1992; Zollo and Winter, 2002). Knowledge can be defined as a set of resources/capabilities that enhance the changes for growth and survival within the firm. Learning can be defined as generating new knowledge in which a differentiation can be made between internal knowledge, generating new knowledge inside the firm and external knowledge, generating new knowledge outside the firm (Kogut and Zander, 1992).

Ayuso et al., 2006 did a research gaining a better understanding in the firms’ ability to integrate stakeholder insights into the process of sustainable development. This research defined two capabilities needed to perform the dynamic capability for multi-stakeholder interaction for sustainability; ‘stakeholder dialogue’ and ‘knowledge integration’. These capabilities are similar to ‘knowledge’ and ‘learning’. Stakeholder dialogue can be defined as: the capacity to interact with stakeholders and to access their knowledge (Ayuso et al., 2006) This capability focuses only on knowledge generation outside the firm. This capability is almost similar to the ‘learning’ capability recognized by Grant, 1996; Kogut and Zander,

1992; Zollo and Winter, 2002. Knowledge integration is the ability of assimilating stakeholder knowledge within the organizational learning (Ayuso et al. 2006). (Ayuso et al., 2006). This capability is similar to the ‘knowledge’ capability. Assimilating knowledge within the organizational learning will lead to a set of resources/capabilities that enhance the changes for growth and survival of a firm.

‘Stakeholder dialogue’ and ‘knowledge integration’ can be seen as an application of the general capabilities ‘knowledge’ and ‘learning’ within multi-stakeholder interaction. These capabilities will lead to a better balance between responding to the increasing environmental and social pressures and enhancing competitiveness and growth at the same time.

To use a dynamic capability for multi-stakeholder interaction a firm needs the capabilities ‘stakeholder dialogue’ and ‘knowledge integration’. These two capabilities are the prerequisites for this dynamic capability.

### 2.3. Stakeholder dialogue

As explained in the previous chapter stakeholder dialogue is one of the capabilities for the dynamic capability for sustainable development. This chapter will answer the following research question: *Which organisational drivers determine the capability ‘stakeholder dialogue’?*

This chapter explores the organisational drivers for stakeholder dialogue. Section 2.3.1. gives a definition of the ‘stakeholder dialogue’ and will define the characteristics of stakeholder dialogue. Section 2.3.2. describes the organisational drivers derived from the literature.

#### 2.3.1. Characteristics of stakeholder dialogue

Stakeholder dialogue can be defined as: interacting with stakeholders and accessing their knowledge (Ayuso, 2006). According to Zadek, (2007) To get a better idea of the meaning of stakeholder dialogue, the capability can be defined into two words; ‘stakeholder’ and ‘dialogue’. A stakeholder can be defined as any group of individuals which can affect or is affected by the achievement of the organizations objectives (Freeman 1984:46). To characterize dialogue a model of Kaptein and van Tulder (2003) can be used. This model provides an overview of characteristics of dialogue in contrast to debate.

Table 1: Stakeholder Debate versus Stakeholder Dialogue

#### Stakeholder debate

1. Competition with a single winner or only losers (either-or-thinking) →

#### Stakeholder dialogue

Cooperations where everyone is a winner (and-and thinking)

- |   |   |   |
|---|---|---|
| 2. Egocentric where the other party is a threat or a means to personal profit   | → | Empathetic where the other party is an opportunity and represents an intrinsic interest   |
| 3. Putting yourself in a better light   | → | Being yourself  |
| 4. Speaking, to which others have to listen   | → | Listening to others before speaking yourself  |
| 5. Influencing  | → | Convincing  |
| 6. Confronting, combative and destructive, whereby the weaknesses and wrongs of the other party are sought out and the similarities are negated | → | Constructing and, from a point of mutual understanding and respect, looking for similarities from which to consider the differences.                                  |
| 7. A closed and defensive attitude because you personally know the truth  | → | A vulnerable attitude because there are many truths and were parties are open to criticism about their own performance and they can use this to learn from each other |
| 8. Taking and keeping   | → | Giving and receiving  |
| 9. Divide and rule  | → | Share and serve   |
| 10. Separate/isolate responsibilities   | → | Shared responsibilities   |

This model gives a better idea of the behavior within the relationship of firms with stakeholders at the moment firms decide to dialogue with stakeholders. In a dialogue interests and expectations are discussed and activities are developed with respect to business practice (Kaptein and van Tulder, 2003). A proper dialogue works two-sided (Ayuso et al., 2006). It enhances the sensitivity of the firm to its environment (Waddock and Smith, 2000) and the stakeholders understanding of the dilemma's facing the organization (Wheeler and Silanpää, 1997). Dialogue promotes greater transparency, information sharing and inspires society to work together (Kaptein and van Tulder, 2003).

In the past, firms experienced stakeholders, especially NGOs, as treats which could bring damage to the firm. Firms acted from a close and defensive attitude towards their stakeholders. In that time, firms merely interacted within the form of a debate with stakeholders. Players gave more importance to being right, than pursuing what is right for society at large. In which competition to win plays a big role. Nowadays, dialogue became a more common way of interaction. With the choice for stakeholder

dialogue, firms express respect for stakeholders to listen to their contributions and demonstrate the commitment to learn from each other (Kaptein and Tulder, 2003:210) This form is more fruitful in serving the right of the society. Therefore dialogue plays a big role within multi-stakeholder interaction.

Dialoguing effectively requires some factors to exist between the parties interacting with each other. Kaptein and Tulder (2003) performed a research in which they visited and facilitated many different dialogues. Based on this experience they made a list of factors which are preconditions for effective stakeholder dialogue.

1. To know and be understood: parties have to know each other. Firms have to know the interests of the other parties.
2. Trust and reliability: A certain level of trust is needed. Each party has to interact with an open and vulnerable attitude. Fairness, openness and honest agreement are important (Waddock and Smith, 2000).
3. Clear rules for the dialogue: agree to procedures for example with respect to deal with confidential information.
4. A coherent vision on the dialogue: A balance has to be found between accepting invitations from stakeholders and personally inviting stakeholders for meetings.
5. Dialogue skills: Parties must perform the skills for participating in a dialogue (table x).
6. Expertise in the subject matter: a good dialogue needs expert knowledge about the subject. You have to know where you are talking about.
7. Clear dialogue structure: parties have to know the expectations and possibilities and limitations of the dialogue. A clear agenda is needed.
8. Valid information as basis: the facts presented by the parties have to be beyond any doubt. This is important because parties present information related to their own agenda, which can lead to skewed facts.
9. Successive meetings: joint ownership has to be created for actions resulted from the dialogue. Therefore a greater number of meetings creates the opportunity for parties to get to know each other better.
10. Feedback of results: parties have to rely on the fact the other party will represent the interests and views of its constituents. For example; a firm can not say, after a lot of meetings and agreements, that they will not support the conclusions or the agreements made during the dialogue. But even if a decision is made which satisfies all the stakeholders, it might be too difficult to translate this decision into action, because implementation of the decision might lead to a number of barriers (Pedersen, 2006).

It is impossible to give all the details of a dialogue between a firm and stakeholders. This depends on the dialogue itself. In addition to Zadek (2007) which stated; no best way can be defined to perform stakeholder dialogue, Kaptain and van Tulder (2003), stated a just outcome depends on the correct organization of the process, which is given by the 10 points presented above.

It can be concluded dialogue is needed for multi-stakeholder interaction because learning will arise by use of dialogue. According to the literature, effective dialogue can be enacted if partners are able to perform the following factors during the stakeholder dialogue: to know and be understood, trust and reliability, clear rules of the dialogue, a coherent vision on the dialogue, dialogue skills, expertise in the subject matter, clear dialogue structure, valid information as basis, successive meetings and feedback of the results.

### **2.3.2. The organisational drivers of ‘stakeholder dialogue’**

The organisational drivers will be mainly described by the empirical study, because not many literature is available about stakeholder dialogue in the case of sustainable development in firms.

General literature could be found about ‘stakeholder dialogue’. Therefore some organisational drivers are described based on the general literature found on ‘stakeholder dialogue’:

Stakeholder consciousness: literature mentioned the need to create stakeholder consciousness (Pedersen, 2006; Reed, 2008). According to Pedersen (2006), knowledge and awareness of the environment is important for stakeholder dialogue. Otherwise there is a risk that the selection of issues and stakeholders do not fit with the operational practices.

As result of this stakeholder awareness, different levels of stakeholder engagement can be selected by the firm. Which means for example stakeholders will be differentiated based on importance or power. Based on this a firm can decide to involve a stakeholder in the dialogue or not. A firm can also select stakeholders with different benefits for the firm (Reeds, 2008). For example firms can select stakeholders based on the image they have or one their knowledge.

Resources: According to (Waddock and S. B. Graves, 1997), it will be easier for firms to engage in stakeholder dialogue with sufficient resources compared to firms that face resource constraints. The filters of selection, interpretation and response will all be affected by the resources available for stakeholder dialogue (Pedersen, 2006). Examples of resources needed for stakeholder dialogue are time to create a relationship with stakeholders, money to invest in the project and people who are able to dialogue.

Shift in organizational culture: Stakeholder dialogue has to be institutionally embedded within the organization (Reed, 2008). Many of the limitation experienced in stakeholder dialogue have their roots in organizational cultures. The organizational culture has to give space to negotiate. Decision makers may feel uncomfortable committing themselves to stakeholder dialogue and integration if they do not know the

outcome of the dialogue by forehand (Reed, 2008). This needs a shift in the organizational culture.

Management commitment: Management commitment to CSR is important when engaging in stakeholder dialogue. Commitment concerns the willingness to give priority and allocate resources to a certain issue. Motives of involving in stakeholder dialogue are very important because different rationales for engaging in stakeholder dialogue and dealing with CSR may cause conflicts between the participants and have strong impact on the success/failure of the interaction (Petersen, 2006).

It can be concluded that general organisational drivers defined from the literature on ‘stakeholder dialogue’ are: stakeholder consciousness, resources, embedded within the organization, management commitment and employee involvement.

## **2.4. Knowledge integration**

The previous chapter described the organisational drivers for stakeholder dialogue. This chapter will give the same information for the capability ‘knowledge integration’. Which is the second capability needed to perform a dynamic capability of multi-stakeholder interaction. This chapter gives answer to the following research question: *which organisational drivers determine the capability ‘knowledge integration’?* First of all section 2.4.1 will give a definition of ‘knowledge integration’ and will define the different aspects out of which ‘knowledge integration’ consists. By knowing these aspects a better idea will be obtained about the organisational drivers needed by a firm to perform this capability effectively. The literature which could be found about these organisational drivers is described in section 2.4.2.

### **2.4.1. Characteristics of ‘knowledge integration’**

Knowledge integration is the ability of assimilating stakeholder knowledge within the organizational learning (Ayuso et al., 2006). Which means knowledge integration consists of mechanisms to assimilate knowledge of the dialogue into the organization. Assimilation refers to the organizational routines and processes that allow it to analyze, process, interpret and understand the information (Kim, 1997a; Szulanski, 1996).

Knowledge can be divided into two types: tacit and explicit knowledge. Explicit knowledge can be written down. Therefore explicit knowledge can be communicated relative easy, but knowledge still needs to be assimilated and transformed to the organization. Tacit knowledge can not be written down. Tacit knowledge can be found in the form of ‘know-how’, skills and ‘practical knowledge’ (Grant 1996). The difference between explicit and tacit knowledge can be explained by the ability to play piano. The pianist can perform brilliantly, but if he begins to concentrate on the movement of his fingers, he will not able to play that good anymore. So playing piano is an example of tacit knowledge, but the music on paper is an example of explicit knowledge.

Both tacit and implicit knowledge can arise from stakeholder dialogue. This knowledge has to be assimilated and transformed to integrate it into an organization. According to Grant (1996) the knowledge integration capability of an organization is determined by two mechanisms. These mechanisms are 'direction' and 'organizational routines'. Direction enables communication by codifying explicit or tacit knowledge into explicit rules and instructions. Through direction, knowledge can be communicated at low costs between specialists and a large number of other persons who are specialists or non-specialists. But converting knowledge involves substantial knowledge loss because it is not possible to codify all the information people know. An example of assimilating knowledge by use of directions are organizational guidelines to produce a product.

By making use of organizational routines less information is lost. The essence of an organizational routine is that individuals develop sequential patterns of interaction which permit the integration of their specialized knowledge without the need for communicating that knowledge (Grant, 1996:379). An example of an organizational routine is integrating sustainable sourcing of cocoa within a firm by use of the existing life cycle assessment.

Direction and routine are two mechanisms to assimilate and transform the knowledge from the dialogue into practices.

#### **2.4.2 Organisational drivers of 'knowledge integration'**

Making use of this knowledge integration mechanism, a firm needs a number of organisational drivers.

Grant (1996) defined three organisational drivers which are important in determining the efficiency with which a firm integrates the available knowledge. These organisational drivers are: a high level of common knowledge, the frequency and variability of task performance and the organizational structure.

Common knowledge: Common knowledge refers to the understanding of a subject area shared by organizational members who engage in communication (Nonaka and Takeuchi, 1995). This organisational driver of common knowledge can result in common vocabulary, conceptual knowledge and experience between specialists.

Organizational culture may be regarded as a form of common knowledge, one of the functions of which is to facilitate knowledge integration within the firm.

The frequency and variability of task performance: The second organisational driver is frequency and variability of task performance. This organisational driver is related to the ability to receive and interpret a stream of incoming messages from other members and from the environment (Nelson and Winter, 1982:100). The efficiency of integrating knowledge in the organization depends on the extent members are able to integrate knowledge of team members by means of the organizational routines. This depends

on the sophistication of the system to signal and respond. The efficiency of the organizational routine will improve as result of repetition.

Organizational structure: The third organisational driver is the organizational structure. The principle of modularity is fundamental to the structuring of organizations to achieve communication efficiencies (Grant, 1996). When the environmental change is high, the principle of hierarchical decomposition may be viewed as organizational conditions for optimizing the efficiency of knowledge integration (Williamson, 1981: 1550). Therefore when the level of environmental change is high, an organic structure support the increasing demands for communication and permits the improvement of integration efficiency (Wright and Snell, 1998). An organizational can for example be structured into sequential phases or by function or by product segment. These structuring will improve the integration of the knowledge within the organization. This is also supported by the research performed by Ayuso et al. (2006). Ayuso et al. (2006) found non-hierarchical structures favour direct communication and proximity between people. In one case the informal relationship resulting from a cooperative structure has served as a ground for many innovations, in the second case the multidisciplinary structure was a ground for innovations.

It can be concluded that general organisational drivers needed to assimilate the knowledge from the dialogue into the organization are: common knowledge, frequency and variability of task performance, organizational structure.

## **2.5. Conclusion**

In the conclusion the following research question has to be answered: *Which organisational drivers are stimulating the capabilities 'stakeholder dialogue' and 'knowledge integration' as a source for sustainable development in firms.* To answer this question sub-questions are defined and answered in the literature research.

RQ1 How can a dynamic capability influence the sustainable development of firms?

Multi-stakeholder interaction is one of the best strategies to integrate sustainability within the firm. A dynamic capability for multi-stakeholder interaction can be used by firms to meet the challenge of engaging in social and environmental issues and be profitable at the same time.

RQ2 What are the prerequisites for the dynamic capability to integrate stakeholder insights in the process of sustainable development?

To perform the dynamic capability of multi-stakeholder interaction a firm needs to have the capabilities 'stakeholder dialogue' and 'knowledge integration'. These two capabilities are the prerequisites for this dynamic capability.

RQ3 Which organisational drivers determine the capability 'stakeholder dialogue'?

General organisational drivers defined from the literature on 'stakeholder dialogue' are: stakeholder consciousness, resources, embedded within the organization, management commitment and employee involvement.

RQ4 Which organisational drivers determine the capability 'knowledge integration'?

General organisational drivers needed to assimilate the knowledge from the dialogue into the organization are: common knowledge, frequency and variability of task performance, organizational structure.

## **Appendix 2 Research strategy and firm selection**

This appendix is an extension of the research methodology described in chapter 3.

In order to define a research strategy, important decisions have to be taken which determine the way the research will be performed (Verschuren and Doorewaard, 2005).

This research focuses on deepening the subject of study, because a better understanding of the capabilities 'stakeholder dialogue' and 'knowledge integration' will be received as result of this research.

Because of the fact capabilities are embedded in organizational routines and processes (Eisenhardt and Martin, 2000), it will be difficult to identify the organizational drivers of these capabilities through quantitative research, so a qualitative research will be performed. Both desk research and empirical research are part of this research.

Verschuren and Doorewaard (2005) described five different research strategies which can be used in research projects. These research strategies are: survey, experiment, case study, grounded theoretical approach, desk research. In this research a desk research and a case study will be performed.

A desk research will be performed in the first phase of the research. Desk research is a strategy in which the researcher makes use of material produced by others (Verschuren and Doorewaard, 2005). From behind the desk the researcher can combine and compare the knowledge and data available in his field of study, in order to make an analysis of interpretation of it (Verschuren and Doorewaard, 2005). There are two variants of desk research: literature survey and secondary research. Literature survey focuses on knowledge produced by others whereas secondary research uses data produced by others (Verschuren and Doorewaard, 2005). The literature study of the concepts dynamic capability, sustainable development, stakeholder interaction and capabilities have to provide theoretical framework which can be used in the empirical research. In this research desk research will be performed using literature survey and secondary research, carried out in a qualitative way.

A case study will be performed in the second phase of the research. A case study focuses on a small and selected number of research objects. Case study may include all kind of qualitative methods like observation, interviewing, and studying documentation. The final goal of a case study is to get a deep understanding of the processes that take place (Verschuren and Doorewaard, 2005).

The case study will be used to develop new theory. Two different variants of the case study can be distinguish: single-subject case study and comparable case study. In this research a comparable case study will be performed, because multiple cases are studied and compared to each other. Within the comparable case study, the hierarchic method will be used, which means case studies are examined independently and

are compared with each other on a more theoretical level (Verschuren and Doorewaard, 2005).

Selecting cases is an important aspect of building theory from case studies (Eisenhardt, 1989). Theoretical sampling is needed to select cases for a theory developing research (Glaser and Strauss, 1967). The goal of theoretical sampling is to select cases which are likely to replicate or extend the emerging theory. Given the limited number of cases, it is better not to select cases randomly, but to select cases which can give answer on the research question (Eisenhardt, 1989).

According to Eisenhardt, 1989, a number between 4 and 10 cases is the best amount of cases to select for a case study. Because with fewer than 4 cases it is often difficult to generate theory from it and the empirical grounding is not very convincing. With more than 10 cases it becomes difficult to cope with the complexity and volume of the data (Eisenhardt, 1989). Multiple cases are selected because it gives the possibility to replicate (Yin, 2002).

Based on this information, four managers from different firms are selected based on their participation in stakeholder interaction on sustainability issues and the integration of stakeholder knowledge in the organization. Next to that for each firm one stakeholder is selected who interact with a firm on these sustainability issues. So, in total eight informants will be selected.

If two or more cases are shown to support the same theory, replication may be claimed (Yin, 2002).

Cases are selected based on certain selection criteria. Selection criteria are made to control extraneous variation and help to define the limits for generalization of the findings (Eisenhardt, 1989). To select the right firms criteria have been defined.

Firm operating in the same industry are chosen, because dynamic capabilities often present commonalities among firms within the same industry (Eisenhardt and Martin, 2000). So variables in the different forms of dynamic capabilities are excluded. The food industry is one of the leaders of sustainable development. This can be assign to the fact that food is subject of health issues. A lot of stakeholder pressure arises as result of a lot of food diseased coming up the last year which can influence the human health. Besides that the production of food directly influences the environment and employees producing the primary food are most of the time very vulnerable. For this reason the food industry is selected for this research.

There are multiple paths which will lead to the same dynamic capability (Eisenhardt and Martin, 2000). This implicates the concept of multi-stakeholder interaction will not be the only solution to create a dynamic capability for sustainability issues in firms. Because this research focuses on a dynamic capability for sustainability by multi-stakeholder interaction, firms working together with multiple stakeholders for sustainability will be selected.

Interaction with multiple stakeholders for sustainability will cost different resources such as time and

money. Therefore, not many small firms have to possibility to interact with stakeholder on sustainability. For this research only multinational firms are selected.

To create a dynamic capability for sustainability, a firm has to interact with stakeholder on a structural basis. Otherwise they are not able to adapt their sustainable strategies to the changing environment, which is the meaning of a dynamic capability.

Based on this information the following selection criteria are used in this research;

- Food industry
- multinational firms
- Working together with stakeholders on sustainability
- Structural interaction with stakeholders for sustainability
- Someone participating in multi-stakeholder interaction have to be available for a interview

Using this criteria table 1 gives an overview of the firms selected to participate in this research.

Firm	Interviewee	Function	Interview date
FrieslandCampina	Jaap Petraeus	Manager Corporate Environmental Affairs and Sustainability	30/01/2012
Heinz	Lydi Boers	Marketing Manager Brunch (involved in interaction with UTZ)	03/02/2012
Unilever	Anniek Mauser	Sustainability Manager Benelux	15/02/2012
Sara Lee	Stefanie Miltenburg	Director International CSR	06/02/2012

For each firm some general information and the way sustainability is part of the firm could be find on the website (firm websites, 2012).

### **Heinz**

Heinz is active in 200 countries in North America, Europe, Asia and the rest of the world. The firm does have 35.000 employees.

The targets Heinz defined related to environmental issues are based on the situation in 2005. It is expected Heinz started in 2005 with environmental responsibility and focuses on social responsibility some years later.

### Stakeholder dialogue

Heinz takes into account the concerns of stakeholders by taking a close look to CSR issues that are of the highest concern of stakeholders and could affect the ability of the firm to execute its business strategy.

Maintaining an active dialogue with diverse group of global partners such as employees, consumers,

customers, shareholders, investors, NGO's and non-profit partners helps the firm to understand their views. Stakeholders can help to guide their decisions.

### Knowledge Integration

The firm does have a Corporate Social Responsibility Committee since 2006. The committee reviews Heinz's Corporate Social Responsibility performance.

Heinz works with a customized CSR implementation. Heinz developed the Sustainability Process to provide a consistent and coordinated framework for each Business Unit and facility. This framework makes it possible to define and implement a customizable sustainability program at each business and facility under a business model that embodies their values.

Employees are engaged in CSR activities by creating awareness. Employees get informed through a global newsletter in which the firm inform them about the CSR activities. Employees are invited to submit stories and feedback for future projects.

### **Sara Lee**

Sara Lee is operates in 40 countries and sell their products in 180 countries. The firm does have 40.000 employees worldwide.

The first sustainability report found on the website is from 2008. CSR is part of the business strategy.

### Stakeholder dialogue

The firm identified key global sustainable issues which affect the ability of the firm to execute the business strategy. The firm is working with customers, suppliers, peers, consumers and other stakeholders, including NGOs, industry and professional associations, universities, to collectively identify the sustainability opportunities that have the most effectively influence. Sara Lee believes that working together can have a greater impact.

### Knowledge integration

The firm does have a vice-president Sustainability, Environment and Safety. Besides that the firm set up Sustainable Working Teams (SWT) in 2006. These teams consist of employees from different departments. The firm manage and implement their sustainability platform through the work of the SWT. The team identifies key global sustainable issues that mostly affect the ability of the firm to execute the business strategy.

The implementation of sustainable activities is customized for each business, segment and market. Line of business and focus-related teams further identify, clarify and highlight emerging issues, impacts and risks. Sara Lee also performed a life cycle assessment to find out the opportunity to improve sustainability of the products.

## **FrieslandCampina**

The firm is active in 25 different countries in Europe, Asia and Africa and does have 19.000 employees. FrieslandCampina published their first CSR report in 2006. CSR is part of the strategy of the firm.

### Stakeholder dialogue

The firm does focus on the whole supply chain and collaborates with member dairy farmers and chain partners to achieve the targets set in the strategy 'route 2020'. Besides that other stakeholders are involved such as consumers, employees, customers, local authorities and social organizations

### Knowledge integration

The firm designed an integral CSR program. The firm does have a CSR governance board, a sustainable coordination team and four teams responsible for the implementation of CSR throughout the whole organization.

Besides that the firm is focusing on the whole supply chain in achieving the sustainability goals.

The firm does have a body of agreements, involvement, codes of conduct, policy documents, covenants, reports and certifications that safeguards Corporate Social Responsibility and sustainability within FrieslandCampina.

## **Unilever**

The firm does have 167.000 employees worldwide and sells their products in more than 180 countries. In 1996 the firm published their first environmental report and in 2000 they published their first social report. CSR is part of the business strategy and culture of the firm.

### Stakeholder dialogue

The most significant environmental impacts of the products are measured in terms of their relevance to their business and product portfolio and to their stakeholders and the societies in which they operate.

Unilever gives a great focus to suppliers, customers and employees in their strategy. This because the biggest impact of their products comes from this part of the process.

### Knowledge integration

The board does have a corporate responsibility and reputation committee.

Unilever designed a Sustainable Living Plan which consists of different goals to be reached. A Steering Team is appointed consisting of people from different department which have to take care the goals will be achieved.

Both the Unilever Sustainable Living Plan Steering Team and Board Committee benefit from the insights of the Unilever Sustainable Development Group (USDG) – a group of external specialists in corporate

responsibility and sustainability who guide and critique the development of our strategy.

Besides that Unilever owns a Safety and Environmental Assurance centre (SEAC). SEAC's role is to provide independent scientific evidence and guidance.

The global sustainability team worked with brand teams to identify key priorities for every product category in our portfolio. All the decision about new projects and innovation has a sustainable dimension.

Sustainability champions are appointed to lead the sustainable strategy in every key unit across the business.

### Appendix 3 Partnerships on sustainable issues

	Unilever	FrieslandCampina	Sara Lee	Heinz
Partnerships	<ul style="list-style-type: none"> <li>- Refrigerants Naturall</li> <li>- <b>Co-founder water footprint network</b></li> <li>- <b>The sustainable packaging coalition</b></li> <li>- Partnership with the Alupro- the UK aluminium packaging recycling organization and the British Aerosol Manufacturing Organisation</li> <li>- <b>Round Table of responsible Soy</b></li> <li>- World Dental Federation</li> <li>- International Food and Beverage Alliance</li> <li>- Global alliance for improved nutrition</li> <li>- Project Leaser Beam partnership</li> <li>- <b>Sustainable Agriculture Initiative Platform</b></li> <li>- <b>Roundtable on Sustainable Palm Oil,</b></li> <li>- <b>GAIN Business Alliance</b></li> <li>- IDH</li> <li>- <b>Novella Africa Initiative</b></li> <li>- <b>Global Packaging Project</b></li> <li>- Bonsucro</li> <li>- <b>Sustainable Tea project</b></li> <li>- <b>Marine Stewardship Council</b></li> </ul>	<ul style="list-style-type: none"> <li>-Round Table of Responsible Soy</li> <li>- IDH</li> <li>- Round Table on Sustainable Palm Oil</li> <li>- Sustainable Agricultural Initiative Platform</li> <li>- Taskforce duurzame soja</li> </ul>	<ul style="list-style-type: none"> <li>- Roundtable on Sustainable Palm Oil</li> <li>- Partnership with the local park district.</li> <li>- Ethical Tea Partnership</li> <li>- Sustainable Agriculture Initiative Platform</li> <li>- <b>4C Association</b></li> <li>- IDH</li> <li>- Global Packaging Project.</li> <li>- Good Inside Tea Programme;</li> <li>- Good Inside Coffee Programme</li> <li>- Healthy Weight Commitment Foundation (HWCF)</li> </ul>	<ul style="list-style-type: none"> <li>- Partnership with Coca Cola</li> <li>- Roundtable on Sustainable Palm Oil;</li> <li>- IDH</li> <li>- <b>Good Inside Cocoa Programme</b></li> <li>- sustainable food laboratory</li> <li>- De IGD industry sustainability Group</li> <li>- Carbon Trust</li> <li>- Waste &amp; Resources Programs</li> <li>- Center for Packaging Innovation and Sustainability at Michigan State University</li> </ul>
<b>Note: in bold, the alliances founded or co-founded by the MNC.</b>				
First CSR report published	1996 environmental report/ 2000 social report	2006	2008, started in 2006 with sustainability	2006
Rankings DJSI Green firm rankings	<ul style="list-style-type: none"> <li>- Sustainability leader in the food producers sector of the DJSI for the 13th consecutive year in 2011</li> <li>- recognized in the greenranking on place 292 in 2011 of the global firms</li> </ul>	No rankings	<ul style="list-style-type: none"> <li>- Listen on the DJSI Place 256 for the U.S. firms green ranking in 2011</li> </ul>	<ul style="list-style-type: none"> <li>- Rated as a sustainability leader on North America on the DJSI</li> <li>- TOP 100 firms in the U.S. in 2010</li> <li>Place 229 of the U.S. firms in 2011</li> </ul>

#### Appendix 4. Selection criteria stakeholders

In this research triangulation of sources will be used to improve the reliability of the research. Therefore stakeholders have been selected which interact with one of the firms participating in this research. Only stakeholder interacting with firms related to sustainable issues will be part of this research, because this is one of the main elements of this research. As described above, structural participation is needed to perform a dynamic capability. So this is one of the conditions on which stakeholder are selected. Besides that, structural participation will say something about the influence a stakeholder has on the sustainable strategy of the firm.

This research focuses mainly on stakeholders outside the firm. No distinction will be made in the size and power of different stakeholders, this because also small, powerless stakeholders can contribute a lot of knowledge and new insights to the sustainable strategy of the firm.

Based on this information the following research criteria are used in selecting stakeholders;

- Interacting with one of the firms participating in this research
- Interacting with firms on sustainable issues
- Structural participation with firms
- External stakeholder

Using this criteria table 3 gives an overview of the stakeholder related to the firm defined earlier.

Stakeholder 1	Participant	Interview date
UTZ-certified	Program Manager	21-03-2012
Sustainable Agricultural Initiative	General Manager SAI	02-02-2012
Oxfam Novib	Policy advisor CSR	01-02-2012
Initiatief duurzame handel	Senior Communication Manager	10-02-2012

## **Appendix 5. Interview protocols**

Questionnaires have been created for two different types of cases. One questionnaire was created for the CSR managers which joined the interaction with multiple stakeholders on sustainability issues and one questionnaire was created for the stakeholders. In both questionnaires respondents were asked to describe two cases that were recently undertaken by the firm in partnership or in interaction with stakeholders. The respondents had to select one case which was considered as successful and one case which was not considered as successful. By selecting these different cases organisational drivers could be determined from both positive experiences and negative experiences. Questions have been asked about the interaction with stakeholders and the integration of the new initiative in the organization. At the end of the questionnaires an explanation of each question is given.

### **Questionnaire CSR managers**

#### Introduction

- Short introduction of myself
- Explain the goal of the research
- The interview is recorded, but only for note taking.

I would like to discuss with you about two initiatives integrating sustainability in your business model that were recently undertaken by your firm in partnership or in interaction with one or more stakeholders. In particular, I would like you to focus on an initiative that you consider successful and one that you consider unsuccessful.

#### Stakeholder dialogue part 1

1. How did the successful initiative originate?
  - Did the initiative originate because of the pressures of stakeholders? If so, which one: government/civil society organizations/customers/suppliers/ / shareholders/ employees?
  - How did you perceive that one or more of these groups put pressure on your firm?
  - Which person within your firm came up with the idea that an initiative should have been taken? How was this person able to create consensus within your firm about undertaking such an initiative?
2. With which people or groups did you interact or did you partner with when undertaking this initiative?

- In your opinion how could these people or groups contribute to the sustainable initiative?
  - Did you start interacting with more people or groups when the initiative developed, or did you stick with only the initial group of partners within the initiative? Did you allow other people or groups to participate within the initiative?
  - Did you have cases of external stakeholders (NGOs or media) providing negative information about the initiative?? How did you react on this?
3. How did you set up the “rules of the game” of the initiative with your partners?
- Did you make some appointments?(resource allocation, communication, measurement, expectations, time and efforts)
4. During the initiative, to what extent did you consider necessary to share information with your partners before coming to an agreement? What kind of information did you share to come to an agreement?
- Did you also share sensitive information with your partners? About which factors? (financial figures, intentions, operation)
5. To what extent did you believe it was needed to discuss with your partners before taking action? Do you think your partners had the feeling you understood them? Why? (interpretation, mis-communication, comprehension)
- Do you believe that your partners always agreed with your decisions?
6. Why do you consider it successful?
- Are you satisfied with the dialogue that you established with your partners? For what reasons are you satisfied?
  - Would you consider that establishing a positive dialogue was essential to the success of the initiative?
7. What do you think are important factors that let the dialogue with your partners be or become effective? (transparency, respectfulness, expertise, consensus)
- Does the case you are talking about represent a regular interaction?
  - What are the main differences?

Note: if no answer can be given to this open question, questions can be asked for example: How did you prepare for the interaction? How does the agenda look like? Which appointments did you make?

### Knowledge integration

8. How did you select new initiatives based on the results of the interaction?
  - Did you look to the best practices? Did you experiment?
  - Which people were involved? How did you create consensus between the people involved?
  
9. How was the initiative diffused to all relevant units in the firm?
  - Are the new initiatives taken up by employees?
  - Did people change their behaviour?
  
10. In which extent is the initiative codified?
  - How is it codified? Into guidelines, manuals, decisions, support tools, training programs etc?
  
11. What do you think are the main factors that led the integration to become effective? (involvement of employees, intern communication)

Note: if no answer can be given to this open question, questions can be asked for example: How did you prepare for the integration? What do you think were the most important actions you had to take? Did you ever asked an employee how the perceived the integration?

### Stakeholder dialogue part 2

12. Can you take a case in mind in which the interaction with stakeholders does not work out well?
  
13. What was the case about?
  
14. What problems did you face?
  - People involved, appointments , common goal
  - Appointments
  - Common goal
  
15. What would you do different next time to avoid these problems?

- People involved
- Appointments
- Common goal

### *Explanation of questions*

#### Introduction

The goal of the research will be explained shortly. This to give the respondent a better view of the background towards the questions are asked.

The respondent is asked to describe a real situation. A description of a case will give the possibility to ask directly to the behaviour of the respondent. A successful case description will provide information about organisational drivers influencing the successfulness of the interaction.

#### Question 1

This question let the respondent retrieve his memory and gives more information about the context of the dialogue.

#### Question 2

Question 2 is asked to get a better view of the participants who are selected for the dialogue.

Stakeholders should be selected in such a way a diversity of perspectives can be reflected in the dialogue (Cuppen, 2011).

It is possible during the dialogue other stakeholders will be involved to discuss certain issues or possibilities. These people can be for example experts or employees.

#### Question 3

According to the literature it is important to make clear rules on which parties can agree (Kaptein and van Tulder, 2003). Therefore it is expected the interaction will be coordinated. To coordinate the interaction certain procedures can be used. Besides that participants can make agreements based on the expectation they have on the dialogue.

#### Question 4

According to the literature, transparency, fairness and honest engagement are important factors to increase the trust between the different parties (Waddock and Smith, 2000). A open exploration and evaluation of different viewpoints and knowledge claims to learn from other participants (Cuppen, 2011).

#### Question 5

According to the literature, external knowledge is context specific, which often prevent outsiders from understanding or replicating this knowledge (Szulanski, 1996). Therefore the firm have to assimilate the knowledge from the dialogue.

The influence of jargon may lead to situations in which some people do not fully understand what is discussed (Cuppen, 2011). Business jargon can for example differ from the jargon used by NGO's. It will not always be the case consensus is achieved between the different participants. Dialogue is possible even in situation of conflicting interests (Pedersen, 2006: 157).

#### Question 6

By asking this question the respondent will give more information about the organisational drivers determining the successfulness of the case.

#### Question 7

The respondent will possibly mention some organisational drivers determining the successfulness of the interaction. By asking this question new, not in the literature covered, organisational drivers can be explored determining the successfulness of the interaction.

#### Question 8

This question asks for the procedure which is used to come from interaction to initiatives for integration. The organisation has to transform the ideas from the interaction in activities which fits within the organisation.

#### Question 9

Question 9 is a very open question. Related to the outcomes of the secondary research CSR responsibilities are structured through the different layers of the organisation. Based on this information it is expected certain procedures are used to integrate the knowledge in the organisation.

#### Question 10

According to the literature, information need be codified into procedures, guidelines etc.

#### Question 11

This question can gives a better view of organisational drivers which are needed to integrate the

knowledge in the organisation.

#### Question 12

The respondent is asked to describe a case which was not successful. . A description of a case which does not work out well can lead to information about organisational drivers which are not taken into account leading to the failure of the interaction.

#### Question 13

This question lets the respondent retrieve his memory and gives more information about the context of the dialogue.

#### Question 14

By knowing what did go wrong, the respondent is also able to mention the action he/she will perform different next time. The respondent is free to mention different factors.

#### Question 15

The actions which will be performed different based on the problems mentioned in the previous question will give a better idea of the organisational drivers determining the successfulness of the interaction.

## Questionnaire stakeholders

### Introduction

- Short introduction of myself
- Goals of the interview
- The interview is recorded, but only for note taking.

I would like to discuss with you about two initiatives undertaken by the partnership of in interaction with one or more firms. In particular, I would like you to focus on an initiative that you consider successful and one that you consider unsuccessful.

### Stakeholder dialogue part 1

1. How did the successful initiative originate?
  - Did the initiative originate because of your pressure? Do you know other stakeholders who put pressure on the firm?
  - Why did you think the firm had to take up this initiative?
  - How did the firm react to your pressures? Does it take a long time?
2. With which people did you interact or did you partner with when undertaking this initiative?
  - How did the people from the firm behave during the dialogue?
  - Where they transparent and open to change? Fair, honest
  - Did you started interacting with more people or groups when the initiative developed, or did you stick with only the initial group of partners within the initiative?
3. Which 'rules of the game' were defined by start of the initiative?
  - Which appointments were made (resource allocation, communication, measurement, expectations, time and efforts)
4. To what extent did you believe it was needed to discuss with the firm before taking action? Do you think the firm understood you? Why? (interpretation, mis-communication, comprehension)
  - Did you agree with the decisions the firm made?
5. Why are you considering it successful?

- Are you satisfied of the dialogue that you established with the firm? What made you satisfied?
  - Would you consider that establishing a positive dialogue was essential to the success of the initiative?
6. From the experience you had with the firm (and also with other similar organizations), would you consider that the firm has a capability on interacting effectively with an organization like yours? And with other stakeholders? Please discuss your experience on this since you started interacting with the firm.

### Knowledge integration

7. Are you satisfied with the new initiatives the firm took based on the learning's from the dialogue? If no, what would you like to see different? If yes, what did make you satisfied?
- Were you involved in implementing the new initiative, if yes, what did you contribute?
8. Are you satisfied with the implementation of the initiatives? If not, what would you like to see different? If yes, what did make you satisfied?
- Is there any difference between sustainability driven change and other change initiatives?
9. From the experience you had with the firm (and also with other similar organizations), would you consider that the firm has a capability on learning effectively from an organization like yours? And with other stakeholders? Please discuss your experience on this since you started interacting with the firm.
- Did you see any changes in the firm's business model or to its sustainability initiatives due to the interaction with your organization?

### Stakeholder dialogue part 2

10. Can you take a case in mind in which the interaction with a firm does not work out well?
11. What was the case about?
12. What problems did you face?
- People involved

- appointments
- common goal
- Where these problems mainly related to the dialogue or to the integration of the learning ‘ s from the dialogue in the firm?
- What was the role of the firm in these problems? Which capabilities were missing needed to make the initiative successful?

13. What would you do different next time to avoid these problems

- people involved
- appointments
- common goal

### *Explanation of questions*

#### Introduction

The goal of the research will be explained shortly. This to give the respondent a better view of the background towards the questions are asked.

The respondent is asked to describe a real situation. A description of a case will give the possibility to ask directly to the behaviour of the respondent. A successful case description will provide information about organisational drivers influencing the successfulness of the interaction.

#### Question 1

This questions let the respondent retrieve his memory and gives more information about the context of the dialogue.

#### Question 2.

The answer to this question will give a better idea of the behaviour of the firm during the interaction. By knowing the behaviour more information will be received about the organisational drivers determining the success of the interaction. Besides that the way the interaction with the firm is perceived by stakeholders becomes clear.

#### Question 3

According to the literature it is important to make clear rules on which parties can agree (Kaptein and van Tulder, 2003). Therefore it is expected the interaction will be coordinated. To coordinate the interaction

certain procedures can be used. Besides that participants can make agreements based on the expectation they have on the dialogue.

#### Question 4

According to the literature transparency, fairness and honest engagement are important factors to increase the trust between the different parties (Waddock and Smith, 2000). An open exploration and evaluation of different viewpoints and knowledge claims to learn from other participants (Cuppen, 2011).

This is an open question, so space will be given to other aspects which are important for a successful dialogue.

#### Question 5

This question will give more information about the organisational drivers determining the successfulness of the case. Besides that the way the firm interacted will be evaluated.

#### Question 6

This is a very direct question. It is expected the respondent will have experience to interact with firms. By asking this question the respondent needs to compare the firm with other firms they interact with. More information about the organisational drivers determining the capabilities will become clear.

#### Question 7

Based on the interaction with stakeholders, the firm has to integrate sustainable initiatives in the organisation. It is expected firms will not always follow the expectations of the stakeholders. A gap might exist between the results of the dialogue and the observable practices of the firm (Pedersen, 2006). This will influence the trust between the parties.

The answer on this question gives a better idea of the choices the firm made based interaction with their stakeholders.

#### Question 8

After the firm integrated the sustainable initiatives which are defined based on the interaction, the respondent can say something about the extent the firm followed their expectations. This gives a better idea of the capabilities needed to integrate the knowledge coming from the interaction in the organisation.

#### Question 9

This is a very direct question. By asking this question the respondent will compare the firm with other firms they interact with. This question can provide more information about the organisational drivers for knowledge integration .

#### Question 10

The respondent is asked to describe a case which was not successful. A description of a case which does not work out well can lead to information about organisational drivers which are not taken into account leading to the failure of the interaction.

#### Question 11

The description of the case is a first question to let the respondent retrieve his memory and gives more information about the context of the dialogue.

The sub-questions are asked to get a better idea of the importance of the initiative for the stakeholder and the way the firm reacted to that initiative. This will give a better idea of the extent the firm is open to pressures from outside.

#### Question 12

This questions give a better idea of the organisational drivers which are of influence to make the interaction effective. The problems faced can be the result of different factors.

#### Question 13

By knowing what did go wrong, the respondent is also able to mention the action he/she will perform different next time. The respondent is free to mention different factors.

## Appendix 6 Data derived from CSR reports

Data from two sources have been combined: archival documentation and executive interviews. Archival documentation, consisted of annual reports, such as financial reports and CSR reports or sustainability reports. CSR reports are written by firms to respond to stakeholder expectations by communicating the activities and strategies being used to address social and environmental issues (Esrock and Leichty, 1998). Sustainability reports can be used as a secondary data resource because a lot of important information about stakeholder interaction on sustainable issues can be find in the sustainability report of the firm. Firms can demonstrate openness and honesty in reporting, especially if communication with participating parties is meaningful, open and fair.

Therefore, the sustainability reports have been used in this research as a barometer of an organization attitude towards social en environmental responsibility, strategic planning and the level of integration in business strategic plans (Kolk, 2003; Jose and Lee, 2007). The content of the firms' annual reports was analyzed by counting the cases in which stakeholders were mentioned in the report. Based on the guidelines described below, the type of stakeholders, the depth and the breadth of learning from the stakeholders are allocated to each finding. The breath of the sustainable initiative shows the extent the initiative is local versus global oriented. If the initiative is global oriented, the impact will be bigger. The depth of the initiative shows the extent the initiative is part of old paradigm of profit creation versus the new paradigm in which benefits for the environment and/or society plays a bigger role. The last CSR report provided by each firm is valued against these guidelines.

- Breadth:
  - 1 = Local (national or sub-national) pilot project or initiative
  - 2 = Regional or national initiative which is not influential of global picture
  - 3 = National or supra-national initiative in an influential region
  - 4 = Regional initiative, generalized across a number of influential countries
  - 5 = Global initiative
- Depth:
  - 1 = Old paradigm (profit: in terms of cost-cutting, productivity or revenue-generation) and old methods/technology.
  - 5 = New paradigm (it can be worded as: shared value creation; benefits to stakeholders; participatory decision-making on how to create value; benefits for the environment; benefits for society) and new methods/technology.

## Secondary Data Collection: Learning & Changing FrieslandCampina MVO report 2010\*

<b>Stakeholder dialogue</b>	<ol style="list-style-type: none"> <li>1. Breadth and depth of learning from external stakeholders on sustainability principles:             <ol style="list-style-type: none"> <li>a. NGOs and Civil Society Organisations</li> <li>b. Governments, Public Agencies, State Departments</li> <li>c. Universities and Research Centers</li> <li>d. International Organisations, UN Agencies</li> <li>e. Other (specify)</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>a. Likert scale from 1 to 5 based on semantics of set of global corporate reports/year (Breadth)</li> <li>b. Likert scale from 1 to 5 based on semantics of set of global corporate reports/year (Depth)</li> </ol>
	<p>19: In samenwerking met overheden ondersteund FrieslandCampina in de meeste landen in West-Afrika en Zuidoost- Azië waar zij actief is melkveehouders om de lokale voedselproductie te vergroten</p> <p>22-23: In diverse landen in Zuidoost-Azië is FrieslandCampina een omvangrijk wetenschappelijk voedingsonderzoek gestart om beter inzicht te krijgen in het voedingswelzijn en de voedingsbehoefte en -patronen bij kinderen tot en met 12 jaar. Aan de hand van de onderzoeksresultaten wil FrieslandCampina de samenstelling van haar producten verbeteren, zodat een grotere bijdrage kan worden geleverd aan de voedingsbehoefte en gezondheid van kinderen. Het onderzoek wordt uitgevoerd in samenwerking met een aantal toonaangevende instituten op het gebied van voeding en gezondheid zoals PERSAGI (Persatuan Ahli Gizi Indonesia), Maleisie (UKM-Universiteit van Mahidol) en Vietnam (Nationaal Voedingsinstituut – Vien Dinh Duong).</p> <p>24: In Vietnam heeft FrieslandCampina een voedingsinformatiecentrum opgezet om consumenten voor te lichten over gezonde voeding. Ook worden in samenwerking met ouders en kinderartsen lesprogramma's ontwikkeld, evenementen georganiseerd en opleidingen voor professionals verzorgd. Het centrum werkt daarbij samen met het Vietnamese Ministerie van Gezondheid, Het National Institute of Nutrition en andere belanghebbende.</p> <p>24: Samen met de Vietnam Nutrition Association</p>	<p>B Depth: 4 this learning does change the paradigm of FrieslandCampina's operations Breath: 3 South-East Asia</p> <p>C Depth: 3 Breath: 3 South-East Asia.</p> <p>B Depth: 2 Development of education programs, not changing the paradigm of FrieslandCampina Breath: 2 Vietnam</p> <p>A</p>

	<p>heeft FrieslandCampina Vietnam de Dutch Lady Nutrition Award in het leven geroepen voor jonge wetenschappers en onderzoeksinstellingen op het gebied van voeding.</p> <p>Daarnaast is door een samenwerking met Fruitmasters ook schoolfruit beschikbaar</p> <p>25: Op 3 november 2010 ondertekende Albert Heijn, Albron, FrieslandCampina, Nutricia, Unilever en Zilveren Kruis Achmea en de gemeente Amsterdam, Den Haag, Rotterdam, Utrecht, Veghel en Zwolle een unieke samenwerkingsovereenkomst voor de landelijke uitrol van JOGG (jongeren op gezond gewicht)</p> <p>29: FrieslandCampina zal samen met de Nevedi (Nederlandse Vereniging Diervoederindustrie) de mogelijkheden onderzoeken om voor veevoer meer gebruik te maken van duurzame reststromen.</p> <p>30: In India werkt FrieslandCampina samen met Solidaridad onder de naam Soypsi (Soy Producer Support Initiative) met als doel de lokale boeren te helpen bij de duurzame teelt van soja.</p> <p>36: Afnemers van FrieslandCampina Benelux en FrieslandCampina Dagvers krijgen zelf ook inzicht in de CO2-uitstoot die het transport van bestelde producten met zich meebrengt. Met behulp van de meetmethode 'Green Order' worden de aan de leveringen gerelateerde kilogrammen CO2 berekend en op vrachtdocumenten vermeld. Met behulp van rapportages van deze gegevens wil FrieslandCampina in samenwerking met haar klanten de mogelijkheden onderzoeken om nog duurzamer te leveren.</p> <p>48: Binnen de uitvoeringsagenda Duurzame Veehouderij werkt FrieslandCampina samen met onder meer de Dierenbescherming, Natuur &amp; Milieu, LTO, Interprovinciaal Overleg, het Ministerie van Economische Zaken, Landbouw en Innovatie en organisaties vanuit de vleesverwerkende industrie.</p>	<p>Depth: 2 Not directly change the paradigm of FrieslandCampina. Breadth: 2 Vietnam</p> <p>Other: companies. Depth: 2 Not directly change the paradigm of FrieslandCampina. Breath: 2 The Netherlands and Germany</p> <p>Other: competitors and C Depth: 2 Not directly change the paradigm of FrieslandCampina Breadth: 2 The Netherlands</p> <p>A Depth: 4 Breadth: 2 The Netherlands</p> <p>A Depth: 3 Breadth: 3 India</p> <p>Other: Customers Depth: 3 Collaboration with customers can lead to new sustainable methods. But it is still only an intention. Breadth: 3 Benelux</p> <p>A and C Depth: 4 Exchange of resources with different kinds of stakeholders. Breadth: 2 The Netherlands</p>
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<b>Knowledge integration</b>	12: Samen met KPMG Sustainability en Tias-Nimbas Business School zijn issue-analyses uitgevoerd. Op basis van de uitkomsten van de analysis en het in 2010 verschenen rapport Visions 2050 van de World Business Council for Sustainable Development (WBCSD), heeft FrieslandCampina een analyse model ontwikkeld dat de basis vormt voor haar MVO-aanpak.	C Depth:4 Breadth:5 global
	28: Een aantal onderdelen van dit duurzaamheidsconcept is al eerder in samenspraak met de Nederlandse Zuivelorganisatie (NZO) en Land- en Tuinbouw Organisatie Nederland (LTO) vastgelegd in het actieprogramma Duurzame Zuivelketen.	A Depth: 4 Breadth:5 global, whole supply chain
	35: In samenwerking met drinkwaterleveranciers heeft FrieslandCampina nieuwe technologieën ontwikkeld die het mogelijk maken water vaker te hergebruiken.	Other: suppliers Depth: 4, solution for water conservation Breadth:4
*this report was only available in Dutch		

## Secondary Data Collection: Learning & Changing Heinz CSR report 2011

<b>Learning from stakeholders</b>	<ol style="list-style-type: none"> <li>1. Breadth and depth of learning from external stakeholders on sustainability principles: <ol style="list-style-type: none"> <li>a. NGOs and Civil Society Organisations</li> <li>b. Governments, Public Agencies, State Departments</li> <li>c. Universities and Research Centers</li> <li>d. International Organisations, UN Agencies</li> <li>e. Other (specify)</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>a. Likert scale from 1 to 5 based on semantics of set of global corporate reports/year (Breadth)</li> <li>b. Likert scale from 1 to 5 based on semantics of set of global corporate reports/year (Depth)</li> </ol>
	<p>7: To engage other important stakeholders across the Heinz globe, such as local governments and functional business groups, our Regional Business Units and specialists in areas such as nutrition or supply chain may conduct regular meetings with these stakeholders; participate in research projects, surveys and symposia; and contribute to public policy and special interest group debates.</p> <p>39: Heinz is focused on continuously improving the efficiency of our transportation network while working closely with our logistics carriers to meet</p>	<p>D Depth: 4 Exchange of resources with stakeholders Breadth: 5 global</p> <p>Other: logistic carriers Depth:4 new methods, increase efficiency. Changing the</p>

	<p>our global goal of a 10% reduction in fossil fuel consumption and GHG emission per unit of production. Our priority is to maximize fuel efficiency from our facilities to the customer through a variety of initiatives. For example, Heinz partners with our logistics carriers and internal teams to incorporate efficient fuel management practices and increase cube utilization through packaging redesigns.</p> <p>39: Heinz Benelux is collaborating with logistics partners Nabuurs and Bakker Logistics to reduce its CO2 emissions through shared deliveries.</p> <p>46: Heinz is continuing its carbon sequestration project in association with the sustainable food laboratory.</p> <p>47: Heinz has teamed up with several sustainable firms to implement the Cool-Farm Tool, a program that will estimate the net GHG emission generated from the agricultural process of different crops around the world. Developed by the University of Aberdeen, U.K.</p> <p>52: In Canterbury, New Zealand, our team has worked continuously for 20 years with the New Zealand institute for Crop &amp; Food Research to deliver new garden pea cultivars that are suited to growing in New Zealand's soil and climate.</p> <p>52: In 2006, Heinz began working in the Xinjiang region of China with COFCO Tunhe Co., the nation's largest tomato processor. After conducting various soil analyses, Heinz determined that most soils in the region were negatively impacted due to poor soil management practices. Heinz is partnering on a project in Xinjiang to use our global agriculture program to implement soil management practices, accelerate soil reclamation and help ensure the future viability of farming in Western China.</p> <p>58: Working with non-governmental organizations (NGO) partners and government agencies since 2001, the Heinz Micronutrient Campaign has provided these life-changing supplements to approximately 3.5 million children in 15 developing countries.</p>	<p>paradigm Breadth:5 Global</p> <p>Other: logistics partners Depth: 4 new methods to reduce CO2 emission Breadth: 5, global</p> <p>A Depth: 3 indirect, via farmers Breadth: 5 global</p> <p>Other: firms Depth: 4, new tool to measure the GHG emission Breadth: 5, global</p> <p>C Depth: 2, adoption of new crop, not changing the paradigm of Heinz. Breadth: 2, New Zealand</p> <p>Other: Customer Depth: 2, better farming is not changing the paradigm of Heinz. Breadth: 1, Xinjiang, China</p> <p>A, B Depth: 3 Breadth: 4</p>
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	<p>58: The Heinz Micronutrient Campaign is partnering with Malteser International, a worldwide relief agency, to distribute micronutrient powders in the Oddar Meanchey province of Cambodia. This pilot project is also studying the impact of micronutrients on children’s health and behavior. Approximately 500.000 children in four rural provinces of China have received NurtureMate micronutrient powders through a three-year project with China’s Ministry of Health and the Chinese Center for Disease Control and Prevention.</p> <p>59: The Heinz Micronutrient Campaign expanded to Haiti in 2011 with the initial goal of assisting approximately 12.000 children through a partnership with non-governmental organizations (NGOs) that are focused on healthcare and nutrition.</p> <p>59: Heinz is partnering with Church World Service, the Heinz Micronutrient Campaign launched a new project in 2011 to distribute NurtureMate micronutrient powders to approximately 12,000 children in Central Sulawesi.</p> <p>60: Heinz Firm Foundation is partnering with Fuel Up to Play 60, a partnership by the Mid-Atlantic Dairy Council and the NFL. This campaign encourage kids to combine good nutrition and 60 minutes of activity a day to tackle childhood obesity.</p> <p>64: Heinz co-developed Food Radar with the University of Stockholm. This technology detects low density foreign matter that is usually undetectable by X-ray methods.</p> <p>75: The Heinz Scholar Program is a unique partnership with Washington &amp; Lee University in the United States. The H.J. Heinz Firm Foundation and Heinz award annual scholarships and internship opportunities to minority students who have distinguished themselves through academic and personal achievements.</p>	<p>A, B Depth: 2, it does not change the paradigm Breadth: 2, China</p> <p>A,B Depth: 2 Breadth: 2, Haiti</p> <p>A Depth:2 Breadth: 1, Sulawesi</p> <p>A Depth:2, does not change the paradigm Breadth:2, America</p> <p>C Depth: 1 Breath: 5, global</p> <p>C Depth: 1 Breadth:5, global</p>
<b>Changing based on stakeholders</b>	2: A significant environmental achievement in Fiscal Year 2011 was our formation of a partnership with The Coca-Cola Firm in February	Other: Firm, Coca-Cola Depth:5 Breadth: global

	<p>2011. Using innovative PlantBottle packaging technology from The Coca-Cola Firm, Heinz has introduced the more sustainable, fully recyclable Heinz Ketchup Plantbottle.</p> <p>14: SKM Enviros was engaged to provide assurance of four environmental performance indicators reported within this report. Their work included visiting a sample of eight manufacturing sites, reviewing data collection, aggregation, validation and reporting process used for the indicators.</p> <p>28: To drive energy reductions at its century-old factory in Muscatine, Iowa, Heinz partnered with engineering design to evaluate new ways to optimize the production process. Based on the findings, Heinz invested millions to install a new heat and water reclamation system that captures disposed natural resources and returns them to be reused in the production process.</p> <p>32: Heinz U.K. factories in Kitt Green – Heinz’s largest factory in Europe- and Kendal had a head start. They had already been partnering with the Carbon Trust for seven year to achieve significant reductions in energy consumption and CO2 emissions. Working with experts from the Carbon Trust, Energy Managers at Heinz determined that two manufacturing processes were using too much energy. As a result, Heinz implemented a multi-year plan to re-engineer the product lines, which optimizes energy usage while increasing carbon reductions.</p> <p>54: Heinz will promote the use of palm oil from sustainable sources through our membership in the Rountable on Sustainable Palm Oil. Heinz is in the process of reducing our global demand for palm oil by 25% in Fiscal Year 2012.</p>	<p>Other: Consulting organization Depth: 4 Breadth: 5, global</p> <p>Other: firms Depth: 5 Breadth: 1, Iowa</p> <p>A Depth: 5 Breadth: 1, Kitt Green, Kendal</p> <p>A Depth: 5 Breadth:5</p>
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<h2>Secondary Data Collection: Learning &amp; Changing Sara Lee CSR report 2011</h2>		
	<p>2. Breadth and depth of learning from external stakeholders on sustainability</p>	<p>a. Likert scale from 1 to 5 based on semantics of</p>

	<p>principles:</p> <ol style="list-style-type: none"> <li>NGOs and Civil Society Organisations</li> <li>Governments, Public Agencies, State Departments</li> <li>Universities and Research Centers</li> <li>International Organisations, UN Agencies</li> <li>Other (specify)</li> </ol>	<p>set of global corporate reports/year (Breadth)</p> <ol style="list-style-type: none"> <li>Likert scale from 1 to 5 based on semantics of set of global corporate reports/year (Depth)</li> </ol>
<b>Stakeholder dialogue</b>	<p>8: Sara Lee is a strong supporter of the Institute for Scientific Information on Coffee (ISIC), a non-profit organization founded in 1990 and devoted to the study and disclosure of science related to coffee and health.</p> <p>8: Sara Lee also joined the Council of Better Business Bureaus Children’s Food and Beverage Advertising Initiative (CFBAI) and made a pledge regarding the manner in which we would advertise to children.</p> <p>11: Sara Lee is joined the Healthy Weight Commitment Foundation (HWCF). It’s a first-of-its kind coalition that brings together more than 100 retailers, food and beverage manufactures, restaurants, sporting goods and insurance companies, trade associations and non-governmental organizations. One of the many ways Sara Lee has been involved is in its support of HWCF’s recent pledge to reduce 1.5 trillion calories by 2015.</p> <p>13: The program also utilized the talents of Chef Ana Garcia, who shared ways to use Sara Lee products in healthy, convenient meal preparation.</p> <p>20: within the Sustainable Agricultural Initiative (SAI), we continue our work with peer companies in the coffee industry to streamline the methodology for calculating the carbon footprint of green coffee beans.</p> <p>21: Sara Lee works with its agricultural suppliers to identify opportunities that will have a positive impact on key aspects of biodiversity that are influenced by our business.</p> <p>23: We are a member of the Ethical Tea Partnership (ETP), which works to monitor and improve the social and environmental conditions under which tea is produced and improve the lives of tea workers. The Douwe Egberts Foundation works directly</p>	<p>C Depth: 1 Breadth: depends</p> <p>A Depth: 2, benefits for society. Breadth: 5, global</p> <p>A, other: companies Depth: 2 Breadth: 2, America, Europe</p> <p>A Depth: 1 Breadth: 1</p> <p>A Depth: 4 Breadth: 5, global</p> <p>Other: suppliers Depth: 3, does not directly influence the operations Breadth: 5, agricultural suppliers</p> <p>A Depth: 4, new organization and new exchange of resources with</p>

	<p>with coffee and tea farmers to help improve their living conditions.</p> <p>24: Sara Lee chairs the Coffee Working Group of the Sustainable Agriculture Initiative, and has an ongoing dialogue with the Tropical Commodity Coalition to improve conditions in countries producing coffee, tea, and cocoa</p> <p>24: We worked with the Humane Society of the United States to replace one million of our traditional battery cage produced egg supply each year with the more humane cage-free variety.</p> <p>27: Sara Lee also participates in the development of regional initiatives designed to direct available agricultural and food processing by-products to anaerobic digestion facilities; such facilities produce combustible gas streams that would then be used as fuel to drive turbines and generate electricity. Other by-products, including heat and salts, may also be reclaimed.</p> <p>28: Douwe Egberts Netherlands and Belgium are participating in the Be Lean Be Green initiative with other leading companies focusing on the sustainable transportation of goods and seeking to reduce CO2 emissions by at least 20% within five years. Both locations are frontrunners in this program and have been awarded a “lean and green” award.</p> <p>32: The COMPASS tool is supported by the Sustainable Packaging Coalition (SPC) and the Global Packaging Project, and is used to conduct comparative analyses on the environmental impacts of packaging.</p> <p>43: In the United States, the Sara Lee Consumer-Driven Healthcare Plan (CDHP), administered by Blue Cross Blue Shield of Illinois, offers coverage for medical and prescription drugs and provides tools and information to help employees be informed healthcare consumers</p> <p>45: In the Netherlands, Sara Lee is developing a workability policy, based on the scientific model developed by Professor Ilmarinen, Finland’s Secretary of the Scientific Committee Ageing and Work of the International Commission on Occupational Health (ICOH) from 1989 to 2006.</p>	<p>suppliers. Breadth: 4 agricultural suppliers</p> <p>A Depth: 3 Breadth: 4 agricultural suppliers</p> <p>A Depth: 4 Breadth: 3, United States</p> <p>Other: regional initiative Depth: 4 Breadth: 2, regional initiative</p> <p>Other: companies Depth: 4 Breadth: 3, The Netherlands and Belgium</p> <p>A Depth: 3 Breadth: 5, global</p> <p>A Depth: 2 Breadth: 2, America</p> <p>C Depth: 1 Breadth: 2, The Netherlands</p>
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	52: In partnership with Jundiá City Hall, a baking skills class provides low-income women with more employment options	B Depth: 2, does not change the paradigm of Sara Lee's operations Breadth: 1, Jundiá
<b>Knowledge integration</b>	<p>14: Sara Lee is actively participating in the Global Food Safety Initiative (GFSI). GFSI is a collaboration between some of the world's leading food and safety experts. All of our North American food manufacturing facilities have completed Safe Quality Foods (SQF) 2000 certification of our food safety and quality plans.</p> <p>34: The U.S. Environmental Protection Agency (EPA) -sponsored Smartway program helps us identify the best common carriers in which to award our business. By choosing the right partners, Sara Lee has been able to increase its Smartway certification score to 97.4%.</p> <p>56: In June 2009, Sara Lee entered into a Sustainability Pact with Walmart Brazil and by July of 2011, one of the results, Pilão Origem coffee, was on store shelves.</p>	<p>D Depth:2 Breadth: 2, North America</p> <p>B Depth: 3, improve fuel efficiency and environment Breadth: 5, global</p> <p>Other: Customers Depth: 4, more sustainable coffee through certification and packaging Breadth:2, Brazil</p>

## Secondary Data Collection: Learning & Changing Unilever Sustainable Living Plan 2010

	<ol style="list-style-type: none"> <li>1. Breadth and depth of learning from external stakeholders on sustainability principles: <ol style="list-style-type: none"> <li>a. NGOs and Civil Society Organisations</li> <li>b. Governments, Public Agencies, State Departments</li> <li>c. Universities and Research Centers</li> <li>d. International Organisations, UN Agencies</li> <li>e. Other (specify)</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>a. Likert scale from 1 to 5 based on semantics of set of global corporate reports/year (Breadth)</li> <li>b. Likert scale from 1 to 5 based on semantics of set of global corporate reports/year (Depth)</li> </ol>
<b>Stakeholder dialogue</b>	9: We aim to make safe drinking water available and affordable to 500 million people through our Pureit in-home water purifier by 2020. An independent scientific study* has shown that Pureit can reduce the incidence of diarrhoeal disease by up to 50% (National Institute of Epidemiology)	C Depth: 4 Breadth:3

	<p>10: Each product has been assessed against strict nutritional benchmarks for these nutrients. These benchmarks have been created using dietary recommendations from international and national authorities. The methodology has been published in a peer-reviewed scientific journal.</p> <p>11: Working with Boston University, we have developed a tool to help consumers improve their heart health.</p> <p>15: We will develop comprehensive plans with our suppliers and partners to reduce the water used to grow our crops in water-scarce countries.</p> <p>21: Our ambition is to link many more smallholder farmers into our global supply chain. To this end we have started a programme with Oxfam in Azerbaijan. We intend to start a second project in sub-Saharan Africa.</p>	<p>B Depth: 2 Breadth: 5, global</p> <p>C Depth: 3 Breadth: 5, global</p> <p>Other: suppliers Depth: 4 Breadth: 5, global</p> <p>A Depth: 4 Breadth: 2, Azerbaijan, sub-Saharan Africa</p>
<b>Knowledge integration</b>	<p>17: Working in partnership with industry, governments and NGOs, we aim to increase recycling and recovery rates on average by 5% by 2015, and by 15% by 2020 in our top 14 countries. For some this means doubling or even tripling existing recycling rates</p>	<p>A, B, industry Depth: 5 Breadth: 4</p>
<p>Note: Unilever's Sustainable Living Plan is much more smaller than the CSR report of the other companies</p>		

The extent each firm performs the capabilities 'stakeholder dialogue' and 'knowledge integration' is evaluated based on the information from the CSR reports.

### **FrieslandCampina**

FrieslandCampina is a small firm compared to the other firms in this research. De secondary data analysis shows Friesland Campina is participating within different partnerships. The partnerships they join are not very extraordinary. In the CSR report 2010 FrieslandCampina mentioned 13 times they collaborate with other partners, such as NGOs, government and research institutes. A lot of attention is given to local communities and the sustainable supply chain.

According to the primary data, FrieslandCampina started to interact with NGOs for the first time in 2005. This interaction was very successful. As result of this interaction the firm became member of the RTRS and was the first big firm which supported the production of responsible soy in India and Brazil. Besides that, FrieslandCampina committed to buy 100% responsible soy in 2015.

In the interview, FrieslandCampina mentioned they have a good and long-term relationship with some fixed partners such as Solidaridad and WNF, which lead to new initiatives each time. Secondary data show FrieslandCampina introduced UTZ certified chocolate milk in collaboration with Solidaridad in 2010 and currently the firm works together with Solidaridad for the production of sustainable fruit. The firm integrated responsible soy in collaboration with WNF and currently the firm works together with WNF on sustainable energy. This indicates the interaction with these partners is effective and led to changes in the organization.

FrieslandCampina is also member of the Sustainable Agricultural Initiative (SAI). The general manager of SAI describes FrieslandCampina as a firm which takes the lead within the working group, because of their very ambitious sustainable sourcing policy. Moreover he admitted, FrieslandCampina is able to interact effectively with other partners within the working group.

Concluding, FrieslandCampina does have a good, long-term relationship with some NGOs, with which they work on different projects. The firm focuses mainly on local communities and the improvement of the sustainable sourcing policy in the firm, which does not resulted in very significant improvement within the firm. The firm is not participating in many different partnerships compared to the other firms. Based on these evaluations the ability of the firm to dialogue with stakeholders is valued as: moderate.

The stakeholder interactions resulted in organizational changes towards more sustainable behaviour. But because employees are not very involved in the CSR policy of the firm, the ability of the firm to integrate the knowledge from the dialogue is valued as: moderate.

## **Unilever**

Unilever is the biggest firm part of this research. According to the secondary data analysis the firm is participating in many different partnerships and also founded many partnerships. The firm published their first environmental report in 1996 and their first social report was published in 2000. This means, compared to other firms, Unilever has already a long history of sustainability. This can be a reason why the firm is participating in so many partnerships. Because Unilever is a big firm compared to other firms, the firm has more resources to integrate sustainability on the one hand. But on the other hand it will be more complex to integrate sustainability in a big firm than in a smaller firm.

The CSR report 2010 mentioned 6 times the firm collaborates with other parties. Most of the collaboration does have a global impact. The amount of collaborations which are mentioned are small. But compared with the CSR report of other firms, this CSR report was very small and did not give a lot of information. Compared with the data of partnerships found on the firms website, the amount of stakeholder interaction mentioned in the CSR report are not representing the partnerships of which Unilever is a member. Based on the amount of partnerships found on the website and the history of Unilever with sustainability, Unilever has a lot of experiences with partnerships

The primary data shows, Unilever introduced a new product in collaboration with the Dierenbescherming. Besides that the firm is still working to improve the Unox portfolio to one star, which is a certification program of the Dierenbescherming to improve animal welfare.

Third parties, as the MVO policy advisor of Oxfam Novib admit, Oxfam does have a good relationship based on trust with Unilever.

Besides that, the Dutch Trade Initiative (IDH) sees Unilever as one of the firm which has led the implementation of tea program. They also admit Unilever has almost 100% sustainable tea.

Concluding, Unilever has a lot of experiences in partnerships. The sustainable initiatives of Unilever are very broad and have big impact. Based on this information the ability of the firm to dialogue with stakeholders is valued as: high. The interaction with stakeholder led to many initiatives within the firm. Employees from different levels are very involved in the CSR policy of the firm and in the stakeholder interaction. Based on this information the ability of the firm to integrate knowledge is valued as: high

## **Heinz**

Heinz is participating in 9 different partnerships. The firm founded the Good Inside Cocoa Program. Heinz is rated as the sustainability leader in North America on the DJSI and was part of the top 100 of green firm rankings in the U.S. Heinz performs well to integrate sustainability within their firm compared to other firms in the U.S.

In the sustainability report 2010 Heinz mentioned 19 times they worked together with partners. In the report some changes are mentioned as result of the interaction with stakeholders. For example Heinz introduced the PlantBottle as result of a partnership with Coca-Cola. Besides that Heinz is reducing their global demand for palm oil by 25% in 2012 as result of their partnership with the RSPO. Besides that Heinz introduced UTZ as result of the partnership with UTZ certified. These examples show Heinz is able to integrate knowledge from stakeholder interaction.

UTZ certified is very satisfied with the interaction they performed with Heinz. They mentioned Heinz as a party which is very constructive within the interaction. UTZ was a little involved during the integration of the UTZ certification within the firm, but UTZ said Heinz performed exemplary. Because the firm did a lot of mission work intern, a good breeding ground originate.

Concluding, stakeholder dialogue is an important part of the CSR strategy of Heinz. UTZ admit Heinz is able to dialogue effectively. Based on this information the ability of the firm to dialogue with stakeholders is valued: high

The partnerships with stakeholder led to different changes in the organization. Also employees were involved. Therefore the ability to integrate the knowledge from the dialogue is valued: high.

## **Sara Lee**

Sara Lee is member of 10 different partnerships. The firm founded the 4C association. In the sustainability report of 2010, Sara Lee mentioned 17 times they worked together with partners. Sara Lee focused mostly on health issues and local communities. Besides that Sara Lee focused on the certification of coffee and tea.

Within the Sustainable Agricultural Platform (SAI) Sara Lee worked together with peer firms within the coffee industry to make a common methodology to streamline the calculation of the carbon footprint for green coffee beans. As result of this interaction one common methodology was designed. Sara Lee did not introduce the new methodology in the firm yet because they just finished the first part of designing this methodology.

Secondary data research showed many examples of interactions with partners which led to changes in the organisation. For example more than 85% of Sara Lee's tea is currently sourced from ETP-monitored standards (website Sara Lee). Which is the result of the participation of Sara Lee within the Ethical Tea Partnership. Also IDH stated Sara Lee is on track with the sustainability of tea in Indonesia.

Sara Lee worked together with Oxfam Novib on the certification of the coffee beans. Oxfam Novib experienced the interaction with Sara Lee very positive and admits Sara Lee is able to learn from their organisation.

IDH mentioned Sara Lee as an example of a firm which is able to dialogue effectively. The CSR director of Sara Lee is seen as someone who is able to talk, discuss and understand different parties without losing their own standpoint.

This information shows Sara Lee has different experiences with partnerships. The firm is able to interact with stakeholders. Different third parties valued the interaction with the firm as positive. Therefore the ability of Sara Lee to interact with stakeholders will be valued as: high.

## Appendix 7. Stakeholder justification

Justification of stakeholders on the ability of companies to dialogue with stakeholder and to integrate the knowledge from the dialogue in the organisation.

Capability	Company	Justification from the stakeholder
Capability to stakeholder dialogue	Friesland Campina	<p>General Manager SAI: FrieslandCampina is actief in twee van onze werkgroepen. Ze hebben een redelijke voortrekkende rol, want ze zijn erg ambitieus duurzame sourcing beleid.</p> <p>Je kunt ons werk een beetje zien zoals die eerste fase waar we net uitgestapt zijn van het definiëren van basis principes voor duurzame landbouw, en nu de fase om ook te zorgen dat dit in de praktijk in de supply chain geïmplementeerd wordt. Dat is de vraag die FrieslandCampina erg opwerpt, zo van wij willen hier iets aan doen en wij willen ook de juiste instrumenten gebruiken om dit te realiseren. Dus dat agenderen ze vaak in de werkgroep.</p> <p>FrieslandCampina is zeker in staat om op een effectieve manier samen te werken binnen het platform.</p>
	Unilever	<p>Oxfam: Zoals je ziet bij Unilever, als het op hoog niveau gedragen wordt, dan kan er ook heel veel.</p> <p>Wij zijn ooit begonnen met Unilever met het poverty food point, we deden wel meer dingen hoor, maar dat is een ding waar je samen gaat kijken naar de productie uit Indonesie en we zijn allebij erg actief in de ronde tafel van palmolie als bestuursleden vanaf een aantal jaren al. Dus dan let je ook op de gemeenschappelijke belangen en dan krijg je dus vanzelf een vertrouwensrelatie.</p> <p>Je merkt ook wel aan een aantal dingen dat Unilever ook erkend dat ze niet goed geregeld zijn en dat je die dan ook moet verbeteren. En dat ze er ook in geïnteresseerd zijn om met ons naar die verbeteringen te kijken.</p> <p>IDH: In de theesector hebben we een aantal bedrijven en organisaties die het theeprogramma in de uitvoering trekken, waaronder Unilever.</p> <p>Unilever is bijna helemaal verduurzaamd qua thee.</p>
	Sara Lee	<p>Oxfam: De interactie met de mensen van Sara Lee was grotendeels heel positief en af en toe waren er gewoon moeilijke momenten, maar die kan ik ook noemen.</p> <p>Steffanie Mitenburg is heel erg voor relatie en ziet ook hoe slim dat is voor je bedrijf.</p> <p>Sara Lee is zeker bekwaam om op een effectieve manier te leren van onze organisatie. Helemaal nadat ze toch uiteindelijk fairtrade aan zijn gaan bieden. Dat heeft 20 jaar geduurd en dat hebben ze toch op een</p>

		<p>gegeven moment ingezien...</p> <p>IDH: de grootste koffiebranders, waaronder Sara Lee, zijn naar ons toegekomen en hebben gezegd: 'wij weten dat we samen moeten werken, we hebben het ook een paar keer geprobeerd, maar het lukt niet'. Willen jullie ons helpen om dat te doen? '</p> <p>Sara Lee in Indonesie is goed op weg qua verduurzaming van de thee.</p> <p>Sara Lee is juist een heel goed voorbeeld van een bedrijf wat heel goed in staat is om op een effectieve manier in dialoog te treden. Sara Lee zou bijvoorbeeld wel zonder ons kunnen werken, maar die vinden dat met andere bedrijven samenwerken weer ingewikkeld. Die zijn met UTZ en Solidaridad samen al een heel eind gekomen.</p> <p>Steffanie Miltenburg is een hele goede netwerker en zit ook op de goede plaats wat betreft verduurzaming. Ze snapt ook het hele bredere plaatje over de bevolking naar de stad toe trekken, waardoor de koffieboeren afnemen. Ze kan heel goed met heel veel verschillende partijen overleggen en spreken en begrijpen zonder haar eigen standpunt te verliezen. Ze is een hele goede netwerker. Ik ken weinig andere mensen die daar zo goed in zijn als zij.</p>
	Heinz	<p>Ze (Heinz) zijn altijd heel erg constructief geweest en heel erg loyaal naar het programma, maar ook naar UTZ als voortrekker daarin. Die hebben ook echt ons op een bepaald moment naar voren geschoven ook naar de rest van de groep van laat UTZ dat ook nou bepalen voor een deel ipv dat we alles zelf moeten beslissen. Het is juist goed om overleg te voeren, maar ook het vertrouwen geven aan een organisatie om dan die rol te spelen. Ik denk dat ze daarin wel een speciale rol hadden.</p>
Capability to knowledge integration*	Heinz	<p>Er was blijkbaar een goede voedingsbodem daar (Heinz). Ik denk dat ze intern daar missie werk gedaan hebben en ook op een gegeven moment verder stappen te zetten.</p> <p>Bij Heinz is de integratie heel natuurlijk en zelfstandig gegaan. Eigenlijk is het voorbeeldig gegaan. Ze zijn natuurlijk een kleinere partij, dus het is overzichtelijker. Ze hebben het enthousiast opgepikt. Het is ongelooflijk wat ze allemaal doen qua communicatie. Dat het nu op alle hagelstagjes staat, maar ook hoe ze creatief daarmee opgaan en hoe ze contact met ons houden. Het is geweldig.</p> <p>Heinz heeft de capability om op een effectieve manier de kennis vanuit de dialoog te integreren in het bedrijf.</p>
<p>* In the cases of FrieslandCampina, Unilever and Sara Lee the stakeholders were not involved during the integration of the knowledge</p>		

## Appendix 8. Characteristics of stakeholder dialogue and knowledge integration

Overview of factors determining the ability of companies to dialogue with stakeholders and to integrate their knowledge. Characteristics are derived from literature research.

*	Characteristics of stakeholder dialogue	Firm 1	Firm 2	Firm 3	Firm 4
A.1.1.	To know and be understood	X	X	X	X
A.1.2.	Trust and reliability	X	X	X	X
A.1.3.	Clear rules for the dialogue	X	X	X	X
A.1.4.	A coherent vision on the dialogue	X	X	X	X
A.1.5.	Dialogue skills	X	X	X	X
A.1.6.	Expertise	X	X	X	X
A.1.7.	Clear dialogue structure	X	X	X	X
A.1.8.	Valid information as basis				
A.1.9.	Successive meetings	X	X	X	X
A.1.10	Feedback of results	X	X	X	X
*numbers refer to parts in the transcripts which justify each characteristic					

*		Firm 1	Firm 2	Firm 3	Firm 4
A.1.11	Directions	X			
A.1.12	Routines		X	X	X
*numbers refer to parts in the transcripts which justify each characteristic					

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